GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

SENATE BILL 105
RATIFIED BILL

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

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 2021."

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 2021-2023 fiscal biennium, according to the following schedule:

Current Operations - General Fund	**FY 2021-2022**	**FY 2022-2023**
EDUCATION		
Community College System		
Requirements	1,819,143,571	1,685,373,047
Less: Receipts	502,936,159	345,149,910
Net Appropriation	**1,316,207,412**	**1,340,223,137**
Public Instruction		
Requirements	13,493,426,049	13,146,477,032
Less: Receipts	2,890,675,279	2,219,558,462
Net Appropriation	**10,602,750,770**	**10,926,918,570**
University of North Carolina		
UNC at Asheville		

Requirements	72,523,226	69,523,226
Less: Receipts	21,876,242	21,876,242
Net Appropriation	**50,646,984**	**47,646,984**
UNC at Chapel Hill - Academic Affairs		
Requirements	738,414,858	649,514,858
Less: Receipts	434,041,754	366,041,754
Net Appropriation	**304,373,104**	**283,473,104**
UNC at Chapel Hill - Area Health Ed.		
Requirements	54,748,874	54,748,874
Less: Receipts	0	0
Net Appropriation	**54,748,874**	**54,748,874**
UNC at Chapel Hill - Health Affairs		
Requirements	340,457,192	338,957,192
Less: Receipts	133,319,411	131,819,411
Net Appropriation	**207,137,781**	**207,137,781**
UNC at Charlotte		
Requirements	430,927,003	430,927,003
Less: Receipts	165,165,330	165,165,330
Net Appropriation	**265,761,673**	**265,761,673**
UNC at Greensboro		
Requirements	292,392,935	289,992,935
Less: Receipts	108,204,808	108,204,808
Net Appropriation	**184,188,127**	**181,788,127**
UNC at Pembroke		
Requirements	94,610,944	94,109,865
Less: Receipts	16,289,132	15,789,132
Net Appropriation	**78,321,812**	**78,320,733**
UNC at Wilmington		
Requirements	249,933,584	249,933,584
Less: Receipts	102,044,807	102,044,807
Net Appropriation	**147,888,777**	**147,888,777**
UNC Board of Governors		
Requirements	47,352,910	45,192,410
Less: Receipts	419,717	259,217
Net Appropriation	**46,933,193**	**44,933,193**
UNC BOG - Aid to Private Institutions		
Requirements	295,621,921	263,221,921
Less: Receipts	64,000,000	0
Net Appropriation	**231,621,921**	**263,221,921**
UNC BOG - Institutional Programs		
Requirements	464,024,187	398,717,902

Less: Receipts	191,277,624	7,398,652
Net Appropriation	**272,746,563**	**391,319,250**
UNC BOG - Related Educational Programs		
Requirements	202,404,186	220,757,760
Less: Receipts	79,531,975	100,266,975
Net Appropriation	**122,872,211**	**120,490,785**
UNC School of the Arts		
Requirements	50,730,632	50,366,379
Less: Receipts	16,836,377	16,472,124
Net Appropriation	**33,894,255**	**33,894,255**
Western Carolina University		
Requirements	161,859,440	161,897,131
Less: Receipts	28,112,897	28,112,897
Net Appropriation	**133,746,543**	**133,784,234**
Winston-Salem State University		
Requirements	87,439,197	87,439,197
Less: Receipts	22,435,103	22,435,103
Net Appropriation	**65,004,094**	**65,004,094**
East Carolina Univ. - Academic Affairs		
Requirements	407,120,602	407,123,708
Less: Receipts	170,099,826	170,099,826
Net Appropriation	**237,020,776**	**237,023,882**
East Carolina Univ. - Health Affairs		
Requirements	94,969,394	94,969,394
Less: Receipts	13,133,406	13,133,406
Net Appropriation	**81,835,988**	**81,835,988**
Elizabeth City State University		
Requirements	39,493,791	39,493,791
Less: Receipts	3,660,169	3,660,169
Net Appropriation	**35,833,622**	**35,833,622**
Appalachian State University		
Requirements	268,283,708	267,650,375
Less: Receipts	117,742,367	117,742,367
Net Appropriation	**150,541,341**	**149,908,008**
Fayetteville State University		
Requirements	79,732,941	79,732,941
Less: Receipts	24,568,975	24,568,975
Net Appropriation	**55,163,966**	**55,163,966**
NC A&T University		
Requirements	194,014,245	195,896,516
Less: Receipts	87,664,443	87,664,443

Net Appropriation	**106,349,802**	**108,232,073**
NC School of Science and Mathematics		
Requirements	34,010,685	35,486,077
Less: Receipts	3,643,589	2,283,359
Net Appropriation	**30,367,096**	**33,202,718**
NC State University - Academic Affairs		
Requirements	879,087,918	871,715,734
Less: Receipts	436,172,095	436,172,095
Net Appropriation	**442,915,823**	**435,543,639**
NC State University - Ag. Research		
Requirements	73,433,973	73,433,973
Less: Receipts	17,662,615	17,662,615
Net Appropriation	**55,771,358**	**55,771,358**
NC State University - Coop. Extension		
Requirements	61,382,049	59,619,549
Less: Receipts	19,844,142	18,144,142
Net Appropriation	**41,537,907**	**41,475,407**
North Carolina Central University		
Requirements	142,860,118	139,027,491
Less: Receipts	51,836,529	51,836,529
Net Appropriation	**91,023,589**	**87,190,962**
HEALTH AND HUMAN SERVICES		
Aging and Adult Services		
Requirements	181,643,877	131,690,170
Less: Receipts	131,163,407	79,269,184
Net Appropriation	**50,480,470**	**52,420,986**
Central Management and Support		
Requirements	429,345,578	361,027,599
Less: Receipts	237,165,932	180,445,000
Net Appropriation	**192,179,646**	**180,582,599**
Child Development and Early Education		
Requirements	1,345,027,024	819,437,662
Less: Receipts	1,102,361,197	576,599,001
Net Appropriation	**242,665,827**	**242,838,661**
Health Benefits		
Requirements	20,103,850,258	18,820,750,486
Less: Receipts	16,126,513,963	14,295,834,219
Net Appropriation	**3,977,336,295**	**4,524,916,267**
Health Service Regulation		
Requirements	81,425,934	78,387,487
Less: Receipts	56,415,057	55,603,140

Net Appropriation	**25,010,877**	**22,784,347**
Mental Hlth/Dev. Disabl./Subs. Abuse Serv.		
Requirements	1,866,645,398	1,707,121,244
Less: Receipts	1,023,516,021	848,124,105
Net Appropriation	**843,129,377**	**858,997,139**
Public Health		
Requirements	1,399,715,419	985,744,986
Less: Receipts	1,231,231,383	814,352,013
Net Appropriation	**168,484,036**	**171,392,973**
Services for the Blind/Deaf/Hard of Hearing		
Requirements	43,481,862	43,122,761
Less: Receipts	34,533,038	34,037,306
Net Appropriation	**8,948,824**	**9,085,455**
Social Services		
Requirements	2,161,485,879	1,998,527,999
Less: Receipts	1,941,828,091	1,781,852,590
Net Appropriation	**219,657,788**	**216,675,409**
Vocational Rehabilitation Services		
Requirements	159,234,735	157,729,471
Less: Receipts	117,518,882	115,719,592
Net Appropriation	**41,715,853**	**42,009,879**
AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES		
Agriculture and Consumer Services		
Requirements	372,398,736	225,820,109
Less: Receipts	202,582,863	62,920,117
Net Appropriation	**169,815,873**	**162,899,992**
Commerce		
Requirements	599,260,602	252,886,311
Less: Receipts	382,599,635	57,089,545
Net Appropriation	**216,660,967**	**195,796,766**
Environmental Quality		
Requirements	1,974,202,612	270,201,810
Less: Receipts	1,867,310,314	168,141,345
Net Appropriation	**106,892,298**	**102,060,465**
Labor		
Requirements	46,418,913	41,538,245
Less: Receipts	24,971,497	19,445,475
Net Appropriation	**21,447,416**	**22,092,770**
Natural and Cultural Resources		
Requirements	394,934,053	278,077,598
Less: Receipts	167,852,892	46,719,049

Net Appropriation	**227,081,161**	**231,358,549**
Wildlife Resources Commission		
Requirements	97,932,592	101,846,889
Less: Receipts	85,060,825	81,599,123
Net Appropriation	**12,871,767**	**20,247,766**
JUSTICE AND PUBLIC SAFETY		
Public Safety		
Requirements	2,858,617,132	2,765,918,766
Less: Receipts	390,169,907	267,676,596
Net Appropriation	**2,468,447,225**	**2,498,242,170**
Administrative Office of the Courts		
Requirements	718,636,816	691,722,774
Less: Receipts	46,268,647	2,398,077
Net Appropriation	**672,368,169**	**689,324,697**
Justice		
Requirements	108,798,980	102,807,319
Less: Receipts	43,682,434	40,562,557
Net Appropriation	**65,116,546**	**62,244,762**
Indigent Defense Services		
Requirements	150,427,784	152,524,875
Less: Receipts	13,755,019	14,245,217
Net Appropriation	**136,672,765**	**138,279,658**
GENERAL GOVERNMENT		
Administration		
Requirements	94,042,041	72,600,521
Less: Receipts	32,856,444	11,363,679
Net Appropriation	**61,185,597**	**61,236,842**
Administrative Hearings		
Requirements	8,186,644	8,540,331
Less: Receipts	1,347,120	1,273,214
Net Appropriation	**6,839,524**	**7,267,117**
Auditor		
Requirements	26,458,840	23,073,933
Less: Receipts	10,256,759	6,547,434
Net Appropriation	**16,202,081**	**16,526,499**
Budget and Management		
Requirements	239,898,420	10,939,568
Less: Receipts	225,092,508	557,408
Net Appropriation	**14,805,912**	**10,382,160**
Budget and Management - Special Approp.		
Requirements	31,935,413	5,517,000

Less: Receipts	0	0
Net Appropriation	**31,935,413**	**5,517,000**
Controller		
Requirements	29,282,114	32,631,521
Less: Receipts	1,095,838	856,394
Net Appropriation	**28,186,276**	**31,775,127**
Elections		
Requirements	13,068,815	8,194,592
Less: Receipts	201,227	116,122
Net Appropriation	**12,867,588**	**8,078,470**
General Assembly		
Requirements	103,315,475	81,600,598
Less: Receipts	23,789,804	714,449
Net Appropriation	**79,525,671**	**80,886,149**
Governor		
Requirements	6,667,609	6,764,103
Less: Receipts	976,940	909,888
Net Appropriation	**5,690,669**	**5,854,215**
Housing Finance Agency		
Requirements	190,660,000	10,660,000
Less: Receipts	180,000,000	0
Net Appropriation	**10,660,000**	**10,660,000**
Human Resources		
Requirements	9,558,061	9,907,043
Less: Receipts	228,305	116,966
Net Appropriation	**9,329,756**	**9,790,077**
Industrial Commission		
Requirements	22,773,995	22,737,319
Less: Receipts	13,788,856	13,579,528
Net Appropriation	**8,985,139**	**9,157,791**
Insurance		
Requirements	72,508,374	64,323,278
Less: Receipts	18,980,536	9,778,203
Net Appropriation	**53,527,838**	**54,545,075**
Lieutenant Governor		
Requirements	1,179,841	1,200,134
Less: Receipts	10,525	1,989
Net Appropriation	**1,169,316**	**1,198,145**
Military and Veterans Affairs		
Requirements	11,937,180	12,436,170
Less: Receipts	318,198	170,004

Net Appropriation	**11,618,982**	**12,266,166**
Revenue		
Requirements	679,577,715	176,677,836
Less: Receipts	568,895,961	63,478,511
Net Appropriation	**110,681,754**	**113,199,325**
Secretary of State		
Requirements	17,332,553	17,864,409
Less: Receipts	652,146	392,018
Net Appropriation	**16,680,407**	**17,472,391**
Treasurer		
Requirements	68,742,382	68,143,731
Less: Receipts	63,736,148	63,097,790
Net Appropriation	**5,006,234**	**5,045,941**
Treasurer - Other Retirement Plans/Benefits		
Requirements	32,905,423	33,255,423
Less: Receipts	0	0
Net Appropriation	**32,905,423**	**33,255,423**
INFORMATION TECHNOLOGY		
Department of Information Technology		
Requirements	1,060,618,295	86,621,172
Less: Receipts	971,184,135	16,695,570
Net Appropriation	**89,434,160**	**69,925,602**
RESERVES, DEBT, AND OTHER BUDGETS		
Statewide Reserves		
Requirements	101,000,000	64,646,670
Less: Receipts	101,000,000	0
Net Appropriation	**0**	**64,646,670**
Statewide Enterprise Resource Planning		
Requirements	25,000,000	25,000,000
Less: Receipts	25,000,000	25,000,000
Net Appropriation	**0**	**0**
State Capital & Infrastructure Gen. Fund Approp.		
Requirements	0	0
Less: Receipts	0	0
Net Appropriation	**0**	**0**
State Treasurer - General Debt Service		
Requirements	673,624,208	649,265,711
Less: Receipts	673,624,208	649,265,711
Net Appropriation	**0**	**0**
State Treasurer - Debt Service - Federal		
Requirements	0	0

Less: Receipts	0	0
Net Appropriation	**0**	**0**
CAPITAL		
State Fiscal Recovery Fund - Capital		
Requirements	50,000,000	0
Less: Receipts	50,000,000	0
Net Appropriation	**0**	**0**
Total Requirements	**59,834,157,715**	**51,980,785,489**
Less: Total Receipts	**33,912,731,433**	**25,000,110,879**
Total Net Appropriation	**25,921,426,282**	**26,980,674,610**

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) The General Fund availability derived from State tax revenue, nontax revenue, and other adjustments used in developing the budget for each year of the 2021-2023 fiscal biennium is as follows:

	FY 2021-2022	**FY 2022-2023**
Unappropriated Balance Remaining FY 2020-21	**457,272,694**	**2,487,245,252**
Actual/Anticipated Reversions	523,224,136	200,000,000
Actual Over Collections	6,230,486,722	-
S.L. 2021-19: UNC Building Reserves/Certain Projects	(2,359,159)	-
Actual Transfer to Savings Reserve	(877,717,564)	-
Total, Prior Year-End Fund Balance	**6,330,906,829**	**2,687,245,252**
Tax Revenue		
Personal Income	15,388,100,000	15,998,900,000
Sales and Use	9,681,100,000	9,830,000,000
Corporate Income	1,300,500,000	1,343,600,000
Franchise	840,000,000	861,300,000
Insurance	808,900,000	961,800,000
Alcoholic Beverages	453,300,000	461,700,000
Tobacco Products	258,300,000	256,900,000
Other Tax Revenues	155,800,000	152,700,000
Subtotal, Tax Revenue	**28,886,000,000**	**29,866,900,000**
Non-Tax Revenue		
Judicial Fees	216,600,000	224,200,000
Investment Income	29,600,000	36,100,000
Disproportionate Share	115,400,000	122,500,000
Master Settlement Agreement	139,400,000	134,100,000
Insurance	100,500,000	103,400,000
Other Non-Tax Revenues	217,900,000	220,000,000
Subtotal, Non-Tax Revenue	**819,400,000**	**840,300,000**
Total, Net Revenue	**29,705,400,000**	**30,707,200,000**

Adjustments to Tax Revenue		
Personal Income Tax Changes		
Deduction for PPP Loans, EIDL, & similar programs	(427,000,000)	(35,000,000)
Changes to Mill Rehabilitation Tax Credits	1,400,000	(3,700,000)
Changes to Historic Rehabilitation Tax Credits	(200,000)	(200,000)
Reduce Rate, Change Certain Deductions	(650,020,000)	(1,700,600,000)
Sales and Use Tax Changes		
Credit Short-Term Car Rental Proceeds to Highway Fund	(69,800,000)	(74,600,000)
Corporate Income Tax Changes		
Deduction for PPP Loans, EIDL, & similar programs	(183,000,000)	(15,000,000)
Changes to Mill Rehabilitation Tax Credits	2,900,000	(7,500,000)
Changes to Historic Rehabilitation Tax Credits	(500,000)	(500,000)
Franchise Tax Changes		
Eliminate Alternate Property Bases	-	(173,300,000)
Insurance Tax Changes		
Changes to Mill Rehabilitation Tax Credits	1,500,000	(3,800,000)
Changes to Historic Rehabilitation Tax Credits	(300,000)	(300,000)
Limit Gross Premiums Tax on Surety Bonds	(700,000)	(1,000,000)
Tobacco Products Tax Changes		
Expand Cigar Excise Tax	-	25,200,000
Subtotal, Adjustments to Tax Revenue	**(1,325,700,000)**	**(1,990,300,000)**
Statutorily Required Reservations of Revenue		
NC GREAT Program (S.L. 2019-230)	(15,000,000)	(15,000,000)
State Capital and Infrastructure Fund (SCIF)	(1,300,000,000)	(1,345,500,000)
Subtotal, Statutorily Required Reservations of Revenue	**(1,315,000,000)**	**(1,360,500,000)**
Reserves		
Medicaid Contingency Reserve	(125,000,000)	-
Medicaid Transformation Reserve	(215,820,000)	(246,000,000)
Information Technology Reserve	(109,661,155)	(165,000,000)
Transfer to Savings Reserve	(1,134,006,723)	(1,134,006,722)
Additional Transfer to SCIF	(2,349,334,999)	(1,039,500,000)
State Emergency and Disaster Response Reserve	(425,000,000)	(375,000,000)
Economic Development Project Reserve	(338,000,000)	-
Unfunded Liability Solvency Reserve	(40,000,000)	(10,000,000)
Wilmington Harbor Enhancements Reserve	(283,800,000)	-
Subtotal, Reserves	**(5,020,622,877)**	**(2,969,506,722)**
Other Adjustments to Availability		
Adjustment to Transfer from State Treasurer	2,320,420	3,337,657
Adjustment from Insurance Reg. Fund	61,578	101,285
UNC/Medicaid Receivables Transfer	31,305,584	31,305,584
Subtotal, Other Adjustments	**33,687,582**	**34,744,526**
Revised Total General Fund Availability	**28,408,671,534**	**27,108,883,056**
Less General Fund Net Appropriations	25,921,426,282	26,980,674,610
Unappropriated Balance Remaining	**2,487,245,252**	**128,208,446**

SECTION 2.2.(b) In addition to the amount required under G.S. 143C-4-3.1, as amended by Section 5.7 of this act, the State Controller shall transfer to the State Capital and Infrastructure Fund established under G.S. 143C-4-3.1 the sum of two billion three hundred forty-nine million three hundred thirty-four thousand nine hundred ninety-nine dollars ($2,349,334,999) in nonrecurring funds in the 2021-2022 fiscal year and the sum of one billion thirty-nine million five hundred thousand dollars ($1,039,500,000) in nonrecurring funds in the 2022-2023 fiscal year. Funds transferred under this subsection are appropriated for the fiscal year in which they were transferred and shall be used in accordance with Part 40 of this act.

SECTION 2.2.(c) In addition to the amount required under G.S. 143C-4-2, as amended by Section 5.6 of this act, the State Controller shall transfer to the Savings Reserve the sum of one billion one hundred thirty-four million six thousand seven hundred twenty-three dollars ($1,134,006,723) in nonrecurring funds in the 2021-2022 fiscal year and the sum of one billion one hundred thirty-four million six thousand seven hundred twenty-two dollars ($1,134,006,722) in nonrecurring funds in the 2022-2023 fiscal year. This transfer is not an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 2.2.(d) No funds shall be transferred to the Unfunded Liability Solvency Reserve pursuant to subsection (i) or (j) of G.S. 143C-4-2 during the 2021-2023 fiscal biennium.

SECTION 2.2.(e) The State Controller shall reserve to the Medicaid Transformation Reserve from funds available in the General Fund the sum of two hundred fifteen million eight hundred twenty thousand dollars ($215,820,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of two hundred forty-six million dollars ($246,000,000) in nonrecurring funds for the 2022-2023 fiscal year. Funds reserved in the Medicaid Transformation 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 2.2.(f) The State Controller shall transfer the sum of four hundred thirty million eight hundred twenty thousand dollars ($430,820,000) for the 2021-2022 fiscal year and the sum of forty-six million dollars ($46,000,000) for the 2022-2023 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.(g) 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 one hundred twenty-five million dollars ($125,000,000) in nonrecurring funds for the 2021-2022 fiscal year. Funds reserved in the Medicaid Contingency 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 2.2.(h) There is established in the General Fund an Information Technology Reserve that shall make funds available for information technology project expenditures only upon an act of appropriation by the General Assembly. The State Controller shall reserve to the Information Technology Reserve from funds available in the General Fund the sum of one hundred nine million six hundred sixty-one thousand one hundred fifty-five dollars ($109,661,155) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one hundred sixty-five million dollars ($165,000,000) in nonrecurring funds for the 2022-2023 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	**2021-2022**	**2022-2023**
(1)	Office of the State Controller		

	(Budget Code: 19084)	$25,000,000	$25,000,000
(2)	Department of Public Instruction		
	(Budget Code: 23515)	48,748,522	37,850,910
(3)	Community College System		
	(Budget Code: 26802)	28,500,000	0
(4)	Administrative Office of the Courts		
	(Budget Code: 22006)	7,412,633	8,405,916

SECTION 2.2.(i) The State Controller shall reserve the sum of four hundred twenty-five million dollars ($425,000,000) in nonrecurring funds for the 2021-2022 fiscal year, and the sum of three hundred seventy-five million dollars ($375,000,000) for the 2022-2023 fiscal year, from funds available in the General Fund to the State Emergency Response and Disaster Relief Reserve established under G.S. 166A-19.42. Funds reserved in the State Emergency Response and Disaster Relief 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 2.2.(j) The State Controller shall transfer the sum of four hundred eleven million seven hundred sixty-nine thousand five hundred dollars ($411,769,500) in nonrecurring funds for the 2021-2022 fiscal year from funds available in the State Emergency Response and Disaster Relief Reserve, to be used in accordance with Sections 5.9 and 5.9A of this act, and the funds transferred are appropriated for the fiscal year in which they are transferred.

SECTION 2.2.(*l*) There is established in the General Fund a Wilmington Harbor Enhancement Reserve that shall make funds available for expenditures associated with the Wilmington Harbor Enhancement project only upon an act of appropriation by the General Assembly. The State Controller shall reserve to the Wilmington Harbor Enhancement Reserve from funds available in the General Fund the sum of two hundred eighty-three million eight hundred thousand dollars ($283,800,000) in nonrecurring funds for the 2021-2022 fiscal year. Funds reserved in the General Fund 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 2.2.(m) There is established in the General Fund an Economic Development Project Reserve that shall make funds available for expenditures associated with economic development projects meeting or exceeding high-yield project metrics only upon an act of appropriation by the General Assembly. The State Controller shall reserve to the Economic Development Project Reserve from funds available in the General Fund the sum of three hundred thirty-eight million dollars ($338,000,000) in nonrecurring funds for the 2021-2022 fiscal year. Funds reserved in the General Fund 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.

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS/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, 2023, according to the following schedule:

Highway Fund	**FY 2021-2022**	**FY 2022-2023**
Administration	100,148,404	100,148,990
Division of Highways		
Administration	45,738,718	45,600,056

Construction	127,543,078	77,543,078
Maintenance	1,658,910,598	1,699,760,767
Governor's Highway Safety Program	305,546	305,546
OSHA	358,030	358,030
Aid to Municipalities		
Powell Bill	154,875,000	154,875,000
Other Municipal Assistance	4,319,350	0
Intermodal Divisions		
Ferry	56,252,098	57,235,982
Public Transportation, Bicycle and Pedestrian	97,421,832	69,394,735
Aviation	130,172,588	131,772,588
Rail	44,613,338	44,613,338
Division of Motor Vehicles	152,450,570	152,428,637
Other State Agencies, Reserves, Transfers	49,430,850	65,819,281
Capital Improvements	3,860,000	3,543,972
Total	**$2,626,400,000**	**$2,603,400,000**

HIGHWAY FUND AVAILABILITY

SECTION 3.2. The Highway Fund availability used in developing the 2021-2023 fiscal biennial budget is shown below:

Highway Fund Availability	**FY 2021-2022**	**FY 2022-2023**
Actual Over Collections	249,824,965	
Partial Accounting of HTF Cash Advance Repayments	(176,577,495)	
Transfer of Funds to Emergency Reserve		
(G.S. 136-44.2E(b) and (d))	(61,000,000)	
Estimated Ferry Overdrafts	(7,971,879)	
Ferry Vessels – Salvo and Avon	(4,275,591)	
Beginning Balance	0	0
Motor Fuels Tax	1,672,500,000	1,641,700,000
Licenses and Fees	872,600,000	875,600,000
Highway Short-Term Lease	10,000,000	10,000,000
Investment Income	1,500,000	1,500,000
Adjustments to Availability		
Additional Highway Short-Term Lease	69,800,000	74,600,000
Total Highway Fund Availability	**$2,626,400,000**	**$2,603,400,000**

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 3.3. Appropriations from the State Highway Trust Fund to the Department of Transportation for construction and other purposes as enumerated are made for the fiscal biennium ending June 30, 2023, according to the following schedule:

Current Operations – Highway Trust Fund	FY 2021-2022	FY 2022-2023
Program Administration	39,433,938	39,433,938
Bonds	93,042,400	93,047,650
Turnpike Authority	49,000,000	49,000,000
State Ports Authority	45,000,000	45,000,000
FHWA State Match	5,104,440	5,104,440
Strategic Prioritization Funding Plan for Transportation Investments	1,320,019,222	1,496,313,972
Transfer to Visitor Center	400,000	400,000
Total	**$1,552,000,000**	**$1,728,300,000**

HIGHWAY TRUST FUND AVAILABILITY

SECTION 3.4. The Highway Trust Fund availability used in developing the 2021-2023 fiscal biennial budget is shown below:

Highway Trust Fund Availability	FY 2021-2022	FY 2022-2023
Projected Over Collections	326,587,369	
Partial Accounting of Cash Advance Repayments	176,577,495	
STI Projects	(503,164,864)	
Beginning Balance	0	
Highway Use Tax	958,300,000	997,900,000
Motor Fuels Tax	418,000,000	546,300,000
Fees	173,700,000	182,100,000
Investment Income	2,000,000	2,000,000
Total Highway Trust Fund Availability	**$1,552,000,000**	**$1,728,300,000**

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

OTHER APPROPRIATIONS

SECTION 4.1.(a) State funds, as defined in G.S. 143C-1-1, are appropriated for each year of the 2021-2023 fiscal biennium, as follows:

(1) All budget codes listed in the Governor's Recommended Base Budget for the 2021-2023 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 2021-2023 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), do not require State matching funds, and will not be used for a capital project. 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 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.

EDUCATION LOTTERY FUNDS

SECTION 4.3.(a) The allocations made from the Education Lottery Fund for the 2021-2023 fiscal biennium are as follows:

	FY 2021-2022	**FY 2022-2023**
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	145,252,612	153,252,612
Public School Repair & Renovation	30,000,000	50,000,000
Scholarships for Needy Students	30,450,000	–
UNC Need-Based Financial Aid	10,744,733	–
Scholarship Reserve Fund for Public Colleges and Universities	–	41,194,733
LEA Transportation	21,386,090	21,386,090
TOTAL ALLOCATION	**$802,000,000**	**$830,000,000**

SECTION 4.3.(b) G.S. 18C-162 reads as rewritten:

"**§ 18C-162. Allocation of revenues.**

(a) The Commission shall allocate revenues to the North Carolina State Lottery Fund in order to increase and maximize the available revenues for education purposes, and to the extent practicable, shall adhere to the following guidelines:

(1) At least fifty percent (50%) of the total annual revenues, as described in this Chapter, shall be returned to the public in the form of prizes.

(2) At least ~~thirty-five~~ thirty-eight percent ~~(35%)~~ (38%) of the total annual revenues, as described in this Chapter, shall be transferred as provided in G.S. 18C-164.

(3) No more than ~~eight~~ five percent ~~(8%)~~ (5%) of the total annual revenues, as described in this Chapter, shall be allocated for payment of expenses of the Lottery. ~~Advertising expenses shall not exceed one percent (1%) of the total annual revenues.~~

(4) No more than seven percent (7%) of the face value of tickets or shares, as described in this Chapter, shall be allocated for compensation paid to lottery game retailers.

…."

NEEDS-BASED CHANGES

SECTION 4.4.(a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"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.**

(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		**Percentage Match**
Over	**Up to**	

$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 million dollars ($30,000,000) for an elementary school.

(2) Up to forty million dollars ($40,000,000) for a middle school or a combination of an elementary and middle school.

(3) Up to fifty million dollars ($50,000,000) 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.

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

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.

"**§ 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 and description 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 4.4.(a1) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 38C.

"Public School Building Repair and Renovation Fund.

"**§ 115C-546.15. Fund created; administration.**

There is created the Public School Building Repair and Renovation Fund. The Fund shall be administered by the Department of Public Instruction and shall be used to provide funds to counties for repair and renovation projects for local school administrative units within a county.

"**§ 115C-546.16. Fund disbursements; allowable uses.**

The Department of Public Instruction shall annually allocate all funds available from the Fund to each county in this State in equal amounts. Counties shall utilize funds received under this section for enlargement, improvement, expansion, repair, or renovation of classroom facilities at public school buildings within local school administrative units located in the county. Funds received under this section shall not be used for the retirement of indebtedness. As used in this section, "public school buildings" has the same meaning as in G.S. 115C-546.2(b)."

SECTION 4.4.(b) Counties previously awarded grant funds from the Needs-Based Public School Capital Fund that have not yet started construction of the project may apply to the Department of Public Instruction to increase the grant award if the maximum grant award or matching requirements in subsection (a) of this section are more beneficial to the county. Notwithstanding G.S. 115C-546.10, the Department of Public Instruction shall prioritize applications submitted pursuant to this subsection.

SECTION 4.4.(c) Beginning with the 2021-2022 fiscal year, a grant recipient that was awarded funds pursuant to Sections 5.3(d) through (e2) of S.L. 2017-57, as amended, shall be subject to the provisions contained in the agreement entered into with the Department of Public Instruction for the administration of the remaining term of the grant.

SECTION 4.4.(d) Sections 5.3(d) through (h) of S.L. 2017-57, as amended by Section 1.1(a) of S.L. 2017-187, Section 1.1 of S.L. 2017-212, Section 5.3 of S.L. 2018-5, and Section 3A.1(a) of S.L. 2018-80, are repealed.

SECTION 4.4.(e) G.S. 115C-546.2(f) is repealed.

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION

SECTION 4.5. Notwithstanding G.S. 143C-9-7, there is allocated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks and Digital Resources Allotment, the sum of ten million dollars ($10,000,000) in the 2021-2022 fiscal year and the sum of ten million dollars ($10,000,000) in the 2022-2023 fiscal year.

CIVIL PENALTY AND FORFEITURE FUND

SECTION 4.6. Allocations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2023, as follows:

	FY 2021-2022	**FY 2022-2023**
School Technology Fund	$18,000,000	$18,000,000
Drivers Education	27,393,768	27,393,768
State Public School Fund	183,041,640	147,041,640
Total Appropriation	**$228,435,408**	**$192,435,408**

CORONAVIRUS RELIEF FUND/REALLOCATION AND USE OF UNSPENT FUNDS

SECTION 4.7.(a) Subsection (a) of Section 4.4 of S.L. 2021-25 reads as rewritten:

"**SECTION 4.4.(a)** Notwithstanding any provision of law to the contrary, as unspent funds are returned to the Coronavirus Relief Fund established under S.L. 2020-4, the Office of State Budget and Management, in consultation with the Director of the Budget, shall reallocate ~~up to the sum of~~ the nonrecurring funds as follows to ensure maximum use of the funds:

(1) The first ten million dollars ($10,000,000) in nonrecurring funds to the Department of Public Safety, Division of Emergency Management, to be used for unmet needs related to the Federal Emergency Management Agency Public Assistance program in response to the COVID-19 public health emergency.

(2) The next one hundred fourteen million dollars ($114,000,000) to the State Treasurer to be used for COVID-19 related expenses incurred by the North Carolina State Health Plan for Teachers and State Employees between the dates of March 1, 2020, and March 2, 2021.

(3) Any funds remaining after the reallocations under subdivisions (1) and (2) of this subsection to the Department of Agriculture and Consumer Services to distribute equally among each of the food banks in this State to reimburse for COVID-19 related expenses incurred between the dates of March 1, 2020, and December 31, 2021.

(4) Any funds remaining after the reallocations under subdivisions (1) through (3) of this subsection to the Department of Public Safety to be used to offset General Fund expenditures that are eligible to be funded under the applicable federal law or guidance."

SECTION 4.7.(b) This section is effective when it becomes law and applies retroactively to May 24, 2021.

MODIFICATIONS OF PREVIOUS APPROPRIATIONS AND REPORTING ON ARPA FUNDS

SECTION 4.8.(a) Section 3.2 of S.L. 2021-25 reads as rewritten:

"**SECTION 3.2.(a)** Except ~~as otherwise provided in this section, federal funds received by the State under the American Rescue Plan Act for the programs set forth in the schedule below~~ for funds subject to Section 2.1 or 2.3 of this act, funds received from federal grants authorized under the American Rescue Plan Act are appropriated in the amounts provided in the notification

of award from the federal government or any entity acting on behalf of the federal government to administer the federal funds. ~~Federal funds received by the State under the American Rescue Plan Act from the Elementary and Secondary School Emergency Relief Fund are only appropriated up to the estimated amount set forth in the schedule below for the program.~~ State agencies may, with approval of the Director of the Budget, spend these funds received from federal receipts and federal grants. Any positions created with the funds shall terminate at the earlier of the funds being fully expended or the deadline established by applicable federal law and guidance for use of the funds. The programs and grant amounts in the schedule set forth in this subsection are estimates of North Carolina's allocations to be deposited in the State's Treasury and administered by State agencies. This schedule is meant to be illustrative of federal grants that have been, or will be, received by the State in addition to the Coronavirus State Fiscal Recovery Fund funds under the American Rescue Plan Act. These amounts are not inclusive of federal funds distributed or paid directly to individuals, businesses, health care providers, or private postsecondary institutions:

Program	Amount
Higher Education Emergency Relief Fund	$701,279,800
Emergency Assistance to Non-Public Schools	82,952,000
IDEA: Grants to States	81,359,400
IDEA: Preschool Grants	5,961,100
IDEA: Infants & Toddlers	6,298,200
Child Care Stabilization Grants	805,767,400
Child Care Entitlement to States	16,096,000
Community-Based Child Abuse Prevention	7,695,000
Child Abuse State Grants	3,067,000
Supportive Services	13,984,000
Congregate and Home Delivered Meals	23,045,000
Preventive Services	1,363,000
Family Caregiver	4,463,000
Title VII Long-Term Care Ombudsman	310,000
SNAP State Administrative Expense Grants	35,443,000
FTA Urbanized Area Formula	4,696,400
HOME Investment Partnerships Program	137,414,000
Emergency Management Performance Grants	2,660,000
National Endowment for the Arts: State Arts Agencies	912,000
Emergency Rental Assistance	556,611,000
Homeowner Assistance Fund	273,337,000
Elementary and Secondary School Emergency Relief Fund	~~3,260,772,535~~3,601,780,364
Expand Genomic Sequencing	6,662,900
Epidemiology and Lab Capacity for School Testing	315,895,900
Community Health Centers Expanded Access to COVID-19 Vaccines, Build Vaccine Confidence	4,057,900
WIC Cash Value Vouchers Increase	19,930,600
Institute for Museum and Library Services	4,309,000
Homeless Children and Youth	23,576,625
Maternal, Infant, and Early Childhood Home Visiting Program	625,310
Commodity Supplemental Foods Program	119,000
Low Income Home Energy Assistance Program	86,970,460
State Small Business Credit Initiative	120,461,927
Immunization and Vaccines for Children	102,468,748
Low Income Household Water Assistance Program	17,105,002

Child Care and Development Block Grant	502,777,789
Pandemic Emergency Assistance	16,782,875
Mental Health Block Grant	41,535,246
Substance Abuse Block Grant	36,420,651
FTA Nonurbanized Area	13,833,386
FTA Rural Transit Assistance Program	209,718
FTA Intercity Bus Formula	4,183,036
Enhanced Mobility of Seniors and Persons with Disabilities–State	781,873
Crisis Response Workforce	62,340,758
Disease Intervention Workforce	27,361,745
Public Health Laboratory Preparedness	142,473
Family Violence Prevention and Services	3,691,782
FAA Airport Rescue Grants	2,471,000
Detection and Mitigation of COVID-19 in Homeless Populations	1,439,232
Detection and Mitigation of COVID-19 in Confinement Facilities	20,230,000
Small Rural Hospital Improvement Program - Testing and Mitigation	4,909,144
Nursing Home and Long Term Care Strike Teams	14,144,928
Elder Justice – Adult Protective Services	2,579,576
Total Estimated Funding	~~$6,400,545,070~~7,834,552,821

"~~**SECTION 3.2.(b)** The final amount of federal funds awarded for the following programs are not yet known but are hereby appropriated in the same manner as provided in subsection (a) of this section: (i) State Veterans Home Construction Grants, (ii) Family Violence Prevention and Services, (iii) Payments to State Veterans Homes, and (iv) Elder Justice – Adult Protective Services.~~"

SECTION 4.8.(b) Section 1.2 of S.L. 2021-25 reads as rewritten:

"**SECTION 1.2.** In addition to any report required under this act or any other law, each State agency or department that receives federal grant funds under Section 3.2 of this act shall submit (i) a copy of any report required to be submitted to the federal government with respect to the funds within five days of the date the federal report is due and (ii) a quarterly report to the Joint Legislative Commission on Governmental ~~Operations~~ Operations, the Senate Committee on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal Research Division beginning on July 15, 2021, detailing the use of funds. The quarterly report required from each State agency or department that receives federal grant funds under Section 3.2 of this act shall include the amount of funds granted, the source of the funds, how the funds were used during the quarter, and the amount of funds that remained unspent at the end of the quarterly reporting period. The quarterly report required under this section shall end upon submission of the final report from each State agency or department, which shall be no later than 90 days from the date the grant period ends for the relevant funds."

SECTION 4.8.(c) Nothing in this act or the Committee Report described in Section 43.2 of this act shall be construed as appropriating the funds set forth in Section 3.2 of S.L. 2021-25, as amended by this section, in excess of the amounts provided in the notification of award from the federal government or any entity acting on behalf of the federal government to administer the federal funds.

GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT OF 2021 FUNDING

SECTION 4.9.(a) Applicability. – Except as otherwise provided in this act, provisions funded in this act by the American Rescue Plan Act of 2021, P.L. 117-2, are subject to the provisions of this section.

SECTION 4.9.(b) Definitions. – The definitions in S.L. 2021-25 and the following definitions apply in this act:

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

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

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

SECTION 4.9.(c) Conflict. – If an allocation made under this act of State Fiscal Recovery Fund funds is found to be disallowed by federal law, the disallowed allocation is repealed and the Office of State Budget and Management (OSBM) shall transfer the amount of the disallowed allocation to the State Fiscal Recovery Reserve. If the funds have been allocated to a nonprofit corporation, and the use of funds by the nonprofit corporation is disallowed by federal law, the nonprofit corporation shall return the amount of funds allocated to the nonprofit corporation to OSBM to transfer the disallowed, repealed allocation, as provided in this section. Amounts transferred into the State Fiscal Recovery Reserve pursuant to this section are receipts that 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.

OSBM shall report on any allocation disallowed under this section to the Senate Committee on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal Research Division no later than 15 days following the disallowance. The report shall note the amount disallowed, the intended recipient of the disallowed allocation, and the specific basis on which the determination of disallowance was made.

SECTION 4.9.(d) 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 4.9.(e) 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 4.9.(f) Interest. – All interest earned on funds held in the State Fiscal Recovery Fund shall be transferred to the State Fiscal Recovery Reserve.

SECTION 4.9.(g) 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 4.9.(h) 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 4.9.(i) Reports. – In addition to any report required under this act 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, 2021, 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 4.9.(j) 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 4.9.(k) Reversion. – The funds appropriated in this act from the State Fiscal Recovery Fund shall not revert at the end of each fiscal year of the 2021-2023 fiscal biennium but shall remain available to expend until the date set by applicable federal law or guidance.

TRANSFER OF FUNDS FROM STATE FISCAL RECOVERY RESERVE TO STATE FISCAL RECOVERY FUND

SECTION 4.10. The State Controller shall transfer the sum of five billion three hundred fifty-five million six hundred twenty-four thousand two hundred twenty-one dollars ($5,355,624,221) for the 2021-2022 fiscal year from the State Fiscal Recovery Reserve to the State Fiscal Recovery Fund.

TRANSFER OF FUNDS FROM CORONAVIRUS CAPITAL PROJECTS RESERVE TO CORONAVIRUS CAPITAL PROJECTS FUND

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) 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.

OSBM/ADDITIONAL FUNDS FOR CONTINUITY OF SERVICES

SECTION 4.13. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management (OSBM), the sum of twenty-five million three hundred thirty-five thousand four hundred seventy-one dollars ($25,335,471) shall be used for State agency continuity of operation needs across State government. Expenditures incurred during the period allowed by applicable federal law and guidance are eligible for funding under this section. No funding provided under this section shall be used to establish new programs. OSBM shall provide a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division no later than March 1, 2022, and quarterly thereafter, until all funds have been allocated, detailing the allocation of funds under this section. Each report shall include which State agencies received allocations, the amounts disbursed, the amount spent and which fiscal year, and for what purposes the funds were used by fund code and line-item detail.

PART V. GENERAL PROVISIONS

ESTABLISHING OR INCREASING FEES

SECTION 5.1.(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 5.1.(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 5.2.(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 5.2.(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) 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.

(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 as directed grants shall not revert until June 30, 2023.

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

SECTION 5.2.(c) This section expires on June 30, 2023.

CAP STATE-FUNDED PORTION OF NONPROFIT SALARIES

SECTION 5.3. No more than one hundred twenty thousand dollars ($120,000) 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.

STATUTORY CONTINUING RESOLUTION/REVISE REPORTING REQUIREMENT

SECTION 5.4.(a) G.S. 143C-5-4(b)(9), as amended by Section 4.3 of S.L. 2021-25, reads as rewritten:

"(9) Grant funds. – Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded during the current fiscal year that are for less than two million five hundred thousand dollars ($2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental ~~Operations~~ 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 during the current fiscal year to respond to an emergency with the approval of the Director of the Budget. State agencies shall report to the Joint Legislative Commission on Governmental ~~Operations~~ 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 during the current fiscal year only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations. 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 allowable amount set forth in this subdivision and shall be incorporated into the authorized budget of the recipient State agency. Notwithstanding the provisions of this subdivision, no State agency may accept a grant if 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. Nothing in this subdivision shall be construed to prohibit or limit expenditures that are authorized under subdivision (1) of this subsection. For purposes of this subdivision, the term (i) "emergency" is as defined in G.S. 166A-19.3 and (ii) "grant" means funds received from a grant that was not included in the base budget for the fiscal year in which the grant was awarded."

SECTION 5.4.(b) This section becomes effective June 30, 2021, and applies beginning with the 2021-2022 fiscal year.

REVISIONS TO BASE BUDGET DEFINITION AND RECOMMENDED STATE BUDGET

SECTION 5.5.(a) G.S. 143C-1-1(d)(1c) reads as rewritten:

"(1c) Base Budget. – That part of the recommended State budget that provides the baseline for the next biennium. The base budget for each State agency shall be the authorized budget for that agency with adjustments only for the following:

a. Annualization of programs and positions.
b. Reductions to adjust for items funded with nonrecurring funds during the prior fiscal biennium.
c. Increases to adjust for nonrecurring reductions during the prior fiscal biennium.
d. Adjustments for federal payroll tax changes.
e. Rate increases in accordance with the terms of existing leases of real property.
f. Adjustments to receipt projections, made in accordance with G.S. 143C-3-5(b)(2)c.

g. Reconciliation of intragovernmental and intergovermental ~~transfers.~~transfers that require no net General Fund increase.

h. Adjustments for statutory appropriations and other adjustments as directed by the General Assembly.

i. Reconciliation of salary-related employer contributions, longevity, and special separation allowance under Article 12D of Chapter 143 of the General Statutes."

SECTION 5.5.(b) G.S. 143C-3-5 reads as rewritten:

"**§ 143C-3-5. Budget recommendations and budget message.**

…

(b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall include the following components:

(1) A Recommended State Budget setting forth goals for improving the State with recommended expenditure requirements, funding sources, and performance information for each State government program and for each proposed capital improvement. The Recommended State Budget may be presented in a format chosen by the Director, except that the Recommended State Budget shall clearly distinguish program base budget requirements, program reductions, program eliminations, changes in program fund sources, program expansions, and new programs, and shall explain all proposed capital improvements in the context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6.

(1a) The Governor's Recommended State Budget shall include a base budget, which shall be presented pursuant to subdivision (2) of this subsection.

(2) A Recommended Base Budget showing, for each budget code and purpose or program in State government, accounting detail corresponding to the Recommended State Budget.

…

c. The Recommended Base Budget shall include accurate projections of receipts, expenditures, and fund balances. Estimated receipts, including tuition collected by university or community college institutions, shall be adjusted to reflect actual collections from the previous fiscal year, unless the Director recommends a change that will result in collections in the budget year that differ from prior year actuals, or the Director otherwise determines there is a more reasonable basis upon which to accurately project receipts. If receipts are projected to decrease, the corresponding expenditure shall be decreased in a like amount. Revenue and expenditure detail provided in the Budget Support Document shall be no less detailed than the two-digit level in the North Carolina Accounting System Uniform Chart of Accounts as prescribed by the State Controller.

…

(c) Even-Numbered Years. – In even-numbered years, the Governor may recommend changes in the enacted budget for the second year of the biennium. These recommendations shall be presented as amendments to the enacted budget and shall be incorporated in a recommended Current Operations Appropriations Act. Any recommended changes shall clearly distinguish program reductions, program eliminations, changes in program fund sources, program expansions, and new programs, and shall explain all proposed capital improvements in the context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6. The Governor shall provide sufficient supporting documentation and accounting detail, consistent

with that required by ~~G.S. 143C-3-5(b),~~ subsection (b) of this section, corresponding to the recommended amendments to the enacted budget.

…."

SECTION 5.5.(c) This section is effective July 1, 2021, and applies beginning with the 2022-2023 fiscal year.

SAVINGS RESERVE CLARIFICATION

SECTION 5.6. G.S. 143C-4-2 reads as rewritten:

"**§ 143C-4-2. Savings Reserve.**

…

(d) Savings Reserve Requirement. – Each Current Operations Appropriations Act enacted by the General Assembly shall include a transfer to the Savings Reserve of the lesser of (i) fifteen percent (15%) of each fiscal year's estimated growth in State tax revenues that are deposited in the General ~~Fund, except that if that transfer~~ Fund or (ii) the amount that would cause the balance of the Reserve to ~~exceed~~ reach the recommended Savings Reserve balance developed pursuant to subsection (f) of this ~~section then the amount transferred pursuant to this subsection shall be reduced accordingly.~~section.

(e) ~~Actual Transfer~~ Transfers of Funds to Savings Reserve. – Each fiscal year, the Office of State Controller shall transfer to the Savings Reserve the ~~estimated growth amount required by~~ amount included for transfer pursuant to subsection (d) of this section. If the actual growth in State tax revenues is higher than the estimated growth used for purposes of subsection (d) of this section, the Office of State Controller shall ~~adjust the amount of the~~ additionally transfer to the Savings Reserve the amount necessary to ~~achieve an amount equivalent to~~ increase the total transfer under this subsection to fifteen percent (15%) of the actual growth.

…."

STATE CAPITAL AND INFRASTRUCTURE FUND/SPECIFY AMOUNTS TRANSFERRED TO FUND

SECTION 5.7.(a) G.S. 143C-4-3.1 reads as rewritten:

"**§ 143C-4-3.1. State Capital and Infrastructure Fund.**

…

(b) Creation and Source of Funds. – ~~There is established in the General Fund the~~ The State Capital and Infrastructure ~~Fund, hereinafter referred to as the "Fund." The Fund shall be maintained~~ Fund (the Fund) is established as a special fund ~~and~~ in the General Fund to be administered by the Office of State Budget and Management to carry out the provisions of this section. With the exception of debt service obligations, appropriations from the Fund may be administered by other State agencies as deemed necessary by the Office of State Budget and Management. Interest ~~accruing from the~~ and investment earnings received on monies in the Fund shall be credited to the Fund. The Fund shall consist of the following ~~sources of funding:~~additional sources:

(1) ~~One-fourth of any unreserved fund balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year.~~The following amounts transferred from the General Fund at the beginning of the applicable fiscal year:

a. For the 2021-2022 fiscal year, the sum of one billion three hundred million dollars ($1,300,000,000).

b. For the 2022-2023 fiscal year, the sum of one billion three hundred forty-five million five hundred thousand dollars ($1,345,500,000).

c. For the 2023-2024 fiscal year, the sum of one billion three hundred ninety-two million five hundred ninety-two thousand five hundred dollars ($1,392,592,500).

d. For the 2024-2025 fiscal year, the sum of one billion four hundred forty-one million three hundred thirty-three thousand two hundred thirty-eight dollars ($1,441,333,238).

e. For the 2025-2026 fiscal year, the sum of one billion one hundred million dollars ($1,100,000,000).

f. For each fiscal year after the 2025-2026 fiscal year, the transfer shall be increased three and one-half percent (3.5%) over the amount required under this subdivision for the preceding fiscal year.

~~(2) Four percent (4%) of the net State tax revenues that are deposited in the General Fund during the fiscal year.~~

~~(3) All monies appropriated by the General Assembly for the purposes of General Fund capital improvements, as defined in G.S. 143C-1-1(d).~~

~~(4) All interest and investment earnings received on monies in the Fund.~~

(5) Any other funds, as directed by the General Assembly.

(c) ~~Funding Requirements. —~~Administration. – Each Current Operations Appropriations Act enacted by the General Assembly shall include ~~(i) a transfer to the Fund of four percent (4%) of each fiscal year's estimated net State tax revenues that are deposited in the General Fund and (ii) one-fourth of the General Fund unreserved fund balance, as determined on a cash basis, at the end of each fiscal year.~~

~~(d) Transfer of Funds to the Fund. — Each~~ the amount required under subdivision (1) of subsection (b) of this section. Each fiscal year, the Office of State Controller shall transfer to the Fund the ~~estimated~~ amounts required pursuant to ~~subsection (c) of this section. Each fiscal year, the Office of State Controller shall transfer to the Fund one-fourth of the General Fund unreserved fund balance, as determined on a cash basis, at the end of the fiscal year.~~this subsection.

…."

SECTION 5.7.(b) This section is effective June 30, 2021.

2021 DISASTER RELIEF AND RECOVERY/MITIGATION/RESILIENCY

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:

(1) $20,000,000 to the State Match Fund, as created in subsection (d) of this section, administered by the Department of Public Safety, Division of Emergency Management, to be used for State match requirements for disaster declarations by the President of the United States under the Stafford Act, P.L. 93-288, in this State prior to July 1, 2021. These funds shall not apply to disaster declarations occasioned by the COVID-19 pandemic.

(2) $10,000,000 to the State Match Fund, as created in subsection (d) of this section, administered by the Department of Public Safety, Division of Emergency Management, to be used for State match requirements for disaster declarations by the President of the United States under the Stafford Act, P.L. 93-288, in this State that may arise from disaster declarations after July 1, 2021. These funds shall not apply to disaster declarations occasioned by the COVID-19 pandemic.

(3) $15,000,000 to the Disaster Relief and Mitigation Fund, as created in subsection (f) of this section, to be administered by the Department of Public Safety, Division of Emergency Management.

(4) $15,000,000 to the Transportation Infrastructure Resiliency Fund, as created in subsection (g) of this section, to be administered by the Department of Public Safety, Division of Emergency Management.

(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) to units of local government for flood mitigation and recovery projects. These funds may be used for planning or as matching funds when applicable.

(6) $40,000,000 to the Coastal Storm Damage Mitigation Fund within the Department of Environmental Quality for grants to local governments for coastal storm damage mitigation projects in accordance with G.S. 143-215.73M. Of the funds allocated by this subdivision, (i) twenty million dollars ($20,000,000) shall be allocated to the Town of Oak Island as matching funds for shoreline stabilization to recover from Hurricane Isaias and (ii) two million dollars ($2,000,000) shall be allocated to the North Carolina Coastal Federation, Inc., a nonprofit corporation, to provide grants for living shorelines, oyster reefs, and marsh restoration in order to protect other coastal communities that are vulnerable to storm surge and tidal flooding.

(7) $20,000,000 to the Department of Environmental Quality, Division of Mitigation Services, to be used to develop a statewide Flood Resiliency Blueprint in accordance with subsection (c) of this section. The Department may use up to three percent (3%) of these funds for administrative expenses in developing the Flood Resiliency Blueprint.

(8) $4,000,000 to the Dam Safety Emergency Fund, as established in Section 12.10 of this act, administered by the Department of Environmental Quality, for costs associated with the emergency repair or removal of dams.

(9) $3,500,000 to the Department of Environmental Quality, Division of Mitigation Services, to be used in accordance with G.S. 143-214.11A to create one or more pilot projects addressing chronic flooding in the Stoney Creek watershed impacting businesses, roadways, and access to emergency services in Wayne County and Goldsboro. The pilot projects shall also serve as the basis for expanding natural infrastructure flood mitigation projects to additional watersheds and scaling solutions to enhance community resiliency across North Carolina. The Division may use up to three percent (3%) of these funds for administration of the pilot projects.

(10) $1,400,000 to the Department of Environmental Quality, Division of Water Infrastructure, to match additional federal funds allocated from the Additional Supplemental Appropriations for Disaster Relief Act, P.L. 116-20, for the Drinking Water State Revolving Fund.

(11) $1,150,000 to the Department of Environmental Quality, Division of Coastal Management, to be used to provide community resilience planning, design, and project implementation grants for the Resilient Coastal Communities Program.

(12) $300,000 to the Department of Environmental Quality, Division of Coastal Management, to create two time-limited, full-time positions for two years to staff the Resilient Coastal Communities Program.

(13) $38,000,000 to the Department of Agriculture, Soil and Water Conservation Commission, for the Streamflow Rehabilitation Assistance Program, as established in subsections (k) through (o) of this section.

(14) $1,500,000 to the Department of Agriculture and Consumer Services to be used by the Soil and Water Conservation Commission to support the Community Conservation Assistance Program (CCAP) created pursuant to Article 73 of Chapter 106 of the General Statutes. The Commission shall use the funds allocated in this subdivision to provide cost-share funding through CCAP for the installation of stormwater best management practices by nonagricultural landowners and land users.

(15) $15,000,000 to the North Carolina Land and Water Fund in the Department of Natural and Cultural Resources. The Division of Land and Water Stewardship (Division) shall use the funds to provide grants to counties, municipalities, nonprofit corporations, and other State agencies for projects addressing the purposes specified in G.S. 143B-135.234(c)(12). The Division shall develop criteria to score projects based on the ability of a project to reduce flood risks.

(16) $1,500,000 to the Wildlife Resources Commission for the removal of the remaining abandoned and derelict vessels identified following natural disasters since 2018.

(17) $500,000 to the Wildlife Resources Commission for the Lake Rim Hatchery Project.

(18) $10,000,000 to the Housing Finance Agency to provide funds for a multifamily affordable housing project in Robeson County, which must be constructed at least 2 feet above base flood elevation.

(19) $7,000,000 to the Office of State Budget and Management to provide a grant to the North Carolina Insurance Underwriting Association, in accordance with subsection (i) of this section, to provide grants to policyholders in coastal areas for resilient roof replacement.

(20) $6,000,000 to the Office of State Budget and Management to provide grants to the North Carolina Association of Regional Councils of Governments to provide technical assistance with local recovery funds.

(21) $2,000,000 to the Office of State Budget and Management for Habitat for Humanity of North Carolina, Inc., (Habitat for Humanity) a nonprofit corporation, as a grant for a pilot program to build and repair homes for families to move out of flood-prone areas. Habitat for Humanity may use up to two percent (2%) of these funds for administrative costs associated with the pilot program. Habitat for Humanity shall submit a report to the Joint Legislative Oversight Committee for Governmental Operations by March 1, 2023, on the implementation of the pilot program.

(22) $350,000 to the Office of State Budget and Management to provide a directed grant to Wayne American Legion Auxiliary Unit #011, Inc., a nonprofit corporation, to repair damage from Hurricanes Florence and Matthew.

(23) $5,000,000 to the North Carolina Office of Recovery and Resiliency for Stoney Creek acquisitions to provide benefit throughout the watershed to the most vulnerable structures and communities.

(24) $5,000,000 to the Department of Public Safety, Division of Emergency Management, for the Lumberton CSX/Floodgates project as referenced in the May 1, 2018, Lumber River Basin Flood Analysis and Mitigation Strategy Report.

(25) $4,000,000 to the Department of Agriculture and Consumer Services for the Avery County Soil & Water Conservation District to address storm damage.

(26) $3,000,000 to the Department of Agriculture and Consumer Services for the Swain County Soil & Water Conservation District for the Raven Fork stream and watershed improvement project.

(27) $750,000 to the Department of Transportation for the Town of Princeton for drainage pipe replacement at Princeton High School.

(28) $50,000 to the Department of Transportation to address the new waterflow issues from roadwork upstream from the Town of Aberdeen in Moore County and to repair the dam in front of the Bethesda Presbyterian Church.

(29) $27,500 to the Department of Transportation, Division of Highways, for the Rattlesnake Branch project in Duplin County.

(30) $32,342,000 to the Department of Public Safety to provide directed grants to the following entities in the following amounts:

a. $5,000,000 to the City of Southport for waterfront stabilization from storm damage.

b. $3,000,000 to the Town of Red Springs for debris removal, stream restoration, flood mitigation, and stormwater management.

c. $2,500,000 to the Town of Hope Mills for East Patterson Street stream hardening and erosion issues.

d. $2,000,000 to Cumberland County for stream restoration on the Methodist University campus in Fayetteville.

e. $2,000,000 to the Town of Carolina Beach to complete the dredging of Lake Park.

f. $2,000,000 to Carteret County for the Sugarloaf Island Mitigation Project.

g. $1,200,000 to the City of Asheville for the West Sulphur Springs drainage system project to reduce roadway flooding.

h. $1,000,000 to Halifax County for a flooding abatement project on Chockoyotte Creek in the City of Roanoke Rapids.

i. $1,000,000 to Henderson County for a flood resilience project on the French Broad River at Pleasant Grove.

j. $1,000,000 to Hyde County for the Mattamuskeet Restoration Drainage project.

k. $1,000,000 to the North Carolina Association of Resource Conservation and Development Councils for flood mitigation projects.

l. $1,000,000 to Duplin County for the Northeast Cape Fear Riverbank Restoration Project.

m. $950,000 to the Town of Smithfield for CSX culvert improvements at the Highway 301 location.

n. $950,000 to the Town of Princeton for the Massey-Holt water line collaboration with Johnston County and drainage improvement projects throughout the Town of Princeton, in partnership with the Golden L.E.A.F., Inc., a nonprofit corporation, and the Department of Transportation.

o. $950,000 to Henderson County for the Bat Fork stream restoration and flood resilience project.

p. $650,000 to Caldwell County for Abingdon Creek Restoration in Gamewell Town Park.

q. $650,000 to the Town of Hope Mills for street replacement in the Woodland Hills neighborhood to repair damage from flooding and to improve groundwater drainage systems to prevent future flooding.

r. $625,000 to the City of Mount Airy for Granite City Greenway and Ararat River Restoration.
s. $500,000 to the Town of Hope Mills for wooded creek bed clearing in the town limits to prevent future flooding.
t. $500,000 to Johnston County for Moccasin Swamp.
u. $450,000 to the Town of Fair Bluff for the abatement of destroyed buildings from Hurricanes Matthew and Florence.
v. $425,000 to Dare County for the purchase of eight emergency pumps.
w. $325,000 to the Town of Pilot Mountain for Chinquapin Creek restoration.
x. $317,000 to the Town of Laurel Park for a stream restoration project for the Laurel Green Creek.
y. $300,000 to the City of Havelock for the Fairview Street Project to repair the culvert crossing of Joe's Branch.
z. $300,000 to Northampton County to address culvert capacity issues in the Town of Rich Square for flood mitigation on downtown roads.
aa. $250,000 to Carteret County for Marshallberg flood mitigation, ditch restoration, and harbor discharge project.
bb. $250,000 to Halifax County to mitigate flooding in the Town of Scotland Neck that is endangering a local health care facility.
cc. $250,000 to Halifax County to address downtown flooding in the Town of Littleton.
dd. $250,000 to the City of Kings Mountain for the Kings Mountain Reservoir/Moss Lake stabilization project.
ee. $250,000 to Martin County to support localized countywide flood mitigation strategy.
ff. $200,000 to the Craven County Sheriff's Office for the purchase of emergency response equipment.
gg. $200,000 to the Town of Trent Woods for the restoration of key drainage routes.
hh. $50,000 to the Town of Vass to address drainage problems and flooding in the Sandy Ramey Keith Park to regrade the parking lot to mitigate flooding.
ii. $50,000 to Greene County for stream gauges, engineering, and planning.

SECTION 5.9.(b) Funds allocated by this section shall revert to the Disaster Relief and Mitigation Fund, as established in subsection (f) of this section, if not expended or encumbered by June 30, 2023.

SECTION 5.9.(c) Flood Resiliency Blueprint. – Of the funds allocated in subdivision (a)(1) of this section, the Department of Environmental Quality, Division of Mitigation Services (DMS), shall contract with an organization to develop a statewide Flood Resiliency Blueprint for major watersheds impacted by flooding, including, among others, the Cape Fear River and the Neuse River Basins. The watershed blueprint shall form the backbone of a State flood planning process that increases community resiliency to flooding, shall be a resource for riverine and stream management to reduce flooding, and should support the establishment and furtherance of local government stormwater maintenance programs. The blueprint shall identify the major watersheds affected by flooding and direct these funds toward the activities which are central to the creation of an actionable blueprint, namely flood risk assessment, identification of data gaps, and recommendations to reduce flood risk for each target watershed. When developing the blueprint with the organization selected, DMS shall ensure the blueprint incorporates local knowledge, community goals, projections of future flood risk, and

the best available science and hydrologic modeling to create a decision tool for flood mitigation investments and strategies from local watersheds up to whole river basins. A successful blueprint should ultimately lead to a prioritized set of projects and funding strategies that the State can implement. DMS and the organization selected are encouraged to examine examples from other states such as the Louisiana Coastal Master Plan or the flood resiliency planning processes in South Carolina and Virginia. The organization shall send all necessary information to DMS on the implementation of the blueprint upon request by DMS. The organization shall submit an initial draft of the blueprint to DMS no later than December 31, 2023. DMS shall report by July 1, 2022, and annually thereafter to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the implementation of this subsection.

SECTION 5.9.(d) Establishment of the State Match Fund. – There is established the State Match Fund (Fund) in the Department of Public Safety, Division of Emergency Management (Division). Any funds appropriated to the Fund shall remain available for expenditure as provided in this section unless directed otherwise by the General Assembly. The Division shall use the funds in the Fund for the State's share of costs associated with FEMA disaster response and recovery programs.

SECTION 5.9.(e) Transfer of Match Funds. – The State Controller shall transfer from the State Emergency Response and Disaster Relief Fund to the State Match Fund any remaining State matching funds appropriated in the following acts to be used as provided in those acts:

(1) Section 4.1 of S.L. 2016-124.
(2) Section 1 of S.L. 2017-119.
(3) Section 5.6(b) of S.L. 2018-5.
(4) Section 1.1 of S.L. 2019-250.
(5) Section 2.6 of S.L. 2020-97.

SECTION 5.9.(f) Establishment of Disaster Relief and Mitigation Fund; Administration. – There is established the Disaster Relief and Mitigation Fund (Fund) in the Department of Public Safety, Division of Emergency Management. Any funds appropriated to the Fund shall remain available for expenditure as provided in this section unless directed otherwise by the General Assembly. The Division shall administer a grant program that allows State agencies, units of local government, and nonprofit corporations to apply for funds to be used for any of the following:

(1) Flood mitigation efforts that stabilize areas and reduce future damage.
(2) Predevelopment assistance to provide small and underserved communities with technical assistance to identify and design shovel-ready projects related to disaster relief and flood mitigation.

SECTION 5.9.(g) Establishment of Transportation Infrastructure Resiliency Fund. – There is established the Transportation Infrastructure Resiliency Fund (Fund) in the Department of Public Safety, Division of Emergency Management. Any funds appropriated to the Fund shall remain available for expenditure as provided in this section unless directed otherwise by the General Assembly.

SECTION 5.9.(h) Transportation Infrastructure Resiliency Fund Grant Program. – The Division of Emergency Management shall administer a grant program using funds appropriated to the Transportation Infrastructure Resiliency Fund, as established in subsection (g) of this section, that allows State agencies, units of local government, and nonprofit corporations to apply for funds to ensure transportation resilience against natural disasters. The Division of Emergency Management shall consult with the Department of Transportation prior to awarding grants to State agencies, units of local government, and nonprofit corporations. Funds may be used for any of, and activities consistent with, the following:

(1) Projects that update and prepare transportation infrastructure for storms, mudslides, and flooding events taking projections of future risk into consideration.
(2) Risk assessments for critical transportation routes, building on existing and future reports such as the I-95 and I-40 Flood Resilience Feasibility Study.
(3) Creating community-informed flood risk and vulnerability assessments that identify resilience gaps and project opportunities for transportation routes in North Carolina to help maintain vital transportation functions following flooding events.

SECTION 5.9.(i) North Carolina Insurance Underwriting Association (NCIUA) Coastal Resilient Roof Grant Pilot Program. – NCIUA shall establish the Coastal Resilient Roof Grant Pilot Program, adopt rules, and award amounts for resilient roof grant applicants under this pilot program. NCIUA must provide a match of one dollar ($1.00) in non-State funds for one dollar ($1.00) provided in State grant funds. No eligible structure, as defined by NCIUA rules, may receive more than three thousand three hundred dollars ($3,300) in State funds under this pilot program. NCIUA may use matching funds for evaluator costs and grants but shall not use any of the funds allocated for the pilot program for administrative costs. State funds allocated for this pilot program that are not encumbered or spent by June 30, 2025, shall revert to the General Fund. NCIUA will include a report on the pilot program funded by this subsection in the annual report required by G.S. 58-45-65. The report shall include information on the number of grants provided, geographical distribution of grants by county, and the average insured value of the structures receiving grant funding for resiliency improvements under this program. The NCIUA will provide this portion of its annual report to the Chairs of the Joint Legislative Emergency Management Oversight Committee and the Fiscal Research Division. The following definitions apply in this subsection:

(1) Coastal area. – Defined in G.S. 58-45-5.
(2) Eligible expense. – Costs for the replacement or upgrade of the roof of an eligible structure when the replacement or upgrade results in the roof meeting applicable resiliency standards issued by the Institute for Business and Home Safety or another construction storm resiliency standard that the NCIUA finds to be equivalent for purposes of reduction of risk of loss to the Coastal Property Insurance Pool (Pool) established by Article 45 of Chapter 58 of the General Statutes.
(3) Eligible structure. – An eligible residential structure as defined by NCIUA rules and insured under a policy issued by the NCIUA through the Pool.

SECTION 5.9.(j) Statutory Authority for the Coastal Resilient Roof Grant Pilot Program. – G.S. 58-45-15 reads as rewritten:

"**§ 58-45-15. Powers and duties of Association.**

The Association shall, pursuant to the provisions of this Article and the plan of operation, and with respect to the insurance coverages authorized in this Article, have the power on behalf of its members:

…

(6) To provide grants for mitigation of risk of loss to policyholders with premiums, funds appropriated to the Association for that purpose by the General Assembly, or funds donated or granted to the Association."

SECTION 5.9.(k) Streamflow Rehabilitation Assistance Program. – Chapter 139 of the General Statutes is amended by adding a new Article to read:

"Article 6.

"Streamflow Rehabilitation Assistance Program.

"**§ 139-65. Streamflow Rehabilitation Assistance Program.**

(a) Program Established. – The Streamflow Rehabilitation Assistance Program is established. The purpose of the Program shall be to assist an eligible grantee in protecting and restoring the integrity of drainage infrastructure through routine maintenance to existing streams and drainage ways by removing blockages caused by accumulated debris or sediment, stabilization and restoration of streams and streambanks, and for rehabilitation or improvement of small watershed structural projects constructed pursuant to the Watershed Protection and Flood Prevention Act of 1954, as amended. Project engineering, permitting, and administrative costs are eligible for payment through the Program. Program funds may also be used to provide nonfederal match for related disaster recovery activities funded by the federal government. For purposes of this section, an "eligible grantee" shall include any of the following:

(1) A Soil and Water Conservation District established under this Chapter.

(2) A political subdivision, including a city, a county, a water or sewer authority established under Chapter 162A of the General Statutes, a metropolitan or county water or sewer district established under Chapter 162A of the General Statutes, a county service district established under Chapter 153A of the General Statutes, a municipal service district established under Chapter 160A of the General Statutes, a sanitary district established under Chapter 130A of the General Statutes, and a drainage district established under Chapter 156 of the General Statutes.

(3) A nonprofit organization.

(b) Program Administration. – The Soil and Water Conservation Commission shall supervise and administer the Streamflow Rehabilitation Assistance Program as provided in this section. No more than five percent (5%) of Program funding may be used for administration costs.

(c) Program Functions. – Under the Streamflow Rehabilitation Assistance Program, the Soil and Water Conservation Commission shall do the following:

(1) Establish criteria to allocate funds to eligible grantees.

(2) Develop a process for soliciting and reviewing applications and for selecting applicants to participate in the Program.

(3) Adopt temporary and permanent rules as necessary to implement this Program.

(d) Restriction on Funded Activities. – The Commission shall ensure that debris removed from streams with funds provided under this Article are either removed from the 100-year floodplain or processed in such a manner that the debris would not pose a risk of blockage or significant impairment of normal streamflow during a subsequent flood event. For purposes of this subsection, "100-year floodplain" means any area subject to inundation by the one percent (1%) annual chance flood event, as indicated on the most recent Flood Insurance Rate Map prepared by the Federal Emergency Management Agency under the National Flood Insurance Program.

(e) Report. – No later than January 31 of each year, the Division of Soil and Water Conservation of the Department of Agriculture and Consumer Services shall prepare a comprehensive report on the implementation of this section. The report shall be submitted to the Environmental Review Commission and the Fiscal Research Division as a part of the report required by G.S. 106-850(e)."

SECTION 5.9.(*l*) Streamflow Rehabilitation Assistance Program. – G.S. 14-234(d3) reads as rewritten:

"(d3) Subsection (a) of this section does not apply to an application for or the receipt of a grant under ~~the Agriculture Cost Share Program for Nonpoint Source Pollution Control created pursuant to Article 72 of Chapter 106 of the General Statutes, the Community Conservation Assistance Program created pursuant to Article 73 of Chapter 106 of the General Statutes, or the Agricultural Water Resources Assistance Program created pursuant to Article 5 of Chapter 139~~

~~of the General Statutes~~ an exempted public program by a member of the Soil and Water Conservation Commission if the requirements of G.S. 139-4(e) are met, and does not apply to a district supervisor of a soil and water conservation district if the requirements of G.S. 139-8(b) are met. For purposes of this subsection, an exempted public program is any of the following:

(1) The Agriculture Cost Share Program for Nonpoint Source Pollution Control created pursuant to Article 72 of Chapter 106 of the General Statutes.

(2) The Community Conservation Assistance Program created pursuant to Article 73 of Chapter 106 of the General Statutes.

(3) The Agricultural Water Resources Assistance Program created pursuant to Article 5 of Chapter 139 of the General Statutes.

(4) The Streamflow Rehabilitation Assistance Program created pursuant to Article 6 of Chapter 139 of the General Statutes."

SECTION 5.9.(m) Streamflow Rehabilitation Assistance Program. – G.S. 139-4(d) reads as rewritten:

"(d) In addition to the duties and powers hereinafter conferred upon the Soil and Water Conservation Commission, it shall have the following duties and powers:

…

(9) To create, implement, and supervise the Agriculture Cost Share Program for Nonpoint Source Pollution Control created pursuant to Article 72 of Chapter 106 of the General Statutes, the Community Conservation Assistance Program created pursuant to Article 73 of Chapter 106 of the General Statutes, ~~and~~ the Agricultural Water Resources Assistance Program created pursuant to Article 5 of this ~~Chapter.~~Chapter, and the Streamflow Rehabilitation Assistance Program created pursuant to Article 6 of this Chapter.

(10) To review and approve or disapprove the application of a district supervisor for a grant under the Agriculture Cost Share Program for Nonpoint Source Pollution Control, the Community Conservation Assistance Program, or the Agricultural Water Resources Assistance Program as provided by G.S. 139-8(b).

…."

SECTION 5.9.(n) Streamflow Rehabilitation Assistance Program. – G.S. 139-4(e) reads as rewritten:

"(e) A member of the Commission or an organization or unit of local government of which the member is an employee, officer, or elected member of the governing body may apply for and receive a grant under the Agriculture Cost Share Program for Nonpoint Source Pollution Control, the Community Conservation Assistance Program, ~~or~~ the Agricultural Water Resources Assistance ~~Program~~ Program, or the Streamflow Rehabilitation Assistance Program if:

(1) The member does not vote on the application or attempt to influence the outcome of any action on the application; and

(2) The application is approved by the Commissioner of Agriculture."

SECTION 5.9.(o) Streamflow Rehabilitation Assistance Program. – G.S. 139-8(b) reads as rewritten:

"(b) A district supervisor or an organization or unit of local government of which the supervisor is an employee, officer, or elected member of the governing body may apply for and receive a grant under the Agriculture Cost Share Program for Nonpoint Source Pollution Control created pursuant to Article 72 of Chapter 106 of the General Statutes, the Community Conservation Assistance Program created pursuant to Article 73 of Chapter 106 of the General Statutes, ~~or~~ the Agricultural Water Resources Assistance Program created pursuant to Article 5 of this ~~Chapter~~ Chapter, or the Streamflow Rehabilitation Assistance Program created pursuant to Article 6 of this Chapter if:

~~1.~~(1) The district supervisor does not vote on the application or attempt to influence the outcome of any action on the application; and

~~2.~~(2) The application is approved by the Commission."

SECTION 5.9.(p) North Carolina Office of Recovery and Resiliency Coordination. – Subpart D of Part 5 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-1041. Interagency coordination.**

(a) The Office shall establish an intergovernmental working group composed of representatives from the Department of Environmental Quality and other relevant State agencies, local governments, and other stakeholders to identify legislative, economic, jurisdictional, and other challenges related to stream management and flooding reduction. Beginning January 1, 2022, and biannually thereafter, the Office shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division regarding the findings and recommendations of the working group.

(b) The Office of Recovery and Resiliency and the Division of Emergency Management of the Department of Public Safety, the Director of the Division of Coastal Management of the Department of Environmental Quality, and the Secretary of the Department of Transportation, or their respective designees, shall meet at least quarterly beginning January 1, 2022, in order to coordinate the grant making and technical assistance activities each agency is carrying out related to subsection (a) of this section."

SECTION 5.9.(q) Division of Emergency Management Contracting. – G.S. 166A-19.12 is amended by adding two new subdivisions to read:

"(24) The Division may contract for services from vendors specializing in housing, rehabilitation, or construction on private residential structures funded by State or federal funds provided to the State as a result of a disaster declared by the President under the Stafford Act or a disaster declared by the Governor under G.S. 166A-19.21. Nothing in this subdivision is intended to exempt the Division from other requirements of Article 8 of Chapter 143 of the General Statutes.

(25) The Division may contract for services from vendors specializing in housing elevation, acquisition, demolition, and mitigation reconstruction on private residential structures to implement the federal Hazard Mitigation Grant Program on behalf of the State or political subdivisions. Nothing in this subdivision is intended to exempt the Division from other requirements of Article 8 of Chapter 143 of the General Statutes."

SECTION 5.9.(r) Clean Water Management Trust Fund Reporting. – G.S. 143B-135.244 reads as rewritten:

"**§ 143B-135.244. Clean Water Management Trust Fund: reporting requirement.**

The Chair of the Board of Trustees shall report no later than December 1 each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Environmental Review Commission, the Subcommittees of the House of Representatives and Senate Appropriations Committees with jurisdiction over natural and economic resources, and the Fiscal Research Division of the General Assembly regarding the implementation of this Part. The report shall include a list of the projects awarded grants from the Fund for the previous 12-month period. The list shall include for each project a description of the project, the amount of the grant awarded for the project, and the total cost of the project. For projects funded for the purpose set forth in G.S. 143B-135.234(c)(12), the report shall also include the amount of flood storage capacity enhanced or restored for each project."

SECTION 5.9.(s) Flood Storage Capacity Project Reporting. – G.S. 143-214.11A is amended by adding a new subsection to read:

"(e) The Division shall include in the annual report required by G.S. 143-214.13 information on projects funded under this section. The report shall include a list and description of projects funded, the amount of State funds and total budget for each project, and the amount of flood storage capacity enhanced or restored for each project."

SECTION 5.9.(t) Allocation Reporting Requirements. – The Office of State Budget and Management shall report to the chairs of the House of Representatives 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 5.9.(u) Limitation. – The Governor may not use the funds described in 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.

TROPICAL STORM FRED RECOVERY

SECTION 5.9A.(a) Findings. – The General Assembly finds that Tropical Storm Fred damaged many homes, towns, properties, and crops and directly caused loss of life in the western part of the State and requires financial assistance to those affected. The Governor declared a state of emergency on August 18, 2021, due to damage caused by Tropical Storm Fred, and the President of the United States issued a major disaster declaration in accordance with the Stafford Act (P.L. 93-288) for multiple counties in the State.

SECTION 5.9A.(b) Limitation; Applicability. – The funds allocated in this section are to be spent in a manner consistent with the purposes as set forth in this section for relief and recovery occasioned by Tropical Storm Fred. Funds allocated in this section shall be used only in the following counties: Avery, Buncombe, Haywood, Henderson, Madison, McDowell, Mitchell, Rutherford, Transylvania, Watauga, and Yancey.

SECTION 5.9A.(c) Allocations. – Of the funds appropriated in Section 2.2(j) of this act for disaster relief, recovery, mitigation, and resiliency, the sum of one hundred twenty-four million four hundred thousand dollars ($124,400,000) shall be allocated for relief and recovery efforts from Tropical Storm Fred as follows:

(1) $72,000,000 to the Department of Public Safety, Division of Emergency Management, for the following purposes:
   a. $20,000,000 for home reconstructions that are not eligible for federal assistance through the Hazard Mitigation Grant Program.
   b. $16,000,000 to the State Match Fund, as established in Section 5.9 of this act, for State matching funds for federal disaster assistance programs related to Tropical Storm Fred.
   c. $15,000,000 for the repair and replacement of private roads and bridges in accordance with subsection (d) of this section.

d. $10,000,000 for a grant program to provide grants to units of local government for unmet needs related to the Federal Emergency Management Agency Public Assistance program in response to Tropical Storm Fred.
e. $4,000,000 for travel trailers and short-term housing assistance as necessary for temporary housing related to home reconstructions that are not eligible for federal disaster assistance programs.
f. $3,000,000 for home repairs and reimbursements that are not eligible for federal disaster assistance programs.
g. $2,000,000 for property repairs for housing facilities owned by landlords who house families displaced by Tropical Storm Fred.
h. $1,500,000 for assistance to counties and units of local government affected by Tropical Storm Fred.
i. $500,000 for a program to provide grants to units of local government, local emergency response agencies, and sheriffs' offices to replace emergency response equipment damaged by Tropical Storm Fred.

(2) $50,000,000 to the Department of Agriculture and Consumer Services for the Agricultural Crop Loss Program in accordance with Section 5.9B of this act.
(3) $1,900,000 to the Department of Transportation, Rail Division, for a grant to the Blue Ridge Southern Railroad, LLC, for recovery and repair operations related to Tropical Storm Fred.
(4) $500,000 to the Wildlife Resources Commission to repair dams, spillways, and related structures damaged as a result of Tropical Storm Fred.

SECTION 5.9A.(d) Private Road and Bridge Repair and Replacement Program. – The Private Road and Bridge Repair and Replacement Program (Program) is established within the Department of Public Safety, Division of Emergency Management (Division), to disburse grants for the repair and replacement of private roads and bridges damaged or destroyed by Tropical Storm Fred. The Division shall consult with the Department of Transportation in administering the Program. The Division shall develop criteria and an application process to select private roads and bridges eligible for repair or replacement consistent with this subsection. The Division shall prioritize applications for the repair and replacement of private roads or bridges that provide the sole option for ingress and egress for (i) emergency services to a residential property that is occupied by the owner for more than six months of the calendar year, (ii) multiple residential homes, or (iii) recreation or commercial facilities.

The Division shall annually report to the Joint Legislative Emergency Management Oversight Committee and the Fiscal Research Division beginning on June 30, 2022, and ending on June 30, 2026, on the Program. The report shall include, at a minimum, all of the following:

(1) The criteria used for awarding funds.
(2) The locations of any roads or bridges replaced.
(3) The average grant amount requested and disbursed.
(4) The number of projects requested, declined, and funded.
(5) The identification of unmet needs remaining at the end of each fiscal year for private road or bridge repair or replacement.

SECTION 5.9A.(e) Reversion. – Funds allocated under this section shall revert to the Disaster Relief and Mitigation Fund if not expended or encumbered by November 1, 2026.

SECTION 5.9A.(f) Receipt of Allocations. – A recipient of State funds under Section 5.9A of this act shall use best efforts and take all reasonable steps to obtain alternative funds that cover the losses or needs for which the State funds are provided, including funds from insurance policies in effect and available federal aid. State funds paid under this act are declared to be excess over funds received by a recipient from the settlement of a claim for loss or damage covered under the recipient's applicable insurance policy in effect.

SECTION 5.9A.(g) Remittance of Funds. – If a recipient obtains alternative funds pursuant to subsection (c) of this section, the recipient shall remit the funds to the State agency from which the State funds were received. A recipient is not required to remit any amount in excess of the State funds provided to the recipient under this act. The State agency shall transfer these funds to the Disaster Relief and Mitigation Fund. Funds deposited into the Fund under this subsection are receipts that 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 5.9A.(h) Contract Requirements. – Any contract or other instrument entered into by a recipient for receipt of funds under this act shall include the requirements set forth in subsections (f) and (g) of this section.

SECTION 5.9A.(i) Recipient Defined. – For purposes of this section, the term "recipient" means a local political subdivision of the State, a State agency, a State department, or a non-State entity.

SECTION 5.9A.(j) Appropriation/Federal Funds. – Funds received on or after September 1, 2021, under the federal Stafford Act (P.L. 93-288) and other federal disaster assistance programs for State disasters as a result of Tropical Storm Fred, are appropriated in the amounts provided in the notifications of award from the federal government or any entity acting on behalf of the federal government to administer federal disaster recovery funds. The Office of State Budget and Management and affected State agencies shall report all notifications of award to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the General Assembly.

SECTION 5.9A.(k) Limitation. – The Governor may not use the funds described in 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 5.9A.(*l*) Allocation Reporting Requirements. – The Office of State Budget and Management shall report to the chairs of the House of Representatives and Senate Appropriations Committees and to the Fiscal Research Division of the General Assembly on the implementation of this section on a quarterly basis until November 1, 2026, 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.

AGRICULTURAL CROP LOSS PROGRAM

SECTION 5.9B.(a) Agricultural Crop Loss Program. – The Agricultural Crop Loss Program (Program) is established within the Department of Agriculture and Consumer Services (Department). The Program shall be used to provide financial assistance to farmers affected by Tropical Storm Fred. The Department shall not use funds for administrative purposes. The Program shall expire on November 1, 2026. To be eligible for financial assistance for losses of agricultural commodities, a person must satisfy all of the following criteria:

(1) The person experienced a verifiable loss of agricultural commodities as a result of Tropical Storm Fred, and the person's farm is located in a North Carolina county listed in subsection (b) of Section 5.9A of this act.

(2) The agricultural commodity was planted but not harvested on or before August 17, 2021, or, for aquaculture commodities, the commodities were being raised on or before August 17, 2021.

SECTION 5.9B.(b) Verification of Loss. – A person seeking financial assistance for losses of agricultural commodities under the Program shall submit to the Department a Form 578 on file with the USDA Farm Service Agency or a form provided by the Department for reporting acreage or plantings of crops not typically reported on Form 578, along with any other documentation deemed appropriate by the Department, on or before December 10, 2021. For nursery crops, fruit-bearing trees and bushes, and specialty crops where the survival level is not immediately known, the Department may extend this deadline to May 1, 2022, upon written request by the person received on or before December 10, 2021, and upon approval by the Department. A person receiving assistance under this Program must provide a signed affidavit, under penalty of perjury, certifying that each fact of the loss presented by the person is accurate.

SECTION 5.9B.(c) Eligibility. – To be eligible for financial assistance for losses of livestock or poultry, a person must first qualify for and receive payment through the USDA Livestock Indemnity Program and be a participant in a livestock or poultry indemnity program administered by the USDA Farm Service Agency.

SECTION 5.9B.(d) Documentation. – A person seeking financial assistance for losses of livestock or poultry shall submit documentation of loss and indemnity received from the USDA Livestock Indemnity Program, along with any other documentation deemed appropriate by the Department, to the Department on or before December 10, 2021. The Department may extend this deadline to March 1, 2022, upon written request by the person received on or before December 10, 2021, and upon approval by the Department. A person receiving assistance under this Program must provide a signed affidavit, under penalty of perjury, certifying that each fact of the loss presented by the person is accurate.

SECTION 5.9B.(e) Criteria. – The Department shall administer the financial assistance program authorized by this section in accordance with the following criteria:

(1) In determining the payment calculation for agricultural commodities, the Department shall use a formula based on acreage, county loss estimates, USDA National Agricultural Statistics Service averages, and any other measure the Department deems appropriate. Funds shall be distributed based on county averages for yields and State averages for price. Calculations shall be based on county or State averages in price, whichever the Department determines is appropriate.

(2) The payment calculation for livestock and poultry shall be based on twelve and one-half percent (12.5%) of the total loss reported to the USDA Livestock Indemnity Program.

(3) The Department shall gather all claim information, except from those applicants granted a deadline extension, no later than December 10, 2021. The Department shall, as closely as possible, estimate the amount of the funds needed to be held in reserve for payments related to losses of livestock, poultry, nursery, bush, tree, and specialty crops for which losses will not be fully known or calculated. The Department shall set aside funds as it deems appropriate based on the estimated percentage of these losses.

(4) Payments made under this Program shall be made to the person who filed the Form 578 or Department form for claims related to agricultural commodity losses or the person who received payment from the USDA Livestock Indemnity Program for claims related to livestock or poultry losses.

SECTION 5.9B.(f) Audit. – The Department may audit the financial and other records of each recipient of funds in order to ensure that the funds are used in accordance with the requirements of this Program. The Department may require any documentation or proof it considers necessary to efficiently administer this Program, including the ownership structure of each entity and the social security numbers of each owner. In order to verify losses, the Department may require the submission of dated, signed, and continuous records. These records may include, but are not limited to, commercial receipts, settlement sheets, warehouse ledger sheets, pick records, load summaries, contemporaneous measurements, truck scale tickets, contemporaneous diaries, appraisals, ledgers of income, income statements of deposit slips, cash register tape, invoices for custom harvesting, u-pick records, and insurance documents.

SECTION 5.9B.(g) Expenditure of Awarded Funds. – Awarded funds shall be used for agricultural production expenses and recovery of losses due to the impacts of Tropical Storm Fred. The Department shall develop guidelines and procedures to ensure that funds are expended for the purposes allowed by this section and may require any documentation it determines necessary to verify the appropriate use of financial assistance awards, including receipts. All distributed funds are subject to federal and State income tax.

SECTION 5.9B.(h) Refund of Award. – If the Department determines that a person who received financial assistance provided inaccurate information, then the person shall refund the entire amount of the financial assistance. If the person does not refund the appropriate amount, the North Carolina Department of Revenue shall collect the money from the person pursuant to G.S. 105-242.

SECTION 5.9B.(i) Definitions. – For purposes of this section, the following definitions apply:

(1) Agricultural commodity. – Apples, barley, corn, cotton, dry peas, flax, forage, freezing and canning peas, grain sorghum, grapes, hay, industrial hemp, native grass, nursery crops, nuts, oats, peanuts, potatoes, rye, soybeans, sunflowers, sweet corn, tobacco, tomatoes, wheat, specialty crops and other fruits and vegetables, and aquacultural species propagated or reared in a controlled or selected environment. An agricultural commodity does not include stored grain.

(2) Livestock. – Cattle, sheep, swine, goats, farmed cervids, and bison. Livestock shall include horses, mules, or other equines only if they are used for production of agricultural commodities.

(3) Person. – Any individual, trust, estate, partnership, receiver, association, company, limited liability company, corporation, or other entity or group.

(4) Poultry. – Chickens, quail, or turkeys.

SECTION 5.9B.(j) Program Reporting Requirement. – The Department shall submit a report to the Fiscal Research Division on April 1, 2022, and every six months thereafter until all funds are expended, containing, at a minimum, all of the following data:

(1) The number of applicants by agricultural commodity, livestock, or poultry and the county in which the person incurred the verified loss.

(2) The number and amount of grants awarded by agricultural commodity, livestock, or poultry.

(3) The geographic distribution of the grants awarded.

(4) The total amount of funding available to the Program, the total amount encumbered, and the total amount disbursed to date.

(5) Any refunds made to the Program pursuant to subsection (h) of this section.

SECTION 5.9B.(k) Reversion. – Any funds allocated to the Program not expended or encumbered by November 1, 2026, shall revert to the Disaster Relief and Mitigation Fund in accordance with Section 5.9A(e) of this act.

SECTION 5.9B.(*l*) Subsections (f) through (i) of Section 5.9A of this act apply to all funds received and recipients of funds under the Program as described in this section.

MODIFIED USE OF CORONAVIRUS RELIEF FUNDS ALLOCATED TO THE NORTH CAROLINA SENIOR LIVING ASSOCIATION AND THE NORTH CAROLINA HEALTH CARE FACILITIES ASSOCIATION FOR COVID-19 TESTING

SECTION 5.11. Subdivision (35a) of Section 3.3 of S.L. 2020-4, as enacted by Section 1.2 of S.L. 2020-97, reads as rewritten:

"(35a) $34,002,617 in nonrecurring funds to OSBM to be allocated for COVID-19 testing, as provided in sub-subdivisions a. and b. of this subdivision.

a. $29,002,617 to be distributed in equal amounts to the nonprofit organizations known as NC Senior Living Association (NCSLA), NC Health Care Facilities Association (NCHCFA), and NC Assisted Living Association (NCALA) to ~~purchase~~ purchase COVID-19 tests for distribution to their members, or to reimburse their members for the purchase of COVID-19 tests that, at a minimum, have been approved for emergency use by the United States Food and Drug Administration. ~~NCSLA, NCHCFA, and NCALA shall use at least fifty percent (50%) of their allocated funds to purchase rapid COVID-19 tests for distribution to their member facilities. NCSLA, NCHCFA, and NCALA shall distribute all tests funded by this allocation equally among their member facilities, free of charge, for testing facility staff, residents, and visitors. Each of the member facilities shall reserve the COVID-19 rapid tests received under this subdivision for testing visitors who are family members or legal guardians of residents.~~

b. $5,000,000 to the Board of Governors of The University of North Carolina (UNC), to be used to effectively mitigate the spread of COVID-19 on UNC campuses through testing, tracing, enforcing required on-campus isolation and quarantine, and providing COVID-19 related health care services."

STATE CASH MANAGEMENT CLARIFICATION

SECTION 5.12.(a) G.S. 147-86.11(f) reads as rewritten:

"(f) Disbursement Requirements. – For the disbursement of money, the statewide cash management plan shall provide at a minimum that:

(1) Moneys deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee. If an ultimate payee is required by law to submit information for certification or verification by the State Auditor, then no disbursement may be made to that ultimate payee if the certification or verification has not been issued by the State Auditor to the State Controller.

…."

SECTION 5.12.(b) This section is effective when it becomes law.

JOINT LEGISLATIVE COMMITTEE ON ACCESS TO HEALTHCARE AND MEDICAID EXPANSION

SECTION 5.13.(a) There is created the Joint Legislative Committee on Access to Healthcare and Medicaid Expansion (Committee).

SECTION 5.13.(b) The Committee shall consist of nine members of the Senate appointed by the President Pro Tempore of the Senate and nine members of the House of Representatives appointed by the Speaker of the House of Representatives. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each appoint a cochair of the Committee from among its membership.

SECTION 5.13.(c) The purpose of the Committee is to consider various ways in which access to health care and health insurance can be improved for North Carolinians, including those individuals described in section 1902(a)(10)(A)(i)(VIII) of the Social Security Act.

SECTION 5.13.(d) The Committee shall meet upon the call of its cochairs. A quorum of the Committee is a majority of its members. No action may be taken except by a majority vote at a meeting at which a quorum is present. The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. Members of the Committee shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1. Any expenses of the Committee shall be considered expenses incurred for the joint operation of the General Assembly.

SECTION 5.13.(e) The Legislative Services Officer shall assign professional and clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the House of Representatives and the Director of Legislative Assistants of the Senate shall assign clerical support to the Committee.

SECTION 5.13.(f) The Committee may submit proposed legislation to the members of the Senate and the House of Representatives before the sine die adjournment of the 2021 General Assembly by filing a copy of the proposed legislation with the Office of the President Pro Tempore of the Senate and the Office of the Speaker of the House of Representatives. The Committee shall terminate upon the sine die adjournment of the 2021 General Assembly.

SECTION 5.13.(g) This section is effective when it becomes law.

LIMIT HARMONY REQUIREMENTS/AFFORDABLE HOUSING

SECTION 5.16.(a) G.S. 160D-703 is amended by adding a new subsection to read:

"(b1) Limitations. – For parcels where multifamily structures are an allowable use, a local government may not impose a harmony requirement for permit approval if the development contains affordable housing units for families or individuals with incomes below eighty percent (80%) of the area median income."

SECTION 5.16.(b) This section is effective when it becomes law and applies to permit applications submitted on or after that date.

PART VI. COMMUNITY COLLEGE SYSTEM

CC ECONOMIC IMPACTS/STUDY/GRANT FOR TARGETED PROGRAMS

SECTION 6.1.(a) Economic Impact Study. – Of the funds appropriated by this act for the 2021-2022 fiscal year to the Community Colleges System Office to be allocated to the Center for Applied Research (CFAR) at Central Piedmont Community College, CFAR shall partner with the System Office, the North Carolina Association of Community College Presidents, and the Belk Center for Community College Leadership and Research at North Carolina State University (Belk Center) to provide for studies of the overall regional economic impacts of community colleges in the State. Upon the matching funds being made available in accordance with subsection (c) of this section, CFAR shall use the sum of seven hundred fifty thousand dollars ($750,000) in nonrecurring funds for the 2021-2022 fiscal year to contract with Economic Modeling Specialists International (EMSI), an affiliate of the Strata Education Network, to conduct the studies required by this section.

SECTION 6.1.(b) Components of the Studies. – In conducting the studies, EMSI shall evaluate labor dynamics within the State and the impact community colleges have on students and businesses within certain regions and the resulting return on investment (ROI) for taxpayers. EMSI shall also conduct an analysis of high-demand programs in regional areas of the State, such as nursing, teacher education, and information technology. EMSI shall evaluate the ROI and the success of those programs in improving career opportunities for students as well as their impact on the labor market. As part of its analysis, EMSI shall focus on potential areas for increased investment or targeted support by the State and recommendations for future growth. CFAR, the System Office, the NC Association of Community College Presidents, and the Belk Center shall provide EMSI any data or assistance necessary to conduct the studies required by this section.

SECTION 6.1.(c) Matching Funds. – Funds made available to CFAR pursuant to this section shall be matched on the basis of one dollar ($1.00) in funds from the John M. Belk Endowment for every one dollar ($1.00) in State funds.

SECTION 6.1.(d) Report. – By April 15, 2022, CFAR, the System Office, the NC Association of Community College Presidents, and the Belk Center shall report 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 the studies and the recommendations from the studies on areas with the greatest economic impacts for the State that warrant further expansion and focus to increase the success of students and to meet workforce and industry demands.

SECTION 6.1.(e) Grant Program Established. – Based on the results and the recommendations from the report required under subsection (d) of this section, the State Board of Community Colleges shall establish an application process for a grant program for the 2022-2023 fiscal year for community colleges to apply for grant funds to expand and target efforts in specific program areas that are proven to have greater economic impacts in regions of the State. The State Board shall prioritize award of the grant funds based on the findings of the studies required by this section and the potential for those programs to have the greatest impact on a geographical region or region of economic development.

COMMUNITY COLLEGE PROGRAMS SERVING IDD STUDENTS

SECTION 6.2.(a) The State Board of Community Colleges shall establish a two-year pilot program at two community college campuses for training programs that provide opportunities for a micro-credential or other credentials that lead to increased employment outcomes for individuals with intellectual and developmental disabilities (IDD). The pilot program shall offer training and educational components that include improving employability skills and provide on-the-job training and apprenticeships with business and industry for individuals with IDD. The goal of the pilot 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.

SECTION 6.2.(b) Of the funds appropriated by this act to the Community Colleges System Office to support increasing program offerings for individuals with IDD, the System Office shall also add a time-limited position 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.

SECTION 6.2.(c) Beginning May 1, 2022, the Community Colleges System Office shall report each fiscal year on the funds appropriated to the System Office for the purposes of this section 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 the pilot program, the use of the time-limited position, 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.

CC JOINT PROGRAM ENROLLMENT OF PUBLIC SCHOOL STUDENTS

SECTION 6.3.(a) G.S. 115D-5(x) reads as rewritten:

"(x) In addition to the evaluation of cooperative innovative high schools by the State Board of Education pursuant to G.S. 115C-238.55, the State Board of Community Colleges, in conjunction with the State Board of Education and the Board of Governors of The University of North Carolina, shall evaluate the success of students participating in the Career and College Promise Program, including the College Transfer pathway and the Career and Technical Education pathway. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment in career or study-related fields, and employer satisfaction of employees who participated in the programs. The evaluation shall also include an analysis of the cost of students participating in each of the programs within the Career and College Promise Program, including at least the following:

(1) Total enrollment funding, the number of budgeted full-time equivalent students, and the number of students enrolled in courses through cooperative innovative high schools, the College Transfer pathway, and the Career and Technical Education pathway.

(2) The cost and number of waivers of tuition and registration fees provided for students enrolled in courses through cooperative innovative high schools, the College Transfer pathway, and the Career and Technical Education pathway.

(3) Any additional costs of a student attending courses on campus if a student is not attending public school in a local school administrative unit for the majority of the student's instructional time.

The Boards shall jointly report by March 15 of each year to the Joint Legislative Education Oversight ~~Committee.~~ Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division of the General Assembly. The report shall be combined with the evaluation of cooperative innovative high schools required by G.S. 115C-238.55, and the Community Colleges System Office shall be responsible for submitting the combined ~~report to the Committee.~~report."

SECTION 6.3.(b) G.S. 115C-238.55 reads as rewritten:

"**§ 115C-238.55. Evaluation of cooperative innovative high schools.**

The State Board of Education and the governing Boards shall evaluate the success of students in cooperative innovative high schools approved under this Part. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment

in career or study-related fields, and employer satisfaction of employees who participated in and graduated from the schools. The Boards shall jointly report by March 15 of each year to the Joint Legislative Education Oversight ~~Committee~~ Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division of the General Assembly on the evaluation of these schools. The report shall be combined with the evaluation of and analysis of cost of students participating in the Career and College Promise Program required by G.S. 115D-5(x), and the Community Colleges System Office shall be responsible for submitting the combined ~~report to the Committee.~~report."

SECTION 6.3.(c) This section applies beginning with the 2021-2022 academic year.

CC CHILDCARE GRANT PROGRAM/REPORT

SECTION 6.4.(a) Article 3 of Chapter 115D of the General Statutes is amended by adding a new section to read:

"**§ 115D-40.5. Annual report on NC Community College Childcare Grant Program.**

On December 1 of each year, the Community Colleges System Office shall report to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on the administration of the North Carolina Community College Childcare Grant Program for the prior fiscal year. The report shall include at least the following information by each community college:

(1) The number of applications received for grants from the program.
(2) The amount of grant funds requested from the program.
(3) The number of applications approved.
(4) The total amount of grant funds awarded.
(5) The range of the dollar amount of grant awards to individuals for child care expenses.
(6) The types of child care utilized by students with grant funds, including before-school and after-school services."

SECTION 6.4.(b) Notwithstanding G.S. 115D-40.5, as enacted by this act, the Community Colleges System Office shall submit an initial report on the administration of the North Carolina Community College Childcare Grant Program pursuant to G.S. 115D-40.5 on March 1, 2022. The Community Colleges System Office shall submit its first annual report pursuant to G.S. 115D-40.5 on December 1, 2022.

CAREER ACADEMIES FOR AT-RISK STUDENTS

SECTION 6.5.(a) Program Established. – There is established a two-year pilot program 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 6.5.(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 6.5.(c) Report. – CFCC, in collaboration with New Hanover County Schools and Pender County Schools, shall submit an initial report by October 1, 2022, and a final report by October 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 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.

NC COMMUNITY COLLEGE SHORT-TERM WORKFORCE DEVELOPMENT GRANTS

SECTION 6.6.(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.

SECTION 6.6.(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.

SECTION 6.6.(c) Award Amounts. – Within the funds appropriated by this act for the 2021-2023 fiscal biennium to the Community Colleges System Office 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.

SECTION 6.6.(d) Report. – The State Board shall submit an initial report by April 1, 2022, and a final report by April 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. 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.

HIGH-COST WORKFORCE PROGRAMS START-UP FUNDS

SECTION 6.7.(a) Establishment of the Fund. – Of the funds appropriated to the Community Colleges System Office by this act for the 2021-2022 fiscal year, the System Office

shall establish the Fund for High-Cost Workforce Programs (Fund). Any unexpended funds remaining in the Fund at the end of the fiscal year shall not revert to the General Fund but shall remain available for the purposes set forth in this section. The Fund shall be used to assist community colleges in starting new programs in high-demand career fields that require significant start-up funds. Only Tier 1A and Tier 1B programs offered at community colleges shall be eligible for the award of funds. The System Office shall establish an application process for community colleges to apply for awards from the Fund no later than the beginning of the 2021-2022 fiscal year. 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 6.7.(b) 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. The award of funds to a community college from the Fund shall not exceed one million dollars ($1,000,000).

SECTION 6.7.(c) Matching Funds. – A community college 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 of 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.

(3) Community colleges with a total FTE below 2,500 shall be required to match five percent (5%) of the cost.

SECTION 6.7.(d) 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 6.7.(e) Report. – The System Office shall submit an initial report to the Joint Legislative Education Oversight Committee by December 1, 2022, 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 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 programs receiving funds.

RISE UP TRAINING AND CREDENTIALING PROGRAM/CIHS

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 2021-2022 fiscal year to teach foundational skills to students attending cooperative innovative high schools for career success

in the retail industry, customer service, and sales, including inventory management and profitability, as well as supply chain warehouse, inventory, and logistics. The RISE Up credentialing program provides for 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 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.(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 October 1, 2022, and a final report by October 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 at partner community colleges for students at cooperative innovative high schools, including the number of students who received credentials, by type of credential, and student outcomes related to the credentialing, such as subsequent internships or job placements.

WORK-BASED LEARNING/CENTRAL PIEDMONT CC

SECTION 6.9.(a) Of the funds appropriated by this act for the 2021-2023 fiscal biennium to the Community Colleges System Office to be allocated to Central Piedmont Community College (CPCC), CPCC shall provide the funds each fiscal year to cover the cost of tuition and accident and liability insurance for students enrolled in one- and two-credit work-based learning (WBL) courses. CPCC shall develop and implement a plan to (i) build WBL into short-term, one-year certificate programs so that students gain hands-on job experience and make connections with employers and (ii) provide opportunities for students to explore a pathway into WBL through the Career and College Promise program to earn a certificate and create transitions as future enrolled community college students for additional certificates or degrees.

CPCC shall convene a stakeholder group with representatives from community colleges across the State to generate a framework for the WBL programs that is replicable at other community colleges in a variety of employment areas aligned with local industry and business workforce needs. CPCC may use funds for outreach and marketing for WBL programs and other activities related to stakeholder group recommendations.

SECTION 6.9.(b) Funds allocated to CPCC for the purposes of this section shall not revert to the General Fund at the end of the 2021-2022 fiscal year but shall remain available for expenditure until June 30, 2023.

SECTION 6.9.(c) CPCC shall submit an initial report by June 1, 2022, and a final report by June 1, 2023, to the Community Colleges System Office and 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 (i) the number of students enrolled in work-based learning courses and the number of students earning certificates, by program of study, (ii) the incorporation of WBL into certificate programs and Career and College Promise pathways, (iii) the findings and recommendations of stakeholder

group meetings regarding statewide implementation of WBL programs, and (iv) the use of funds for outreach and marketing or other activities under this section.

EXPANSION OF ADULT LEARNER PILOT PROGRAMS

SECTION 6.10.(a) Of the funds appropriated by this act to the Community Colleges System Office for the 2021-2022 fiscal year, the System Office shall allocate funds to expand five pilot initiatives at community colleges targeting adult learners to return to higher education to gain new skills, advance in the workplace, and fulfill their goals of completing a degree or credential. The pilot programs include the NC Reconnect program and other programs that focus on at least the following categories of adult learners:

(1) Students who are age 25 years or older.

(2) Students with varying education levels, including no high school diploma or equivalent or some community college credentials or postsecondary degree.

(3) Students who have started postsecondary programs but dropped out before completion in the last five years.

(4) Nontraditional students, including part-time students, parents, or students with limited scheduling options due to work or other responsibilities.

The funds may be used to expand the pilots to other community college campuses and at the existing community college pilot sites for marketing and outreach, as well as for enrollment of students into the programs, particularly for students who have dropped out of postsecondary degree or credential programs prior to completion.

SECTION 6.10.(b) By March 1, 2023, the System Office shall report 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 the expansion of the pilot programs, including the number of students enrolled into degree and credential programs, the number of students completing a degree or credentialing program, and legislative recommendations for further expansion and the estimated cost of the programs.

LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT/MATCHING GRANT AND OUTREACH

SECTION 6.11. Of the funds appropriated in this act to the Community Colleges System Office from the State Fiscal Recovery Fund for the Longleaf Commitment Community College Grant Program (Program), the System Office shall use at least five million dollars ($5,000,000) for a matching grant program to provide funds to participating community colleges to expand community colleges' outreach and student advising capacity as part of the Program. Up to one million dollars ($1,000,000) of the funds appropriated for the Program may be used for a systemwide marketing campaign. The State Education Assistance Authority shall administer the award of grants under the Program to eligible students graduating from high school at the end of the 2021-2022 school year to cover tuition and fees at a community college for up to two years in accordance with Section 8A.5 of this act.

MARKETING AND OUTREACH FOR CTE AND WORK-BASED LEARNING PROGRAMS

SECTION 6.13.(a) Of the funds appropriated by this act for the 2021-2022 fiscal year to the Community Colleges System Office, the System Office shall establish a temporary program to expand outreach and advertising efforts to raise awareness for parents and students regarding the career and technical education (CTE) programs and high-quality work-based learning experiences offered in high-demand fields and careers through partnerships with community colleges, businesses, and public school units throughout the State. The System Office shall partner with public school units, as necessary.

SECTION 6.13.(b) The System Office shall submit an initial report by April 1, 2022, and a final report by April 1, 2023, to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on activities related to outreach and marketing and any data related to student outcomes, such as students entering CTE and work-based learning programs as a result of those activities.

EXPANSION OF APPRENTICESHIP PROGRAMS FOR SMALL BUSINESSES/HIGH DEMAND TRADES

SECTION 6.14.(a) Program Established. – Of the funds appropriated by this act from the State Fiscal Recovery Fund to the Community Colleges System Office, the System Office shall establish a temporary program to expand apprenticeship opportunities for high school apprentices and non-high school apprentices between the ages of 16 and 25 by providing incentives for small businesses in high-demand fields and careers, including, but not limited to, surveying, engineering, design, and all construction trades, as well as welding, pipe fitting, and engine mechanics. The program shall provide for small businesses to participate in apprenticeships to meet business needs, assist with financial challenges and employment demands in their local communities, and provide opportunities for apprenticeships that will lead to certifications, licensing, or an associate degree in a career field and full-time employment. Funds for the grant program shall be used to award grants to reimburse employers for the costs associated with new apprentices within a Registered Apprenticeship with ApprenticeshipNC and for tuition, fees, and cost of books for curriculum programs and short-term workforce credentials in accordance with this section. For the purposes of this section, a small business shall mean a business concern or other organization that (i) has no more than 500 employees or, if applicable, the size standard in number of employees established by the Administrator of the Small Business Administration for the industry in which the business concern or organization operates and (ii) is a small business concern as defined in section 3 of the Small Business Act, 15 U.S.C. § 632.

SECTION 6.14.(b) Use of Funds. – The System Office shall administer the grant program established under subsection (a) of this section for applicants that are small business employers located in development tier one and development tier two areas as designated in the annual ranking performed by the Department of Commerce pursuant to G.S. 143B-437.08 for the 2020 calendar year. The funds appropriated for the program shall be allocated by the System Office to grant recipients as follows:

(1) Forty percent (40%) of the funds shall be allocated for apprenticeship programs for apprentices that are enrolled in curriculum degree programs.

(2) Fifteen percent (15%) of the funds shall be allocated for apprenticeship programs for apprentices that are high school students.

(3) The remaining funds shall be allocated for apprenticeship programs for apprentices pursuing short-term workforce credentials.

Recipients of grants may be reimbursed for up to two thousand dollars ($2,000) each fiscal year in program expenses, including costs for purchasing program equipment and for costs associated with payroll, mentor stipends, insurance, training, uniforms, and safety equipment. For apprentices enrolled in curriculum degree programs and short-term workforce courses, up to two thousand five hundred dollars ($2,500) in grant funds may be used each fiscal year to cover the cost of tuition, fees, and books for apprentices enrolled at community colleges. Grant funds may also be used to cover the costs of the salary of apprentices upon matching funds being made available by a grant recipient in accordance with subsection (c) of this section. Apprentices participating in the grant program paid with matching State funds shall be limited to an hourly rate of pay of fifteen dollars ($15.00) for non-high school students and fourteen dollars ($14.00) for high school students.

SECTION 6.14.(c) Matching Funds for Apprentices' Salary. – Funds made available to grant recipients pursuant to this section for the salary costs of apprentices shall be matched on the basis of one dollar ($1.00) in non-State funds for every one dollar ($1.00) in State funds.

SECTION 6.14.(d) Time-Limited Position. – From the funds provided to the System Office pursuant to this section, the System Office may contract for a new, time-limited position through the deadline established for the expenditure of federal funds under federal law and guidance to coordinate and oversee deliverables, daily operations of the grant program, financial management, monitoring and accountability of budget accuracy, and the validity of disbursements.

SECTION 6.14.(e) Report. – The System Office shall submit an initial report by October 1, 2022, and a final report by December 1, 2024, to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on the grant program and the use of funds for each type of apprentice, matching funds provided by grant recipients, as well as salary data, and the amount of funds used for the time-limited position authorized under this section.

NCCCS LIAISON POSITION

SECTION 6.15. For the 2021-2023 fiscal biennium, the North Carolina Community College System shall reclassify one full-time equivalent position within the System as a Community College Legislative Liaison.

PART VII. PUBLIC INSTRUCTION

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of four thousand six hundred dollars ($4,600) per child for the 2021-2022 and 2022-2023 fiscal years. 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 2021-2022 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand three hundred sixty-four dollars and seventy-eight cents ($1,364.78) per child for fiscal years 2021-2022 and 2022-2023. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2021-2022 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

SUPPLEMENTAL FUNDING IN LOW WEALTH COUNTIES

SECTION 7.3.(a) Use of Funds for Supplemental Funding. – 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.

SECTION 7.3.(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.

SECTION 7.3.(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%).

SECTION 7.3.(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.

SECTION 7.3.(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.

SECTION 7.3.(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.

SECTION 7.3.(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. For the 2021-2023 fiscal biennium, 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.

SECTION 7.3.(h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2021-2023 fiscal biennium, 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.

SECTION 7.3.(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).

SECTION 7.3.(j) Reports. – For the 2021-2023 fiscal biennium, 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.

SECTION 7.3.(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.

SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Allotment Schedule for the 2021-2023 Fiscal Biennium. – Except as otherwise provided in subsection (d) of this section, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule:

Allotted ADM	Small County Allotment
0-1,300	$1,820,000
1,301-1,700	$1,548,700
1,701-2,000	$1,600,000
2,001-2,300	$1,560,000
2,301-2,600	$1,470,000
2,601-2,800	$1,498,000
2,801-3,300	$1,548,000

SECTION 7.4.(b) Phase-Out Provision for the 2021-2022 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2021-2022 fiscal year, 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 by more than twenty percent (20%) of the amount received in fiscal year 2020-2021 in any fiscal year. 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.

SECTION 7.4.(c) Phase-Out Provision for the 2022-2023 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2022-2023 fiscal year, 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 local school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2021-2022 in any fiscal year. 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.

SECTION 7.4.(d) Nonsupplant Requirement for the 2021-2023 Fiscal Biennium. – 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. For the 2021-2023 fiscal biennium, 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.

SECTION 7.4.(e) Reports. – For the 2021-2023 fiscal biennium, 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.

SECTION 7.4.(f) 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).

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

SECTION 7.5.(a) Funds appropriated in this act 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.

SECTION 7.5.(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 act.

SECTION 7.5.(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.

SCHOOL PSYCHOLOGISTS ALLOTMENT

SECTION 7.6.(a) Article 21 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-316.5. School psychologists allotment.**

To the extent funds are made available, the State Board of Education shall establish a funding allotment for school psychologist positions. The State Board is authorized to adopt rules for the allocation of school psychologist 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 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)."

SECTION 7.6.(b) G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(13) No positions shall be transferred out of the allocation for school psychologists except as provided in this subdivision. Positions allocated for school psychologists may be converted to dollar equivalents for contracted services directly related to school psychology. These positions shall be converted at the minimum salary for school psychologists on the "A" Teachers Salary Schedule."

SECTION 7.6.(c) G.S. 115C-47 is amended by adding a new subdivision to read:

"(67) To Provide at Least One School Psychologist. – Local boards of education shall ensure that each local school administrative unit employs at least one full-time, permanent school psychologist."

SECTION 7.6.(d) Subsection (c) of this section applies beginning with the 2022-2023 school year. Except as otherwise provided, this section applies beginning with the 2021-2022 school year.

SCHOOL HEALTH SUPPORT PERSONNEL PROFESSIONAL ENTRY REPORT

SECTION 7.7.(a) No later than May 15, 2022, the State Board of Education shall study and report the following 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:

(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 7.7.(b) For purposes of this section, the term "school health support personnel" refers to school psychologists, school counselors, school nurses, and school social workers.

DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY

SECTION 7.8.(a) For the 2021-2023 fiscal biennium, the Department of Public Instruction shall reclassify at least the following positions within the Department:

(1) Seven full-time equivalent positions to support the Science of Reading and the North Carolina Read to Achieve Program, as amended by the Excellent Public Schools Act of 2021, S.L. 2021-8.

(2) One full-time equivalent position to serve as a full-time recruitment and retention coordinator to increase the number of school psychologists in public school units with a demonstrated need that is difficult to meet.

SECTION 7.8.(b) Notwithstanding G.S. 143C-6-4, for the 2021-2023 fiscal biennium, the Department of Public Instruction may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize the Department, realign fund structures, or both, if necessary, to do any of the following:

(1) Accommodate changes in allowable expenditures of indirect costs associated with the administration of federal grants.

(2) Implement other changes necessary to improve the efficiency of the Department.

SECTION 7.8.(c) Consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process provided in this section. The Department of Public Instruction shall provide all of the following as part of the consultation process:

(1) A current organization chart and a list of affected funds.

(2) The proposed organization chart and a list of affected funds clearly identifying the changes for the Department.

The Department shall report to the Joint Legislative Commission on Governmental Operations, 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 any reorganization, including any movement of positions and funds between fund codes on a recurring basis.

SECTION 7.8.(d) In making the changes identified in subsection (b) 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 2021-2023 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 North Carolina Innovative School District.
h. The Schools That Lead Program.
i. The Center for Safer Schools.

REPORT ON K-12 COMPUTER SCIENCE DATA

SECTION 7.9.(a) G.S. 115C-12 is amended by adding a new subdivision to read:

"(48) Computer Science Reporting. – The State Board of Education shall report annually by November 15 to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education on the following data related to computer science participation. For each item, the report shall include (i) statewide data for the current school year, and the four years prior when data is available, to establish trends in computer science instruction and (ii) data for the current school year for each public school unit, disaggregated by school within that unit:

a. The number of teachers employed to teach computational thinking and computer science.
b. The statewide courses and local elective courses offered in computer science and computational thinking, and the number of students enrolled in each of those courses. For public school units, the report shall indicate when courses are offered on a semester basis.
c. The number of students enrolled in computer science and computational thinking courses by grade level.
d. For sub-subdivisions b. and c. of this subdivision, the report shall also include information on enrollment numbers by the following subgroups:
    1. Economically disadvantaged students.
    2. Students from major racial and ethnic groups.
    3. Students by gender.
    4. Children with disabilities.
    5. English learners."

SECTION 7.9.(b) G.S. 115C-47 is amended by adding a new subdivision to read:

"(66) Computer Science Reporting. – A local board of education shall annually report the information required by G.S. 115C-12(48) to the State Board of Education, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education no later than September 15."

SECTION 7.9.(c) G.S. 115C-75.9 is amended by adding a new subsection to read:

"(o) Computer Science Reporting. – An innovative school shall annually report the information required by G.S. 115C-12(48) to the State Board of Education, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education no later than September 15."

SECTION 7.9.(d) G.S. 115C-218.75 is amended by adding a new subsection to read:

"(i) A charter school shall annually report the information required by G.S. 115C-12(48) to the State Board of Education, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education no later than September 15."

SECTION 7.9.(e) G.S. 115C-238.66 is amended by adding a new subdivision to read:

"(17) Computer science reporting. – A regional school shall annually report the information required by G.S. 115C-12(48) to the State Board of Education, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education no later than September 15."

SECTION 7.9.(f) G.S. 116-239.8(b) is amended by adding a new subdivision to read:

"(20) Computer science reporting. – A laboratory school shall annually report the information required by G.S. 115C-12(48) to the State Board of Education, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education no later than September 15."

SECTION 7.9.(g) Notwithstanding G.S. 115C-12(48), 115C-47(66), 115C-75.9(o), 115C-218.75(i), 115C-238.66(17), and 116-239.8(b)(20), as enacted by this section, the following shall apply:

(1) The State Board of Education shall submit its initial report pursuant to G.S. 115C-12(48) no later than March 15, 2022.

(2) Public school units shall submit their initial reports pursuant to G.S. 115C-47(66), 115C-75.9(o), 115C-218.75(i), 115C-238.66(17), and 116-239.8(b)(20) no later than January 15, 2022.

INSTRUCTIONAL SUPPORT PERSONNEL REPORT

SECTION 7.10.(a) No later than March 15, 2022, the Department of Public Instruction, in consultation with the Fiscal Research Division, shall survey each local school administrative unit on the use of funds for instructional support personnel position categories from the 2020-2021 fiscal year and report the results of its survey to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education. The Department shall also incorporate the results of its survey into its annual expenditure report for the 2020-2021 fiscal year as required pursuant to G.S. 115C-105.25(c). The results of the survey shall be organized on a statewide basis and by local school administrative unit for each instructional support personnel position category. The results of the survey shall include at least the following information:

(1) For each position category:
   a. Number of persons employed in that position category.
   b. Total State and non-State funds and total full-time equivalent positions allocated for that position category.
   c. Average salary for that position category.
   d. The percentage of total funds and total full-time equivalent positions that are made up of each of the following:

1. State funds, disaggregated by each State-funded allotment and identified by program report code.
2. Federal funds, disaggregated and identified by program report code.
3. Local funds.

e. For each funding source identified in sub-subdivision d. of this subdivision, the percentage of those funds and the number of full-time equivalent positions that were used for contracted services.

(2) For each allotment transfer that was used to fund contracted services, all of the following information:

a. The amount of the transfer.

b. The allotment category from which and into which the funds were transferred, identified by program report code.

c. The educational priorities that necessitated the transfer.

(3) For funds provided for the psychologist position category that were used for contracted services, the specific services provided.

SECTION 7.10.(b) For purposes of this section, the term "instructional support personnel position categories" refers to all positions identified by the Department of Public Instruction as instructional support personnel, including at least the following:

(1) Alternative and remedial services personnel.
(2) Audiologists.
(3) Career and Technical Education services personnel.
(4) Career development counselors.
(5) Full-time mentors.
(6) Guidance counselors.
(7) Instructional coaches.
(8) Instructional technology services personnel.
(9) Lead teacher services personnel.
(10) Media services personnel.
(11) Nurses.
(12) Other personnel. The Department shall identify the title and duties of each position classified in this category.
(13) Psychologists.
(14) Social workers.
(15) Special population services personnel.
(16) Speech-language pathologists.

SCHOOLS THAT LEAD PROGRAM

SECTION 7.11.(a) Program; Purpose. – Of the funds appropriated to the Department of Public Instruction by this act for the Schools That Lead Program (Program), the Department shall contract with Schools That Lead, Inc., to provide professional development to teachers and principals in up to 75 schools, beginning with the 2021-2022 school year and ending in the 2025-2026 school year. The selected schools shall be charter schools or schools under the authority of a local school administrative unit. Professional development services shall be offered to teachers and principals in kindergarten through grade 12. The Superintendent of Public Instruction, in consultation with Schools That Lead, Inc., shall determine which schools are eligible to participate in the Program. At a minimum, the Program shall offer services to three cohorts of schools, as follows:

(1) High schools working to increase on-time graduation.

(2) Middle schools working to prepare students to succeed in high school by reducing the likelihood of retention in the ninth grade for multiple school years.

(3) Elementary schools working to reduce the number of students with early warning indicators of course failures, absences, and discipline.

SECTION 7.11.(b) Evaluation. – Of the funds appropriated to the Department by this act for the Program, the Department shall use up to one hundred thousand dollars ($100,000) to contract with an independent research organization to measure the impacts of the Program on student outcomes, including, but not limited to, (i) on-time graduation in high school, (ii) ninth grade retention rates, and (iii) course failures, absences, and discipline in elementary school. The independent research organization shall report its interim findings to the Department no later than June 30, starting in 2023, and shall submit a final report no later than June 30, 2027.

SECTION 7.11.(c) Report. – The Department of Public Instruction, in consultation with Schools That Lead, Inc., shall submit a report on the impacts of the Program authorized by subsection (a) of this section, including, but not limited to, an accounting of expenditures, school performance data, principal performance data, teacher performance data, and student outcome data, beginning October 1, 2023, and continuing each year thereafter until October 1, 2027, 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. The October 1, 2027, report shall include a summary and copy of the final report provided by the independent research organization pursuant to subsection (b) of this section.

PERMIT USE OF SPECIAL STATE RESERVE FUND FOR TRANSPORTATION/ESTABLISH TRANSPORTATION RESERVE FUND FOR HOMELESS AND FOSTER CHILDREN

SECTION 7.12.(a) Notwithstanding any other provision of law or policy to the contrary, in addition to the purposes for which funds in the Special State Reserve Fund (SSRF) for children with disabilities are used, beginning with the 2021-2022 fiscal year, the SSRF may also be used to cover extraordinary transportation costs for high-needs children with disabilities. 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.

SECTION 7.12.(b) There is established the Transportation Reserve Fund for Homeless and Foster Children to provide for a grant program to cover extraordinary school transportation costs for homeless and foster children beginning with the 2021-2022 fiscal year. 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.

For the purposes of this subsection, "homeless" is defined in accordance with the definition in the federal McKinney-Vento Homeless Assistance Act.

SECTION 7.12.(c) The Department of Public Instruction shall submit a report by March 15 of each year to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on the use of funds appropriated to the Transportation Reserve Fund for Homeless and Foster Children pursuant to this act using data collected from the prior school year. The report shall include at least the following:

(1) A list of local school administrative units receiving funds from this section.

(2) The amount of funds applied for by each local school administrative unit.

(3) The amount of funds received by each local school administrative unit.

(4) How the funds were spent by each local school administrative unit, including the number of students transported and the locations between which the students were transported.

(5) Any other information the Department of Public Instruction deems relevant to this section.

ELIMINATE INNOVATION ZONE GRANTS

SECTION 7.13.(a) The caption of Article 7A of Chapter 115C of the General Statutes reads as rewritten:

"Article 7A.

"North Carolina Innovative School ~~District and Innovation Zones.~~District."

SECTION 7.13.(b) G.S. 115C-75.13 is repealed.

SECTION 7.13.(c) Section 6 of S.L. 2016-110, as amended by Section 7.26E(e) of S.L. 2017-57 and Section 2.13 of S.L. 2018-97, is repealed.

TRANSITION FROM THE INNOVATIVE SCHOOL DISTRICT MODEL

SECTION 7.14.(a) Study Models for Effective Intervention and Assistance to Low-Performing Schools. – The Superintendent of Public Instruction shall study the factors described in this subsection and report on recommendations and suggested legislative changes to the Joint Legislative Education Oversight Committee no later than February 15, 2022, for reforms to provide effective intervention and assistance for low-performing schools. The report shall include the following:

(1) Current initiatives to support low-performing schools and continually low-performing schools using federal funding provided to assist with the impacts of COVID-19.

(2) Recommendations on research-based models for meaningful intervention and assistance to low-performing and continually low-performing schools to facilitate long-term improvement and success in those schools.

(3) Alignment of requirements in Chapter 115C of the General Statutes for identification and transformation of low-performing and continually low-performing schools, including Part 3 of Article 8B of Chapter 115C of

the General Statutes, with other reform efforts in State and federal law, to ensure a comprehensive and efficient approach to support and improve those schools that does not create redundancies.

SECTION 7.14.(b) End Selection for the Innovative School District. – Notwithstanding Article 7A of Chapter 115C of the General Statutes, the State Board of Education shall not select any additional schools for supervision under the North Carolina Innovative School District.

SECTION 7.14.(c) G.S. 115C-75.5 is repealed.

SECTION 7.14.(d) Section 1(c) of S.L. 2019-248, as amended by Section 2.6(b) of S.L. 2020-3, is repealed.

SECTION 7.14.(e) Section 1(d) of S.L. 2019-248 is repealed.

SECTION 7.14.(f) Transition From the Innovative School District Model. – Article 7A of Chapter 115C of the General Statutes is repealed.

SECTION 7.14.(g) G.S. 115C-5(3a)d. reads as rewritten:

"d. For a school operated under ~~Article 7A and~~ Article 9C of this Chapter, the State Board of Education."

SECTION 7.14.(h) G.S. 115C-5(7a)d. reads as rewritten:

"d. A school providing elementary or secondary instruction operated by one of the following:

1. The State Board of Education, including schools operated under ~~Article 7A and~~ Article 9C of this Chapter.
2. The University of North Carolina under Article 29A of Chapter 116 of the General Statutes."

SECTION 7.14.(i) G.S. 115C-105.37A(d) is repealed.

SECTION 7.14.(j) G.S. 115C-105.51(g)(2) reads as rewritten:

"(2) A school under the control of the State Board of Education, including schools operated under ~~Article 7A and~~ Article 9C of this Chapter."

SECTION 7.14.(k) G.S. 115C-105.60(a) reads as rewritten:

"(a) Definition. – For purposes of this section, the term "qualifying public school unit" refers to a local school administrative unit, regional school, ~~innovative school,~~ laboratory school, or charter school."

SECTION 7.14.(*l*) G.S. 115C-321(a)(5) is repealed.

SECTION 7.14.(m) G.S. 115C-376.5(a)(1) reads as rewritten:

"(1) K-12 school unit. – A local school administrative unit, a charter school, a regional school, ~~an innovative school,~~ or a laboratory school."

SECTION 7.14.(n) G.S. 115C-429(a) reads as rewritten:

"(a) Upon receiving the budget from the superintendent and following the public hearing authorized by G.S. 115C-428(b), if one is held, the board of education shall consider the budget, make such changes therein as it deems advisable, and submit the entire budget as approved by the board of education to the board of county commissioners not later than May 15, or such later date as may be fixed by the board of county commissioners. At the time of submission of the budget, the board of education shall also submit to the board of county commissioners in writing the academic performance of the schools in the local school administrative unit, including the school performance grades of each school, any schools identified as low-performing or continually ~~low-performing or included on the Innovative School District qualifying, watch, or warning list,~~ low-performing, and efforts by the local board of education to improve those identified schools' performance. The local board of education shall present the academic performance information at a public meeting upon the request of the board of commissioners."

SECTION 7.14.(o) Transition of the Current Innovative School. – Notwithstanding G.S. 115C-75.12, the North Carolina Innovative School District shall continue to operate Southside-Ashpole Elementary School as an innovative school until the State Board of Education

adopts and executes a transition plan to return the school to Robeson County Schools, but in no case shall the North Carolina Innovative School District operate Southside-Ashpole Elementary School after the completion of the 2022-2023 school year.

SECTION 7.14.(p) Subsections (f) through (n) of this section become effective June 30, 2023. The remainder of this section is effective the date this act becomes law.

EXCELLENT PUBLIC SCHOOLS ACT OF 2021 IMPLEMENTATION GUIDE/REPORT

SECTION 7.15.(a) The Superintendent of Public Instruction shall establish a working group to develop an implementation guide for the Excellent Public Schools Act of 2021, established pursuant to S.L. 2021-8. The Superintendent shall collaborate with various education stakeholders through the working group to adopt an implementation guide to assist local school administrative units, educators, and administrators to establish the essential elements for literacy based on the Science of Reading, effectively implement the Excellent Public Schools Act of 2021, and create the framework necessary to ensure that students are successful and proficient readers throughout the State. The implementation guide shall include at least the following information:

(1) Roles and responsibilities of State agencies, local school administrative units, public schools, and educators.
(2) Implementation strategies of the components of literacy supports and interventions.
(3) Professional development and training available for educators.
(4) Initiatives related to implementation of the Excellent Public Schools Act of 2021 at the State and local level.

SECTION 7.15.(b) By January 15, 2022, the Superintendent of Public Instruction shall report 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 working group established by the Superintendent and the development of the implementation guide for the Excellent Public Schools Act of 2021 as required by subsection (a) of this section. The report shall include the proposed components of the implementation guide and the time line of publishing the guide in preparation for the 2022-2023 school year.

MEDICAID REIMBURSEMENT CONTRACT FOR RESIDENTIAL SCHOOLS

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.

SECTION 7.16.(b) By March 15, 2022, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the contracting process and the award of the contract required by subsection (a) of this section, including the cost of the contract and the estimated recoupment of expenditures.

FULL-TIME EQUIVALENCY OF PUBLIC SCHOOL STUDENTS

SECTION 7.17.(a) Article 30 of Chapter 115C of the General Statutes is amended by adding the following new section to read:

"**§ 115C-419. Full-time equivalent student calculation; report.**

(a) The State Board of Education shall establish a formula for determining the full-time equivalency of a student enrolled in a public school unit of the State for the purposes of providing State funds on a per pupil basis. The formula shall include the amount of instructional time required for the school day for a full-time student.

(b) By October 15 of each year, the Department of Public Instruction shall report 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 of the General Assembly on the number of students and the full-time equivalency of those students by public school unit and grade level from the prior school year. The data in the report shall be disaggregated by enrollment in courses offered by the public school units and those offered through other dual enrollment and joint programs, including North Carolina Virtual Public School, institutions of higher education, and nonpublic schools."

SECTION 7.17.(b) By April 15, 2022, the State Board of Education shall report on the formula required to be established pursuant to G.S. 115C-419, as enacted by this section, 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. Notwithstanding G.S. 115C-419, the initial report required by G.S. 115C-419 shall be submitted by January 15, 2023, for data collected from the 2021-2022 school year.

CAREER AND COLLEGE READY GRADUATE PROGRAM SUPPORT

SECTION 7.18. Within available funds, the Department of Public Instruction shall partner with the NROC Project, formerly known as the National Repository of Online Courses, to utilize its adaptive mathematics and English learning platform to facilitate the implementation of the Career and College Ready Graduate Program in collaboration with the North Carolina Community College System.

SCHOOL SAFETY GRANTS PROGRAM

SECTION 7.19.(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 7.19.(b) Program; Purpose. – For the 2021-2023 fiscal biennium, the Superintendent of Public Instruction shall establish the 2021-2023 School Safety Grants Program (Program). The purpose of the Program shall be to improve safety in public school units by providing grants in each fiscal year of the 2021-2023 fiscal biennium for (i) services for students in crisis, (ii) school safety training, and (iii) safety equipment in schools.

SECTION 7.19.(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 2021-2023 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 7.19.(d) Criteria and Guidelines. – By January 15, 2022, 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 7.19.(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 2021-2023 fiscal biennium for the services identified in this subdivision.

SECTION 7.19.(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 2021-2023 fiscal biennium for the services identified in this subdivision.

SECTION 7.19.(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 7.19.(h) 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 7.19.(i) 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 2021-2023 fiscal biennium for administrative costs associated with the Program.

SECTION 7.19.(j) 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.

TEACHNC RECRUITMENT INITIATIVE

SECTION 7.20.(a) The Department of Public Instruction shall adopt the TeachNC recruitment initiative as a comprehensive web platform for future teachers to find information and connect with resources on (i) the teaching profession, (ii) opportunities for educators in North Carolina, and (iii) the process of obtaining an educator's license in the State.

SECTION 7.20.(b) The Department shall report to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by March 15, 2022, and annually thereafter, on implementation of the platform, including integration of the technology with outside entities, such as educator preparation programs (EPPs) and businesses, and data on user outcomes, including at least the following:

(1) The number of user accounts, visitors to the website, and web-initiated chats.

(2) The number of users who were seeking teacher licensure who applied to institutions with an EPP after visiting the TeachNC web platform and, of those users, the number of users who successfully enrolled into institutions with an EPP and who completed teacher licensure programs.

(3) The number of users who applied for employment in public schools after visiting the TeachNC web platform and the number of teachers who continue to teach in the public schools after finding employment utilizing TeachNC.

The report submitted by March 15, 2022, shall also include any recommendations by the Department on potential cost-sharing arrangements or public-private partnerships with outside entities for ongoing sustainability or continued growth of the recruitment initiative.

FEMININE HYGIENE PRODUCTS GRANT PROGRAM

SECTION 7.22. Of the funds appropriated to the Department of Public Instruction in this act, the Department shall use the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2021-2022 fiscal year to establish the Feminine Hygiene Products Grant Program (Program) to provide grants of up to five thousand dollars ($5,000) to public school units to provide feminine hygiene products for students in those units. The Department shall award the grants on a first-come, first-served basis, and no public school unit shall receive more than one grant. No later than March 15, 2022, the Department shall report 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 public school units receiving grants under the Program, the specific feminine hygiene products purchased with the grant funds, and the impact of the Program on student health and well-being.

AVERAGE DAILY MEMBERSHIP/HOLD HARMLESS

SECTION 7.23.(a) Notwithstanding Section 7.15(b) of S.L. 2007-323, for the 2021-2022 fiscal year, the following shall apply:

(1) In making adjustments pursuant to G.S. 115C-75.10, 115C-218.105, 115C-238.70, 115C-238.82, 116-239.11, and Section 8.35(e) of S.L. 2014-100, as amended by Section 7.13 of S.L. 2018-5, the State Board of Education shall not reduce allocations to applicable public school units due to a discrepancy between their actual and anticipated average daily membership.

(2) After funding adjustments are made pursuant to subdivision (1) of this section, the State Board of Education shall not reduce allotments for local school administrative units due to a discrepancy between actual and anticipated average daily membership.

SECTION 7.23.(b) No later than January 15, 2022, the Department of Public Instruction shall calculate and report 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, based on data from the 2020-2021 and 2021-2022 fiscal years, the amounts that each funding allotment would have been reduced in the absence of Section 3.1 of S.L. 2020-97 and this section, respectively, for each applicable public school unit pursuant to the formula adopted by the State Board of Education in accordance

with Section 7.15(b) of S.L. 2007-323. The report shall disaggregate the information on the basis of applicable public school unit, fiscal year, and allotment.

CHILDREN WITH DISABILITIES RESERVE

SECTION 7.24. Of the funds appropriated in this act to the Department of Public Instruction for the 2021-2022 fiscal year, the Department shall use twenty-five million dollars ($25,000,000) in nonrecurring funds to establish the Children with Disabilities Reserve. Funds from the Reserve shall be allocated to public school units that enroll more children with disabilities during the first two months of school than the Department anticipated prior to the beginning of the 2021-2022 school year in a manner consistent with funding for children with disabilities. Public school units shall not receive funds, including from the Reserve, for children with disabilities in excess of thirteen percent (13%) of the 2021-2022 average daily membership of the unit during the first two months of school.

SPECIAL EDUCATION DUE PROCESS HEARINGS/PERMIT IMMEDIATE JUDICIAL REVIEW OF ALJ DECISION

SECTION 7.25.(a) G.S. 115C-106.3(5) reads as rewritten:

"(5) Hearing officers. – ~~Include administrative~~ Administrative law judges as defined in ~~G.S. 150B-2(1) and hearing review officers.~~G.S. 150B-2(1)."

SECTION 7.25.(b) G.S. 115C-109.6 reads as rewritten:

"**§ 115C-109.6. Impartial due process hearings.**

(a) Any party may file with the Office of Administrative Hearings a petition to request an impartial hearing with respect to any matter relating to the identification, evaluation, or educational placement of a child, or the provision of a free appropriate public education of a child, or a manifestation determination. The party filing the petition must notify the other party and the person designated under G.S. 115C-107.2(b)(9) by simultaneously serving them with a copy of the petition.

(b) Notwithstanding any other law, the party shall file a petition under subsection (a) of this section that includes the information required under IDEA and that sets forth an alleged violation that occurred not more than one year before the party knew or reasonably should have known about the alleged action that forms the basis of the petition. The issues for review under this section are limited to those set forth in subsection (a) of this section. The party requesting the hearing may not raise issues that were not raised in the petition unless the other party agrees otherwise.

(c) The one-year restriction in subsection (b) of this section shall not apply to a parent if the parent was prevented from requesting the hearing due to (i) specific misrepresentations by the local educational agency that it had resolved the problem forming the basis of the petition, or (ii) the local educational agency's withholding of information from the parent that was required under State or federal law to be provided to the parent.

(d) The hearing shall be conducted in the county where the child attends school or is entitled to enroll under G.S. 115C-366, unless the parties mutually agree to a different venue.

(e) The hearing shall be closed to the public unless the parent requests in writing that the hearing be open to the public.

(f) Subject to G.S. 115C-109.7, the decision of the administrative law judge shall be made on substantive grounds based on a determination of whether the child received a free appropriate public education. Following the hearing, the administrative law judge shall issue a written decision regarding the issues set forth in subsection (a) of this section. The decision shall contain findings of fact and conclusions of law. ~~Notwithstanding Chapter 150B of the General Statutes, the~~ The decision of the administrative law judge becomes final and is not subject to further review unless ~~appealed to the Review Officer~~ an aggrieved party brings a civil action under ~~G.S. 115C-109.9.~~subsection (h2) of this section.

(g) A copy of the administrative law judge's decision shall be served upon each party and a copy shall be furnished to the attorneys of record. The written notice shall contain a statement informing the parties of the ~~availability of appeal and the 30-day limitation period for appeal as set forth in G.S. 115C-109.9.~~right to file a civil action and the 30-day limitation period for filing a civil action under subsection (h2) of this section.

(h) In addition to the petition, the parties shall simultaneously serve a copy of all pleadings, agreements, and motions under this Part with the person designated by the State Board under G.S. 115C-107.2(b)(9). The Office of Administrative Hearings shall simultaneously serve a copy of all orders and decisions under this Part with the person designated by the State Board under G.S. 115C-107.2(b)(9).

(h1) The State Board shall enforce the final decision of the administrative law judge under this section by ordering a local educational agency to comply with one or more of the following:

(1) To provide a child with appropriate education.

(2) To place a child in a private school that is approved to provide special education and that can provide the child an appropriate education.

(3) To reimburse parents for reasonable private school placement costs in accordance with this Article and IDEA when it is determined that the local educational agency did not offer or provide the child with appropriate education and the private school in which the parent placed the child was an approved school and did provide the child an appropriate education.

(h2) Any party who is aggrieved by the findings and decision of a hearing officer under this Part may institute a civil action in State court within 30 days after receipt of the notice of the decision or in federal court as provided in 20 U.S.C. § 1415.

(h3) Except as provided under IDEA, upon the filing of a petition under this section and during the pendency of any proceedings under this Part, the child must remain in the child's then-current educational placement or, if applying for initial admission to a public school, the child must be placed in the public school. Notwithstanding this subsection, the parties may agree in writing to a different educational placement for the child during the pendency of any proceedings under this section.

(i) Nothing in this section shall be construed to preclude a parent from filing a separate due process petition on an issue separate from a petition already filed.

(j) The State Board, through the Exceptional Children Division, and the State Office of Administrative Hearings shall develop and enter into a binding memorandum of understanding to ensure compliance with the statutory and regulatory procedures and timelines applicable under IDEA to due process hearings and to hearing officers' decisions, and to ensure the parties' due process rights to a fair and impartial hearing. This memorandum of understanding shall be amended if subsequent changes to IDEA are made. The procedures and timelines shall be made part of the Board's procedural safeguards that are made available to parents and the public under G.S. 115C-109.1 and G.S. 115C-109.5."

SECTION 7.25.(c) G.S. 115C-109.9 is repealed.

SECTION 7.25.(d) This section is effective when this act becomes law.

STATE PUBLIC SCHOOL FUND MAY BE USED FOR ARPA MAINTENANCE OF EQUITY

SECTION 7.26. Notwithstanding any other provision of law, for the 2021-2023 fiscal biennium, in order to meet the minimum maintenance of equity requirements of section 2004(b) of ARPA, the Department of Public Instruction may allocate additional funds from the State Public School Fund, as necessary, to public school units receiving funds from the Elementary and Secondary School Emergency Relief Fund under ARPA.

ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND/USE OF RESERVE FUNDS/DPI INFORM SCHOOLS ABOUT FEDERAL FUNDS FOR SCHOOL-BASED HEALTH SERVICES PERSONNEL

SECTION 7.27.(a) Section 3.5 of S.L. 2021-25 reads as rewritten:

"~~**SECTION 3.5.**~~ **SECTION 3.5.(a)** Use of Funds. – The Elementary and Secondary School Emergency Relief Fund funds appropriated in Section 3.2 of this act shall only be used by the Department of Public Instruction to (i) allocate federal grant funds to public school units pursuant to subsection (d) of section 2001 of the American Rescue Plan Act and (ii) reserve ~~twenty-one million five hundred thousand dollars ($21,500,000)~~ three hundred sixty million one hundred seventy-eight thousand thirty-six dollars ($360,178,036) of the funds pursuant to subsection (f) of section 2001 of the American Rescue Plan Act to be used according to the following:

(1) $20,000,000 shall be used by the Department to allocate funds to each public school unit in the State, except for schools operated by the State Board of Education, to ensure that each public school unit receives a total amount from the Elementary and Secondary School Emergency Relief III (ESSER III) Fund of at least four hundred dollars ($400.00) per pupil in federal grant funds according to the following:

a. If a public school unit did not receive funds pursuant to subsection (d) of section 2001, the public school unit shall receive an amount equal to four hundred dollars ($400.00) per pupil.

b. If a public school unit received funds pursuant to subsection (d) of section 2001, the per pupil amount allocated under this subdivision shall be reduced so that (i) the total amount in federal grant funds from the ESSER III Fund is equal to four hundred dollars ($400.00) per pupil or (ii) the public school unit receives no additional funding because the total amount from the ESSER III Fund would exceed four hundred dollars ($400.00) per pupil.

(2) $1,500,000 to be allocated in equal amounts to the Governor Morehead School for the Blind, Eastern North Carolina School for the Deaf, and North Carolina School for the Deaf for school facility repairs and improvements to enable operation of the schools to reduce risk of virus transmission and exposure to environmental health hazards and to support student health needs. The funds may be used for inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical and nonmechanical heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement.

(3) $36,000,000 to be held in a reserve by the Department to be allocated to public school units as grants to support COVID-19 related needs during the instructional year, including after-school and before-school programs that incorporate supplemental in-person instruction to address learning loss and provide enrichment activities.

(4) $36,000,000 to be held in a reserve by the Department to be allocated to public school units as grants to support COVID-19 related needs during the summer, including in-person instruction to address learning loss and provide enrichment activities.

(5) $37,500,000 for teacher and principal professional development for implementing the Science of Reading and the requirements of the Excellent Public Schools Act of 2021 to mitigate learning loss related to reading that has resulted from the COVID-19 pandemic.

(6) $1,000,000 to contract with one or more external research partners pursuant to subdivision (4) of Section 5A of S.L. 2021-1, as enacted by Section 1.2 of S.L. 2021-3, to assess the impact of COVID-19 on public school units and the responses of the State to the challenges presented by COVID-19.

(7) $13,500,000 to be allocated to the North Carolina Education Corps (NC ED Corps), a nonprofit corporation, for the purpose of NC ED Corps partnering with public school units to recruit, train, and deploy corps members, who include community college and university students, recent graduates, and retirees, to work as tutors and mentors with public school students. Corps members work in the public schools to build relationships and connect with students and help teachers reach students who need additional academic support. The program shall focus on accelerating COVID-19 learning recovery with students, families, and school personnel, particularly through high-impact literacy tutors grounded in the Science of Reading and reading instruction.

(8) $500,000 to support expansion of the North Carolina Preschool Pyramid Model (NCPPM) across and within local school administrative unit preschool programs and to support the implementation of NCPPM in kindergarten in a developmentally appropriate and vertically aligned manner. Funds shall be used to provide training, consultation, and ongoing support for local school administrative units to implement the NCPPM framework to prekindergarten and kindergarten classrooms, with priority given to low-performing schools and local school administrative units affected by COVID-19 that receive low-wealth supplemental funding.

(9) $2,000,000 to contract with a third-party entity for a period of up to two years for a new software platform, in response to the COVID-19 pandemic, to develop and implement a system of tracking expenditures of State and federal funds provided for subscription services and technology.

(10) $9,000,000 to contract with a third-party entity for a period of up to three years for a new software platform, in response to the COVID-19 pandemic, to evaluate and improve student learning and performance and to provide students with an individualized roadmap for improving learning and performance.

(11) $200,000 to establish one new time-limited, full-time equivalent position at the Department to manage the software platform for public schools funded pursuant to subdivision (9) of this subsection.

(12) $8,000,000 to be allocated to The Innovation Project to create the North Carolina High-Tech Learning Accelerator, an initiative to provide a network of place-based learning hubs for students with rigorous and experiential pathways for jobs in the technology industry. The initiative shall offer summer immersion and out-of-school options, in addition to other student supports in a core program aimed at enhancing curriculum opportunities for work-based learning.

(13) $7,265,134 to establish a grant program, in response to the COVID-19 pandemic, to allocate funds to public school units to identify and locate missing students by contracting with either (i) one or more third-party entities to provide technology to assist with this purpose or (ii) outside personnel. No later than March 15, 2022, the Department shall report 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 following information:

a. All persons and entities contracted with by public school units receiving funds to identify and locate missing students pursuant to this subdivision and the amounts provided to each person or entity.

b. Outcomes resulting from the program, including the number of missing students identified and located in each public school unit.

(14) $350,000 to contract with the State Auditor, in response to the COVID-19 pandemic, to perform detailed analyses of the attendance and truancy policies and procedures for the 2021-2022 school year of at least two small, two medium-sized, and two large local school administrative units, selected randomly by the State Auditor. The State Auditor may contract with third-party entities, as needed, for services related to the analyses. No later than June 30, 2022, the State Auditor shall report 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 the analyses and any recommendations to remediate student absenteeism.

(15) $2,500,000 for five new time-limited and full-time equivalent positions in the Office of Learning Recovery and Acceleration of the Department and associated operating costs in response to the COVID-19 pandemic.

(16) $1,000,000 for the School Planning Section of the Department to contract with a third-party entity to establish a digital platform to facilitate data sharing among local school administrative units and county governments regarding products and services purchased for elementary and secondary education, including capital improvement projects. In order to promote equitable purchasing in the State, all local school administrative units and county governments shall participate in the platform and share relevant information regarding educational expenses. The platform shall include at least the following components:

a. A consolidated information database regarding all of the following education-related expenses:

1. Status and details of expected, proposed, and issued local bonds.

2. Interactive listings, ratings, reviews, and contract costs of vendors providing products and services, including, but not limited to, heating, ventilation, and air conditioning and other services related to the maintenance of public school buildings.

3. Document-sharing functionality related to purchased products and services, including capital improvement projects.

b. The ability to advertise nationwide requests for proposals from local school administrative units and county governments for education-related products and services, including capital improvement projects.

(17) $1,000,000 in additional funding for services provided by BEGINNINGS for Parents of Children Who are Deaf or Hard of Hearing, Inc., for outreach to and support of North Carolina families affected by COVID-19.

(18) $7,042,000 to be transferred to the Board of Governors of The University of North Carolina to be allocated to the National College Advising Corps, Inc., (CAC), a nonprofit organization, in response to the decrease in underrepresented students matriculating at institutions of higher education during the COVID-19 pandemic. These funds shall be used to support a temporary expansion of the placement of college advisers in North Carolina

public schools through CAC's program over a two-year period for the purpose of increasing the number of underrepresented, low-income, or first-generation postsecondary degree or certificate students entering and completing their postsecondary education at community colleges and universities. In furthering its mission, CAC operates an innovative model of partnering with schools, communities, families, and postsecondary institutions, including providing for a two-year service opportunity to recent college graduates as near-peer college advisers working full-time in the public schools, with an emphasis on engaging college advisers who have similar backgrounds to the students the program seeks to serve. CAC uses near-peer college advisers to perform various services for students, including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii) assisting with registering for college entrance exams, (iii) assisting with Free Application for Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available scholarships, (v) assisting with postsecondary applications, and (vi) engaging with parents. Funds made available to CAC pursuant to this subdivision shall be matched by CAC on the basis of two dollars ($2.00) in non-State funds, other than federal funds, for every one dollar ($1.00) in federal funds. CAC shall use the funds provided to it under this subdivision to place college advisers in counties designated as tier one and tier two under G.S. 143B-437.08. CAC shall submit an interim report by October 1, 2022, and a final report by October 1, 2024, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the progress of expanding the placement of college advisers, data on the effectiveness of the program in increasing access for students to postsecondary education, and the use of the funds. CAC shall also include in its final report recommendations on (i) training of school counselors in the public schools based on the experiences of college advisers in the program and (ii) best practices from the program for school counselors on continued increased access for students to postsecondary attainment goals.

(19) $970,000 to contract with Schools That Lead, Inc., to develop or purchase a statewide, online platform that allows teachers to (i) share student performance improvement methods across the State in response to learning loss resulting from the COVID-19 pandemic and (ii) support the Schools That Lead Program set forth in Section 7.11 of this act.

(20) $3,900,000 to be allocated to Communities in Schools of North Carolina, Inc., to expand services and 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 COVID-19.

(21) $16,000,000 to be allocated to public school units on the basis of average daily membership in response to the COVID-19 pandemic to contract with a third-party entity for technology to mitigate cyberbullying, monitor student internet activity, monitor classroom educational devices, and assist with suicide prevention services.

(22) $5,000,000 to be allocated to public school units on the basis of average daily membership in response to the COVID-19 pandemic to contract with Gaggle.Net, Inc., for technology to mitigate cyberbullying, monitor student internet activity, and assist with suicide prevention services.

(23) $400,000 for career and technical education (CTE) programs to provide options for students outside traditional classroom instruction during the

COVID-19 pandemic. The Department shall allocate these funds as grants to nationally certified programs in CTE with a focus on developing critical skills necessary for students to succeed in the hospitality sector. Grant recipients 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.

(24) $18,000,000 to provide coaching support and professional development for principals and school improvement leadership teams in local school administrative units. Funds shall be used (i) to design and implement a leadership institute for principals employed in qualifying public schools and (ii) to provide grants to local school administrative units in which a majority of the public schools are qualifying public schools for flexible improvement and intervention options approved by the Department to address negative impacts of COVID-19. Up to two million dollars ($2,000,000) of these funds may be used for 20 time-limited or full-time equivalent positions for the Department to support the activities set forth in this subdivision. For the purposes of this subdivision, a qualifying public school is a school meeting the following criteria:

a. For the most recent year for which data are available, has a school performance score in the lowest-performing five percent (5%) of all schools.
b. Receives funds under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.
c. Is governed by a local board of education.
d. Is not one of the following types of schools:
    1. An alternative school.
    2. A cooperative innovative high school.
    3. A school that was in its first or second year of operation in the previous school year.
    4. A newcomers school. For the purposes of this subdivision, a newcomers school is a school in which at least ninety percent (90%) of its students are enrolled for no more than one year on the basis of their status as recently arrived English language learners.

(25) $2,500,000 to administer a pilot program (pilot) to promote access to innovative digital and personalized learning solutions for high school students that bridge the gap between chemistry and physical science classes and career and technical education (CTE) career pathways. Local school administrative units participating in the pilot shall incorporate the science, technology, engineering, and mathematics (STEM) focused educational software program developed by Plasma Games, Inc., in select STEM classes and their CTE programs to encourage student interest and workforce development for chemistry-dependent industries located in North Carolina, including careers in the pharmaceutical, agricultural technology, biotechnology, textile, material science, energy, minerals and mining, and chemical manufacturing fields. The pilot shall be conducted beginning with the 2021-2022 school year. A local school administrative unit participating in the pilot shall provide the Department with a plan for the placement of the STEM-focused educational technology developed by Plasma Games, Inc., in its schools and may include a plan from the pilot program established pursuant to Section 4.2D of S.L. 2020-4, as enacted by Section 1.1(e) of S.L. 2020-80, if the unit participated

in that pilot. The plan shall include implementation of the educational game as a teaching tool for classroom teachers and a new learning platform for students to increase student engagement and discussion, enrich lessons with real-world applications and purpose in STEM fields, and create moments of connection for students with lasting impact on their career pathways. The plan shall also include provisions for professional development and training for teachers, administrators, and other school personnel to facilitate the implementation and success of the pilot. Funds shall be used for licensing fees for the educational software, Plasma Games' operating costs, and for implementation of the pilot by the local school administrative units. Reporting on the pilot shall be provided as follows:

a. The local school administrative units participating in the pilot shall provide an annual report beginning May 1, 2022, to the Department on implementation of the pilot for each school year, including (i) the use of the funds described in this subdivision, (ii) the number of students impacted by the pilot and the number of students pursuing STEM-related CTE career pathways as a result of the pilot, measured by the number of students declaring interest in a career with a chemistry-dependent industry located in North Carolina and the number of students pursuing higher education in a chemistry-related major or technical certification at a school in North Carolina, (iii) demand and feedback by teachers on the use of the STEM-focused educational technology, and (iv) any other information requested by the Department.

b. The Department shall provide an annual report beginning June 1, 2022, for each school year 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 implementation of the pilot and the information reported by participating local school administrative units pursuant to this subdivision. The report shall include any data on student outcomes related to implementation of the pilot, the expenditure of funds described in this subdivision, and recommendations by the Department on modification of the pilot and the need for continued support.

(26) $2,500,000 to establish a program entitled "Failure Free Reading" to support middle school students in authorized public schools who read below grade level. The program shall use rigorous data assessment of student success to support middle school students who continue to struggle with reading, including students who suffered learning loss due to the COVID-19 pandemic. The Department shall create an application for funds and make the application available to authorized public schools prior to January 15, 2022. Local superintendents in public school units with authorized public schools may apply for a portion of the funds at a rate of two hundred fifty dollars ($250.00) per student. The following public schools are authorized to participate in the program:

a. Alpha Academy.
b. Catawba Rosenwald Education Center in Catawba County Schools.
c. Coats-Erwin Middle in Harnett County Schools.
d. Community Public Charter.
e. Community School of Davidson.

f. Conway Middle in Northampton County Schools.
g. Dunn Middle in Harnett County Schools.
h. Enfield Middle S.T.E.A.M. Academy in Halifax County Schools.
i. Grandview Middle in Hickory City Schools.
j. Harnett Central Middle in Harnett County Schools.
k. Harry M. Arndt Middle School in Catawba County Schools.
l. Jacobs Fork Middle in Catawba County Schools.
m. Lake Norman Charter.
n. Maiden Middle School in Catawba County Schools.
o. Mill Creek Middle School in Catawba County Schools.
p. Newton-Conover Middle in Newton-Conover City Schools.
q. Reaching All Minds Academy.
r. River Bend Middle in Catawba County Schools.
s. Rocky Mount Prep.
t. Success Institute Charter.
u. United Community.
v. VERITAS Community.
w. Weldon Middle in Weldon City Schools.
x. William R. Davie Middle S.T.E.M. Academy in Halifax County Schools.

(27) $500,000 to transfer to the North Carolina Museum of Art to establish NCMAKids to mitigate learning loss by providing digital learning experiences and activities related to works of art, in response to the COVID-19 pandemic.

(28) $1,200,000 to establish a grant program during the 2021-2023 fiscal biennium for qualifying public school units to improve teacher quality and mitigate learning loss, notwithstanding G.S. 115C-296.2, by reimbursing teachers for the cost of the participation fee for National Board for Professional Teaching Standards (NBPTS) certification, in response to the COVID-19 pandemic, as follows:

a. Definitions. – The following definitions shall apply in this subdivision:
   1. Public school. – Any of the following:
      I. A public school unit.
      II. 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:
      I. Is identified as a low-performing school pursuant to G.S. 115C-105.37 or G.S. 115C-218.94.
      II. Is identified as an innovative school pursuant to G.S. 115C-75.5.
      III. Enrolled a student body in the school year prior to the application for reimbursement consisting of at least ten percent (10%) of students identified as at-risk pursuant to State Board of Education policy DROP-001.

b. Grant applications and approval. – During the 2021-2023 fiscal biennium, a public school unit with at least one qualifying public school may apply to the Department of Public Instruction for grant funds to reimburse teachers employed in the unit for the cost of the

participation fee for NBPTS certification. The Department shall develop criteria and guidelines for public school units receiving grant funds to follow when administering the reimbursements. The criteria shall include at least the following:

1. Public school units 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:
   I. A teacher employed in a qualifying public school with more qualifying factors, as identified in sub-sub-sub-subdivisions I. through III. of sub-sub-subdivision 2. of sub-subdivision a. of this subdivision, shall receive priority over a teacher employed in a qualifying public school with fewer qualifying factors.
   II. For teachers employed in qualifying schools pursuant to sub-sub-sub-subdivision III. of sub-sub-subdivision 2. of sub-subdivision a. of this subdivision, 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. Public school units receiving grant funds shall not require a teacher to complete the NBPTS certification process in order to receive a reimbursement.

c. Report. – No later than January 15, 2022, and each subsequent year thereafter in which funds allocated pursuant to this subdivision are awarded, the Department shall report 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 impact of the program, including at least the following information:
   1. Public school units 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.

(29) $1,700,000 to establish the School Psychologists Grant Program (Program) in response to the COVID-19 pandemic to improve the safety, mental health, and well-being of students by providing grants to public school units to recruit school psychologists, as follows:

a. Grant application. – A public school unit may submit an application to the Superintendent of Public Instruction to receive a grant pursuant to this subdivision. The application shall identify current and ongoing needs for school psychologist services, including needs related to recruitment, and estimated costs associated with those needs.

b. Criteria and guidelines. – By January 15, 2022, the Superintendent of Public Instruction shall develop criteria and guidelines for the administration and use of the grants under the Program, including any documentation required to be submitted by applicants.

c. Award of funds. – The Superintendent of Public Instruction shall award grants to public school units to provide signing bonuses to recruit school psychologists, as follows:

1. The Department shall prioritize the award of funds to public school units that do not employ a full-time school psychologist at the time the application is submitted.
2. No individual bonus shall be greater than five thousand dollars ($5,000).
3. As a condition of accepting a signing bonus, a school psychologist shall agree to remain employed in the public school unit for at least one year.
4. 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.

d. Report. – No later than April 1, 2022, and each subsequent year thereafter in which funds allocated pursuant to this subdivision are awarded, the Superintendent of Public Instruction shall report on the Program to the Joint Legislative Education Oversight Committee, the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal Research Division. The report shall include the identity of each public school unit that received a grant through the Program, the amount of funding provided to the public school unit, and the use of funds by the public school unit.

(30) $400,000 to support driver education programs and aid in reducing a backlog of student applicants due to the COVID-19 pandemic.

(31) $1,600,000 to establish the Educational and Competitive After-School Robotics Grant Program (Program) during the 2021-2023 fiscal biennium. The purpose of the Program shall be to (i) promote evidence-based, after-school programs for robotics education and competition, (ii) motivate students to pursue education and career opportunities in science, technology, engineering, and mathematics while building critical life and work-related skills, and (iii) reengage students and remediate learning loss resulting from the COVID-19 pandemic, as follows:

a. 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.

b. Applications; criteria and guidelines. – No later than January 15, 2022, the Department shall develop and publish criteria and guidelines for the application process for the Program in the 2021-2023 fiscal biennium, including any documentation required to be submitted by the applicants. The Department shall accept applications until February 15, 2022. 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.

c. Award and use of funds. – Of the funds appropriated to the Department for the Program by this act, the Department shall award grants to the selected applicants by March 15, 2022. Funds may be used for any of the following purposes:

1. Establishing a relationship with a robotics partner.
2. Purchasing robotics kits.
3. Providing stipends for coaches.
4. Making payments associated with participation in a robotics league or robotics competition.
5. Paying fees incurred as part of the administration of a robotics team.

d. Reporting. – No later than May 15 of each year of the 2021-2023 fiscal biennium the Department shall report the following information 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:

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.

(32) $1,100,000 to be allocated to local school administrative units and charter schools, excluding schools authorized pursuant to Section 8.35(b) of S.L. 2014-100, as amended by Section 7.13 of S.L. 2018-5, to account for additional students enrolled in local school administrative units and charter schools during the 2020-2021 school year as a result of the COVID-19 pandemic. The Department shall allocate six hundred dollars ($600.00) per month for each student enrolled in a local school administrative unit or charter school above the number of students accounted for by the Department in the funded average daily membership for the unit or school from the 2020-2021 school year. For charter schools, funds shall be provided only for additional students legally enrolled at the school in accordance with the school's charter, G.S. 115C-218.7(b), and Section 3.2 of S.L. 2020-97, as amended by Section 2.5 of S.L. 2021-3.

(33) $2,042,000 to contract with Betabox, Inc., in response to the COVID-19 pandemic, 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. The Department, in consultation with Betabox, Inc., shall submit an interim report by October 1, 2022, and a final report by October 1, 2024, 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 use of the funds allocated pursuant to this subdivision and their impact on student success.

(34) $100,000,000 to be allocated to public schools to administer a one-time, lump sum bonus of one thousand dollars ($1,000) no later than January 31, 2022, to every qualifying teacher whose salary is supported from State funds and who, as of January 1, 2022, is employed as a teacher in a public school, in accordance with the following criteria:

a. As used in this subdivision, the following definitions shall apply:

1. Public school. – Any of the following:

I. A public school unit.

II. A school providing elementary or secondary instruction operated by one of the following:

A. The University of North Carolina under Article 4 or Article 29 of Chapter 116 of the General Statutes.

B. The Department of Health and Human Services.

C. The Division of Adult Correction and Juvenile Justice of the Department of Public Safety.

2. Qualifying teacher. – Teachers and instructional support personnel who participate in one or more trainings between March 12, 2020, and January 1, 2022, that address the mitigation of COVID-19 in public schools, learning loss resulting from the COVID-19 pandemic, or virtual instruction needed because of the COVID-19 pandemic. The governing body of each public school shall determine whether a teacher is a qualifying teacher in accordance with this sub-sub-subdivision.

b. The bonuses awarded pursuant to this subdivision shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

c. Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this subdivision are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

d. The bonuses awarded pursuant to this subdivision do not apply to any teacher no longer employed as a teacher due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to January 1, 2022.

e. Funds provided pursuant to this subdivision shall supplement the compensation of public school employees and shall not supplant any existing compensation funds.

(35) Up to $18,008,902 for the Department to use for administrative costs.

(36) Any contract that is executed to meet the purposes set forth in this subsection using the funds provided from the reserve pursuant to subsection (f) of section 2001 of the American Rescue Plan Act (ARPA) shall be limited to a contract term consistent with the deadline for the expenditure of those funds under the federal law and guidelines.

(37) If, on March 15, 2022, there are any funds that are unencumbered from the reserve of funds pursuant to subsection (f) of section 2001 of ARPA, those funds shall be reallocated as follows, in order of priority:

a. To offset any shortfall in the funds allocated pursuant to subdivision (34) of this subsection for bonuses related to COVID-19 training for teachers and instructional support personnel in public schools.

b. To be used for expenditures on or after March 15, 2022, to meet additional needs of the elementary and secondary schools of the State within federal law and guidelines, as determined by the State Board of Education.

"**SECTION 3.5.(b)** Strategic Plan for a Competency-Based Education Program. – The State Board of Education and the Department of Public Instruction shall develop a strategic plan for the deployment of a competency-based education program that provides for credit by demonstrated mastery for students in grades seven through 12 for credit recovery or acceleration to address impacts of the COVID-19 pandemic. The program shall also focus on demonstrating teacher competency and enable teacher professional development and principal professional development for the purposes of educator licensure reform and efficiency within the Department. By March 15, 2022, the Department of Public Instruction shall submit a comprehensive, strategic plan for the program to the Joint Legislative Education Oversight Committee, including the method for deployment of the competency-based education program, the predicted number of students who may earn credit by demonstrating content mastery and the method of assessment, the impact on teachers and how the program will be used for professional development and competency, and a detailed description of the estimated cost of the program, including the identification of other sources of funds for the program after the deadline established by federal law and guidelines for expenditure of federal funds.

"**SECTION 3.5.(c)** Compliance with Federal Law. – The Department of Public Instruction shall provide all complete and detailed information necessary to the United States Department of Education (U.S. Dept. of Education) on North Carolina's American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) State Plan for the U.S. Dept. of Education to determine whether the funds reserved pursuant to subsection (f) of section 2001 of the American Rescue Plan Act are for permissible uses consistent with federal law and guidelines for the expenditure of funds from the Elementary and Secondary School Emergency Relief (ESSER) Fund, as described under this authorizing legislation. Notwithstanding any other provision of subsection (a) of this section to the contrary, if the Superintendent of Public Instruction receives a letter of determination from the U.S. Dept. of Education that one or more of the purposes described under subsection (a) of this section is not an allowable expenditure of funds from the ESSER Fund under federal law and guidelines, the Department of Public Instruction shall allocate those funds as subgrants to public school units in accordance with the requirements of subsection (d) of section 2001 of the American Rescue Plan Act. By April 15, 2022, and annually thereafter until the deadline established for the expenditure of funds under federal law and guidelines, the Department of Public Instruction shall report 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 any funds allocated to public school units pursuant to this subsection, including the reason for the allocation, the actions taken by the Department in response to the

letter from the U.S. Dept. of Education, and recommendations on further actions or changes to be considered by the General Assembly."

SECTION 7.27.(b) No later than January 15, 2022, the Department of Public Instruction, in consultation with the Department of Health and Human Services, shall inform all public school units of the following:

(1) The availability of federal funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, from the Centers for Disease Control and Prevention Cooperative Agreement for Emergency Response: Public Health Crisis Response, COVID-19 Public Health Workforce Supplemental Funding received pursuant to ARPA to be used for school-based health services personnel in response to the COVID-19 pandemic. For purposes of this subsection, school-based health services personnel includes school nurses, school psychologists, school counselors, and school social workers.

(2) Allowable uses of the funds identified in subdivision (1) of this subsection pursuant to federal law and guidance.

TRANSFER OF FUNDS FOR THE SCHOOL BUSINESS SYSTEM MODERNIZATION PLAN

SECTION 7.28. Of the funds appropriated to the Department of Public Instruction by this act for the school business system modernization plan for the 2021-2023 fiscal biennium, the Department shall transfer one million four hundred thousand dollars ($1,400,000) for the 2021-2022 fiscal year and one million four hundred thousand dollars ($1,400,000) for the 2022-2023 fiscal year to the Government Data Analytics Center (GDAC) to leverage existing public-private partnerships to incorporate annual school report card data for the State into the School Finance Division section of the Department of Public Instruction's website. Grade level and subject level Education Value-Added Assessment System (EVAAS) growth data for local school administrative units and public schools may be made available to the public on the website, to the extent required by State and federal law.

By December 15, 2021, GDAC shall execute any contractual agreements and interagency data sharing agreements necessary to accomplish the reporting system established pursuant to Section 7.16 of S.L. 2017-57, as amended by Section 7.6 of S.L. 2018-5. The Department of Public Instruction and GDAC shall continue partnering to continue development, deployment, and ongoing provision of data integration service that consolidates data from financial, human resources, licensure, student information, and EVAAS. Implementation shall also include development and deployment of a modern analytical platform and reporting environment. Additionally, student population data for future assessments, including State assessments, Advanced Placement exams, and college readiness assessments, shall be made available to local school administrative units and public schools through the Department's EVAAS section of the website and shall be made available in hard copy to parents and legal guardians upon request.

POWERS AND DUTIES OF THE CENTER FOR SAFER SCHOOLS

SECTION 7.30.(a) G.S. 115C-105.57 reads as rewritten:

"**§ 115C-105.57. Center for Safer Schools.**

(a) Center for Safer Schools Established. – There is established the Center for Safer Schools. The Center for Safer Schools shall be administratively located in the Department of Public Instruction. The Center for Safer Schools shall consist of an ~~executive director~~ Executive Director appointed by the Superintendent of Public Instruction and such other professional, administrative, technical, and clerical personnel as may be necessary to assist the Center for Safer Schools in carrying out its powers and duties.

(b) Executive Director. – The Executive Director shall report to and serve at the pleasure of the Superintendent of Public Instruction at a salary established by the Superintendent within the funds appropriated for this purpose.

(c) Powers and Duties. – The Center for Safer Schools shall have the following duties, and all other powers and duties provided in this ~~Article.~~Article:

(1) Serve as a resource and referral center for the State by conducting research, sponsoring workshops, and providing information regarding current school safety concerns.

(2) Provide training, resources, and professional development for students, public school personnel, first responders, social services agencies, members of the community, and other interested parties, as needed, on at least the following topics related to school safety:

a. Responsibilities and best practices of school resource officers.

b. Youth mental health, including applicable policies and plans adopted by the State Board of Education and public school units in accordance with G.S. 115C-376.5.

c. Threat assessment.

d. Active-shooter drills and scenarios.

e. Incident de-escalation.

f. Reunification of schools and school districts after an incident.

g. Information related to at least the following areas:

1. Bullying.

2. Suicide.

3. Opioid and substance abuse.

4. Critical incidents.

5. Trauma and victimization among students.

6. The impacts of the incidents identified in sub-sub-subdivisions 1. through 5. of this sub-subdivision on school climate and school safety.

(3) Maintain and disseminate information to public schools on effective school safety initiatives in North Carolina and across the nation.

(4) Collect, analyze, and disseminate various North Carolina school safety data.

(5) Provide technical and instructional assistance to facilitate the development of partnerships between the public and private sectors to promote school safety in North Carolina.

(6) Recommend a system of accountability to the General Assembly to document school safety exercises, including practice school lockdowns, required by G.S. 115C-105.49.

(7) Assist law enforcement officers assigned to schools and their agencies in active shooter response drills and other pertinent school safety-related training.

(8) Collaborate with the North Carolina Justice Academy, the North Carolina Criminal Justice Education and Training Standards Commission, and the North Carolina Sheriffs' Education and Training Standards Commission to establish and maintain updated training curriculum for school resource officers.

(9) Coordinate grants for school resource officers in elementary and middle schools and ensure that training requirements for school resource officers funded by those grants are met.

(10) Provide technical assistance to public school units in the development and implementation of initiatives promoting school safety.

(d) Agency Cooperation. – All State agencies and departments shall cooperate with the Center for Safer Schools in carrying out its powers and duties, as necessary, in accordance with this Article. The Center for Safer Schools shall coordinate, collaborate, and seek information as necessary to carry out its duties and responsibilities from State and local government agencies, who shall provide information upon request to the Center. These agencies include the following:

(1) Department of Public Safety.
(2) Department of Health and Human Services.
(3) Department of Public Instruction.
(4) North Carolina Justice Academy.
(5) Governor's Crime Commission.
(6) State Bureau of Investigation Fusion Center, Information Sharing, and Analysis Center.
(7) Governing bodies of public school units.
(8) Local law enforcement agencies.

(e) Annual Census of School Resource Officers. – The Center for Safer Schools shall conduct an annual census of school resource officers located in each public school unit. ~~The Center shall submit a report based on this census to the Joint Legislative Education Oversight Committee and the State Board of Education by March 1 of each year. At a minimum, the report shall include all of the following information:~~As part of the census, each public school unit shall report to the Center by January 15 of each year with the following information regarding school resource officers in the unit:

(1) The total number of school resource ~~officers in the State and in each public school unit.~~officers.
(2) Data regarding school resources officers' education levels, years as sworn law enforcement officers, and years as school resource officers.
(3) Training required of school resource officers and training actually completed by school resource officers, including training specific to the position of school resource officer and other advanced or additional training.
(4) The funding source for all school resource officers.
(5) The location of school resource officers, differentiated by grade ~~levels and type of public school unit.~~levels.
(6) The percentage of school resource officers assigned to more than one school.
(7) The law enforcement affiliation of school resource officers.

The Center shall compile the information submitted pursuant to this subsection and submit a report detailing this information at the statewide and local levels to the Joint Legislative Education Oversight Committee and the State Board of Education by March 1 of each year.

(f) Task Force Guidance. – The Center for Safer Schools shall receive guidance and advice from the Task Force for Safer Schools."

SECTION 7.30.(b) The Center for Safer Schools shall enter into a memorandum of understanding (MOU) with the Department of Public Safety to provide in appropriate facilities owned by the Department of Public Safety the training, resources, and professional development required pursuant to G.S. 115C-105.57(c)(2), as enacted by this act. No later than January 15, 2022, and each October thereafter in which the MOU is executed, the Center for Safer Schools, in conjunction with the Department of Public Safety, shall report to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Justice and Public Safety, the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal Research Division on the memorandum of understanding.

SECTION 7.30.(c) This section is effective when it becomes law.

OPERATING BALANCE RESTRICTIONS FOR SCHOOL NUTRITION PROGRAMS

SECTION 7.31. G.S. 115C-450 reads as rewritten:

"**§ 115C-450. School food services.**

(a) School ~~food~~ nutrition services shall be included in the budget of each ~~local school administrative unit~~ public school unit that provides school nutrition services, and the State Board of Education shall provide for school ~~food~~ nutrition services in the uniform budget format required by G.S. 115C-426.

(b) No ~~local school administrative unit~~ public school unit that provides school nutrition services shall assess indirect costs to a ~~child~~ school nutrition program unless the program has ~~a minimum of one month's~~ an operating ~~balance. One month's operating balance shall be derived from net cash resources divided by one month's operating costs. "Net cash resources" means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit child nutrition account at any given time, less cash payables and other liabilities. When calculating the average month's operating balance, the Department of Public Instruction shall use the complete and final figures obtained from the annual financial report from each child nutrition program's operation. An average month's operating balance shall be calculated and published by the Department of Public Instruction for each child nutrition program and shall be equal to the average of the three prior fiscal years' monthly operating balances.~~ balance of at least two months. The Department of Public Instruction shall calculate the operating balance of a school nutrition program of a public school unit that provides school nutrition services. If complete and final financial reports for a given year are not yet available for a ~~child~~ school nutrition program, the Department of Public Instruction may use projected ~~figures~~ figures, but shall update the published average month's operating balance once complete and final financial reports become available. As used in this subsection, the term "indirect costs" is as defined in ~~the United States Office of Budget and Management Circular A-87, as revised, and the term "net cash resources" is as defined in 7 C.F.R. § 210.2.~~2 C.F.R. § 200.414.

(c) No public school unit that provides school nutrition services shall assess an unrestricted indirect costs rate to a school nutrition program that is more than eight percent (8%).

(d) No later than May 15, 2022, and every six months thereafter, the Department of Public Instruction shall report all the following information 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:

(1) The number of months of the operating balance held by the school nutrition program for each public school unit.

(2) The amount and percentage of indirect costs charged to the school nutrition program by the public school unit, if any."

REVISE FAST-TRACK REPLICATION OF HIGH-QUALITY CHARTER SCHOOLS

SECTION 7.33.(a) G.S. 115C-218.3 reads as rewritten:

"**§ 115C-218.3. Fast-track replication of high-quality charter schools.**

Upon recommendations by the Office of Charter Schools and the Charter Schools Advisory Board, the State Board of Education shall adopt a process and rules for fast-track replication of high-quality charter schools currently operating in the State. The State Board of Education shall not require a planning year for applicants selected through the fast-track replication process. In addition to the requirements for charter applicants set forth in this Article, the fast-track replication process adopted by the State Board of Education shall, at a minimum, require a board of directors of a charter school to demonstrate one of the following in order to qualify for fast-track replication:

(1) ~~A~~ The board of directors operates charter schools and can demonstrate both of the following:

a. The majority of charter ~~school~~ schools in this State governed by the board of directors has student academic outcomes from the three prior

school years that are ~~comparable to~~ equal to or greater than the ~~academic outcomes of students~~ student academic outcomes in the local school administrative unit in which ~~the~~ each charter school is ~~located and~~ located.

b. The board of directors can provide three years of financially sound ~~audits.~~audits for each school it governs.

(2) The board of directors agrees to contract with an education management organization or charter management organization that can demonstrate ~~that it can replicate high-quality~~ both of the following:

a. The majority of the charter schools in ~~the~~ this State ~~that have proven~~ managed by the organization has student academic ~~success and financial soundness.~~outcomes from the three prior school years that are equal to or greater than the student academic outcomes in the local school administrative unit in which each charter school is located.

b. The organization can provide three years of financially sound audits for each school it governs.

The State Board of Education shall ensure that the rules for a fast-track replication process provide that decisions by the State Board of Education on whether to grant a charter through the replication process are completed in less than 120 days from the application submission date. The State Board shall provide a decision no later than October 15 of the year immediately preceding the year of the proposed school opening."

SECTION 7.33.(b) This section is effective when this act becomes law and applies to applications for fast-track replication of charter schools submitted on or after that date.

BONUSES FOR TEACHERS AND INSTRUCTIONAL SUPPORT PERSONNEL IN SCHOOLS FOR STUDENTS WITH VISUAL AND HEARING IMPAIRMENTS/ESSER II FUND

SECTION 7.36.(a) Section 5A of S.L. 2021-1, as enacted by Section 1.2 of S.L. 2021-3, reads as rewritten:

"**SECTION 5A.** The Department of Public Instruction shall use the funds reserved pursuant to subsection (c1) of Section 5 of this act as follows:

…

(15a) Up to $55,000 to administer a one-time, lump sum bonus of three hundred fifty dollars ($350.00), in recognition of necessary services performed during the COVID-19 pandemic, to every teacher who, as of April 1, 2021, was employed as a teacher in a school for students with visual and hearing impairments, in accordance with the following criteria:

a. As used in this subdivision, the following definitions shall apply:

1. Teacher. – Teachers and instructional support personnel.

2. School for students with visual and hearing impairments. – A public school governed by the State Board of Education under Article 9C of Chapter 115C of the General Statutes.

b. The bonuses awarded pursuant to this subdivision shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

c. Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this subdivision are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

d. The bonuses awarded pursuant to this subdivision do not apply to any teacher no longer employed as a teacher due to resignation, dismissal,

reduction in force, death, or retirement or whose last workday is prior to April 1, 2021.

e. Funds provided pursuant to this subdivision shall supplement the compensation of a public school employee and shall not supplant any existing compensation funds.

(16) If, on ~~August 15, 2022,~~ the date the Current Operations Appropriations Act of 2021 becomes law, there are any remaining ESSER II funds from the allocations in subdivisions (1) through (11) and (13) and (14) of this section, those funds shall be reallocated to the reserve described under subsection (c1) of Section 5 of this act to be used for expenditure on or after that date to meet additional emergency needs of the elementary and secondary schools of the State, as determined by the State Board of Education."

SECTION 7.36.(b) This section is effective when it becomes law.

ADVANCED TEACHING ROLES CHANGES

SECTION 7.38.(a) G.S. 115C-311 reads as rewritten:

"**§ 115C-311. Teacher compensation models and advanced teaching roles.**

…

(c) Selection by State Board of Education. – By December 15, 2020, and annually thereafter, the State Board of Education shall review proposals and select local school administrative units to participate in the program, beginning in the subsequent school year, in accordance with the following criteria:

(1) Selected local school administrative units must meet minimum criteria established by the State Board of Education consistent with this section.

~~(2) The State Board shall prioritize the award of available State funds for the following categories of local school administrative units:~~

~~a. Up to five units with an average daily membership from the previous school year of 4,000 or fewer students.~~

~~b. Up to five units with an average daily membership from the previous school year of between 4,001 and 20,000 students.~~

~~c. Up to five units with an average daily membership from the previous school year of 20,001 or more students.~~

(3) The State Board shall approve the proposal of any local school administrative unit that is submitted by October 15, 2020, if the following criteria are met:

a. The local school administrative unit is participating in an approved advanced teaching roles program pursuant to Section 8.7 of S.L. 2016-94 in the 2020-2021 school year.

b. The application of a local school administrative unit is not inconsistent with this section.

…

(f) Renewal and ~~Termination.~~ Termination of Program Participation. – The initial selected local school administrative units shall implement their approved plans beginning with the 2021-2022 school year. Every five years after a local school administrative unit begins implementing its plan, the State Board of Education shall review the unit to ensure ~~it~~ the unit is complying with ~~its~~ the approved plan. As part of the review, the State Board shall consider at least the following information:

(1) The number of teachers in advanced teaching roles in the unit and the number of students receiving instruction from those teachers.

(2) Growth scores for students calculated pursuant to G.S. 115C-83.15.

(3) Achievement scores for students calculated pursuant to G.S. 115C-83.15.

(4) Retention of effective teachers.

(5) Results of the Teacher Working Conditions Survey.

(6) Ratings of teachers through the North Carolina Teacher Evaluation System.

After the review, the State Board may, in its discretion, renew or terminate the plan of any local school administrative unit that fails to meet criteria established by the State Board in accordance with this section and may renew or terminate the Advanced Teaching Roles designation of any school within that unit. Throughout the program, a local school administrative unit shall provide any information or access requested by (i) the State Board of Education or (ii) the independent research organization selected by the State Board of Education to evaluate the program pursuant to this section.

(g) Term; Use of ~~Grant~~ State Funds. – Any funds awarded to a local school administrative unit pursuant to this section shall be subject to availability and awarded for a term of up to three years, in the discretion of the State Board. A local school administrative unit shall not be eligible to receive funding for more than ~~one term. Funds awarded~~ two terms. The State Board of Education shall authorize a second term of State funds in accordance with subsection (g1) of this section. The State Board shall award funds to local school administrative units as follows:

(1) The State Board shall prioritize the award of available State funds for the following categories of local school administrative units:

a. Up to five units with an average daily membership from the previous school year of 4,000 or fewer students.

b. Up to five units with an average daily membership from the previous school year of between 4,001 and 20,000 students.

c. Up to five units with an average daily membership from the previous school year of 20,001 or more students.

(2) State funds shall be used for any of the ~~following:~~following purposes, as defined by the State Board:

~~(1)~~a. Development of advanced teaching role plans.

~~(2)~~b. Development of professional development courses for teachers in advanced teaching roles that lead to improved student outcomes.

~~(3)~~c. Transition costs associated with designing and implementing advanced teaching role models. Transition costs may include employing staff members or contractors to assist with design and implementation of the plan.

~~(4)~~d. Development of the design and implementation of compensation plans that focus on teacher professional growth and student outcomes and the transition costs associated with designing and implementing new compensation plans, including employing staff members or contractors to assist with design and implementation of the plan.

(g1) Renewal of Award of State Funds. – A local school administrative unit that received an initial award of State funds pursuant to subsection (g) of this section may apply to the State Board of Education for an award of State funds for a second term of up to three years, in the discretion of the State Board. The local school administrative unit may apply at any time (i) after the initial award of State funds expires or (ii) within 90 days prior to the date the initial award of State funds is set to expire. Upon receipt of an application for renewal of State funds from a local school administrative unit, the State Board shall do the following:

(1) Review the unit to ensure the unit is complying with the approved plan and criteria established by the State Board.

(2) Grant or deny the application within 60 days of its receipt.

…

(i) Class Size Flexibility. – Notwithstanding G.S. 115C-301, with the approval of the State Board of Education, Advanced Teaching Roles schools selected to participate in the program may exceed the maximum class size requirements for kindergarten through third grade

during ~~the~~ any term of up to three years in which State funds are awarded to the local school administrative unit where the school is located. At the conclusion of the term, any class size flexibility approved for an Advanced Teaching Roles school pursuant to this subsection shall expire.

…."

SECTION 7.38.(b) The State Board of Education shall review and adopt new or revised emergency rules on advanced teaching roles for use in the 2021-2022 school year in accordance with the requirements of G.S. 115C-311, as amended by this act, no later than February 15, 2022. The State Board shall submit all emergency rules in accordance with the requirements in 26 NCAC 02C.

SECTION 7.38.(c) Notwithstanding G.S. 115C-311(c), as amended by this section, no later than February 15, 2022, the State Board of Education shall make its selections for local school administrative units that will begin participation in the program pursuant to G.S. 115C-311 starting in the 2022-2023 school year.

SECTION 7.38.(d) This section is effective when it becomes law.

RECOMMENDATION FOR STUDENTS WITH DISABILITIES FUNDING

SECTION 7.44.(a) Of the funds appropriated in this act to the Department of Public Instruction for the 2021-2022 fiscal year, the Department shall use the sum of twenty-seven thousand five hundred dollars ($27,500) in nonrecurring funds to contract with an independent research organization to make recommendations on how to categorize the allocation of funding for students with disabilities and how to set funding levels for each category recommended. The independent research organization shall expand on the findings and recommendations made in the report created by Augenblick, Palaich and Associates in 2010, "Recommendations to Strengthen North Carolina's School Funding System." In addition, the independent research organization shall consider any findings and recommendations published since 2010 by the Department of Public Instruction and by the Friday Institute for Educational Innovation at North Carolina State University regarding funding needs for students with disabilities. In developing recommendations, the independent research organization shall examine the following:

(1) For each school system, the percentage of students with disabilities and the funding provided per student with disabilities.
(2) The potential benefit of allocating funding for students with disabilities based on severity of disability type as compared to allocating funding based on service level required.
(3) How other states provide funding for students with disabilities with particular emphasis on states that differentiate funding by student need.
(4) How to determine appropriate funding levels for each funding category recommended.
(5) Recommendations for how schools can utilize available Medicaid reimbursements.

The independent research organization shall submit its recommendations and supporting findings to the State Board of Education and the Department of Public Instruction on or before February 15, 2022. The Department of Public Instruction shall submit a final report on the recommendations and findings, including any proposed legislation necessary for implementation, to the Joint Legislative Education Oversight Committee, the General Assembly, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education on or before March 15, 2022.

SECTION 7.44.(b) When selecting the independent research organization pursuant to subsection (a) of this section, the Department shall ensure that the independent research organization meets at least the following:

(1) The independent research organization is located in the State.

(2) The Department has not previously contracted with the independent research organization to make recommendations on funding allocations for students with disabilities.

CHANGES TO EDUCATOR LICENSURE REQUIREMENTS

SECTION 7.57.(a) Lifetime Licensure for Professional Educators. – G.S. 115C-270.20 reads as rewritten:

"**§ 115C-270.20. Licensure requirements.**

(a) Teacher Licenses. – The State Board shall adopt rules for the issuance of the following classes of teacher licenses, including required levels of preparation for each classification:

…

~~(4) Lifetime license. – A license issued to a teacher after 30 or more years of teaching as a licensed teacher that requires no renewal. For the purposes of this subdivision, a teacher shall be determined to have completed 30 or more years of teaching as a licensed teacher when the teacher holds a current North Carolina teaching license and has completed 30 or more years of creditable service with the Teachers' and State Employees' Retirement System.~~

…

(d) Lifetime License for Professional Educators. – The State Board of Education shall issue a lifetime license, which shall require no renewal, to an individual currently licensed as a professional educator who has met at least one of the following criteria:

(1) Completed 30 or more years of creditable service with the Teachers' and State Employees' Retirement System.

(2) Completed a combined total of 30 or more years of employment as a licensed teacher, administrator, or student services personnel in one or more public school units in North Carolina."

SECTION 7.57.(b) This section is effective the date this act becomes law.

STUDENT DIGITAL LEARNING ACCESS

SECTION 7.61.(a) Part 3A of Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-102.9. Digital learning dashboard.**

(a) The State Board of Education shall establish and maintain an electronic dashboard to publicly display information related to digital learning. The State Board shall include in the dashboard, at a minimum, the following categories of information to be reported:

(1) In-school digital device access, including the following information disaggregated by public school unit, school, and grade level:

a. Number and percentage of students with access to digital devices within the school.

b. Source of digital devices, such as the public school unit or the student's home.

c. Type of device.

(2) Out-of-school digital device access, including the following information disaggregated by public school unit, school, and grade level:

a. Number and percentage of students with access to digital devices outside of the school.

b. Source of digital devices, such as the public school unit, the student's home, or both.

c. Type of device.

d. For homes with no devices, reason for lack of devices.

(3) Out-of-school internet connectivity, including the following information disaggregated by public school unit, school, and grade level:

a. Number and percentage of students with internet connectivity outside of the school available by the following categories:

1. Students with connectivity at home.

2. Students without connectivity at home but who have regular and reliable access to other sources of connectivity.

b. For students without home connectivity, primary source for internet connectivity outside of the school.

c. Type of connectivity, such as broadband, satellite, or dial-up.

d. For homes with no connectivity, reason for lack of connectivity.

(b) Each public school unit shall annually submit all categories of information included in the digital learning dashboard no later than November 15. For subdivisions (2) and (3) of subsection (a) of this section, residential schools shall report on access and connectivity separately for the dormitories and the student's home.

(c) The State Board of Education shall annually report to the Joint Legislative Education Oversight Committee by February 15 on statewide trends reflected in the digital learning dashboard, successes and continued challenges in ensuring all students have digital learning access both in and out of school, and recommendations on ways to continue to close the digital learning accessibility gap."

SECTION 7.61.(b) G.S. 115C-75.9 is amended by adding a new subsection to read:

"(p) Digital Learning Dashboard. – An innovative school shall annually update information to the digital learning dashboard, as required by G.S. 115C-102.9."

SECTION 7.61.(c) G.S. 115C-218.75 is amended by adding a new subsection to read:

"(j) A charter school shall annually update information to the digital learning dashboard, as required by G.S. 115C-102.9."

SECTION 7.61.(d) G.S. 115C-238.66 is amended by adding a new subdivision to read:

"(18) Digital learning dashboard updates. – A regional school shall annually update information to the digital learning dashboard, as required by G.S. 115C-102.9."

SECTION 7.61.(e) G.S. 116-239.8(b) is amended by adding a new subdivision to read:

"(21) Digital learning dashboard updates. – A laboratory school shall annually update information to the digital learning dashboard, as required by G.S. 115C-102.9."

SECTION 7.61.(f) Section 6(d) of S.L. 2018-32 is amended by adding a new subdivision to read:

"(5c) G.S. 115C-102.9, Digital learning dashboard."

SECTION 7.61.(g) The Department of Public Instruction and the Department of Information Technology, in collaboration with the Friday Institute for Educational Innovation at North Carolina State University (Friday Institute), (collectively referred to herein as the Departments) shall conduct a statewide assessment of data related to out-of-school internet and device access for North Carolina elementary and secondary students obtained during the physical school closure and at-home learning that occurred due to COVID-19 during the 2019-2020 and 2020-2021 school years. Public school units shall provide any relevant data from this period to the Departments upon request at the most granular level available. The assessment conducted by the Departments shall review the available data to identify the scope of students who lack out-of-school internet access or devices at home; the reasons students lack such access, including accessibility to adequate broadband in the homes, cost of broadband services, and lack of devices;

and the methods students and schools used to address the lack of access during the 2019-2020 and 2020-2021 school years. Based on the assessed data, the Departments shall identify and make recommendations for effective programs and policies to close the student digital access gap and shall recommend effective approaches to maintain current granular data on the student digital access gap.

SECTION 7.61.(h) The Superintendent of Public Instruction shall coordinate (i) access to available data from each public school unit for the Departments and (ii) the reporting of the recommendations of the Departments as provided in this section. The Superintendent of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the assessment of the student digital access gap no later than January 15, 2022.

SECTION 7.61.(i) No later than January 15, 2022, the State Board of Education shall combine the NC Digital Learning and Media Inventory with the digital learning dashboard required by G.S. 115C-102.9, as enacted by this section.

SECTION 7.61.(j) Notwithstanding G.S. 115C-102.9, as enacted by this section, the following shall apply:

(1) Public school units shall submit the information required pursuant to G.S. 115C-102.9(b) for the 2021-2022 school year by January 15, 2022.

(2) The State Board of Education shall submit its annual report required pursuant to G.S. 115C-102.9(c) for the 2021-2022 school year by April 15, 2022.

SECTION 7.61.(k) This section is effective the date this act becomes law. Subsections (a) through (f) of this section apply beginning with the report due January 15, 2022, pursuant to G.S. 115C-102.9(b), as enacted by this section, and subdivision (1) of subsection (j) of this section, based on data for the 2021-2022 school year.

WATER AND SEWER SERVICES TO CHARTER SCHOOLS

SECTION 7.64.(a) G.S. 115C-521 reads as rewritten:

"**§ 115C-521. Erection of school buildings.**

…

(d) Local boards of education shall make no contract for the erection of any school building unless the site upon which it is located is owned in fee simple by the ~~board:~~ local board of education and the local board of education has complied with subsection (i) of this section.

(d1) ~~Provided, that the~~ Notwithstanding subsection (d) of this section, the local board of education of a local school administrative unit, with the approval of the board of county commissioners, may appropriate funds to aid in the establishment of a school facility and the operation thereof in an adjoining local school administrative unit when a written agreement between the boards of education of the administrative units involved has been reached and the same recorded in the minutes of the boards, whereby children from the administrative unit making the appropriations shall be entitled to attend the school so established. The boards of education shall comply with subsection (i) of this section with respect to securing water and sewer to the school facility.

(d2) In all cases where title to property has been vested in the trustees of a special charter district which has been abolished and has not been reorganized, title to the property shall be vested in the local board of education of the county embracing the former special charter district.

…

(i) Prior to any application for any development approval under Chapter 160D of the General Statutes, the local board of education shall inquire, in writing, of the public water system, public sewer system, or public water and sewer system, currently serving the site or closest to the site as to whether that public system has capacity to serve the proposed school facility. The public system shall respond to the local board of education within a reasonable time, not to exceed 30 days as to whether that public system has capacity to serve the proposed school facility. Unless the public system does not have capacity to serve the proposed school facility or is under

a moratorium precluding expansion, the public system shall reserve the necessary capacity for the proposed school facility for 24 months from the date of the written inquiry from the local board of education."

SECTION 7.64.(b) G.S. 115C-218.35 is amended by adding a new subsection to read:

"(e) A charter school shall comply with G.S. 115C-521(i). For the purpose of this subsection, "charter school" shall mean "local board of education" as it is written in G.S. 115C-521(i)."

SECTION 7.64.(c) This section is effective when it becomes law. Any local board of education or charter school denied service by a public water system, public sewer system, or public water and sewer system between October 1, 2020, and the date this section becomes effective may seek reconsideration by the public water system, public sewer system, or public water and sewer system under G.S. 115C-521(i), as enacted by this act, and notwithstanding G.S. 115C-521(i), as enacted by this act, the public water system, public sewer system, or public water and sewer system shall have 15 days to respond as to whether that public system has capacity to serve the proposed school facility.

REVISE PERSONAL LEAVE COSTS FOR TEACHERS

SECTION 7.67.(a) G.S. 115C-302.1(d) reads as rewritten:

"(d) Personal Leave. – The following shall apply to personal leave:

(1) Calculation and Benefits. – Teachers earn personal leave at the rate of .20 days for each full month of employment not to exceed two days per year. Personal leave may be accumulated without any applicable maximum until June 30 of each year. A teacher may carry forward to July 1 a maximum of five days of personal leave; the remainder of the teacher's personal leave shall be converted to sick leave on June 30. At the time of retirement, a teacher may also convert accumulated personal leave to sick leave for creditable service towards retirement. Teachers may transfer personal leave days between local school administrative units. The local school administrative unit shall credit a teacher who has separated from service and is reemployed within 60 months from the date of separation with all personal leave accumulated at the time of separation. Local school administrative units shall not advance personal leave.

(2) Use. – Personal leave may be used only upon the authorization of the teacher's immediate ~~supervisor. A~~ supervisor, as follows:

a. Unless the request is approved by the principal, a teacher shall not take personal leave on the first day the teacher is required to report for the school year, on a required teacher workday, on days scheduled for State testing, or on the day before or the day after a holiday or scheduled vacation ~~day, unless the request is approved by the principal.~~ day.

b. On ~~all other days,~~ days other than those referenced in sub-subdivision a. of this subdivision, if the request is made at least five days in advance, the request shall be automatically granted subject to the availability of a substitute teacher, and the teacher cannot be required to provide a reason for the request. ~~Teachers may transfer personal leave days between local school administrative units. The local school administrative unit shall credit a teacher who has separated from service and is reemployed within 60 months from the date of separation with all personal leave accumulated at the time of separation. Local school administrative units shall not advance personal leave.~~

(3) Pay. – The cost of personal leave shall be assessed as follows:

a. Teachers using personal leave on teacher workdays shall receive full salary.

b. Teachers using personal leave on ~~other days~~ days other than those referenced in sub-subdivision a. of this subdivision shall receive full salary as long as the teacher provides a reason for the request. If the teacher does not provide a reason for the request, the teacher shall receive full salary less the ~~required substitute deduction. If, however,~~ full cost of hiring a substitute for the teacher. If no substitute is hired for a teacher, ~~the~~ any substitute reduction shall be refunded to that teacher."

SECTION 7.67.(b) This section is effective the date this act becomes law and applies beginning with the 2021-2022 school year.

PERMANENT CHARTER SCHOOL TRANSPORTATION GRANT PROGRAM

SECTION 7.69.(a) Article 14A of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-218.42. Charter School Transportation Grant Program.**

(a) Purpose; Definition. – There is established the Charter School Transportation Grant Program (Program). The purpose of the Program shall be to award grant funds to a charter school that meets the requirements of subsection (b) of this section for the reimbursement of up to sixty-five percent (65%) of the eligible student transportation costs incurred by the school in accordance with the provisions of this section. For purposes of this section, the term "eligible student transportation costs" means costs incurred by the charter school for (i) transportation fuel, (ii) vehicle maintenance, (iii) contracted transportation services, and (iv) transportation personnel salaries.

(b) Program Eligibility. – If a charter school has student enrollment in a semester of the school year of at least fifty percent (50%) of its students residing in households with an income level not in excess of the amount required for a student to qualify for the federal free or reduced-price lunch program, the charter school may apply to the Department for grant funds under the Program for reimbursement of up to sixty-five percent (65%) of the eligible student transportation costs incurred by the school for that semester.

(c) Applications. – By August 1 of each year, the Department shall establish the criteria and guidelines for the grant application process for the upcoming school year, including any documentation required to be submitted with the application. Each school year, the Department shall accept applications until December 31 for eligible student transportation costs incurred during the fall semester of the school year and until May 15 for eligible student transportation costs incurred during the spring semester of the school year.

(d) Award of Funds. – From funds made available for the Program, the Department shall award grant funds to the selected charter schools by February 15 for eligible student transportation costs incurred during the fall semester of the same school year and by June 15 for eligible student transportation costs incurred during the spring semester of the prior school year. The total amount of each grant awarded under the Program shall not exceed one hundred thousand dollars ($100,000) per charter school per school year.

(e) Reporting. – No later than March 15 of each year in which funds are awarded under the Program, the Department shall report to the Joint Legislative Education Oversight Committee, the Joint Legislative Transportation Oversight Committee, the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal Research Division on the administration of the Program, including at least the following information:

(1) The number of charter schools that received grant funds.

(2) The amount of grant funds awarded to those charter schools.
(3) Whether implementing the Program has led to an increase in charter schools offering lunch.
(4) Whether implementing the Program has led to an increase in student lunch participation at charter schools offering lunch.
(5) Whether implementing the Program has increased or expanded the offering of student transportation by charter schools.
(6) The modes of student transportation offered by charter schools that received grant funds."

SECTION 7.69.(b) Notwithstanding G.S. 115C-218.42, as enacted by this act, for the 2021-2022 school year, the following modifications shall apply to the time line for the Charter School Transportation Grant Program:

(1) The Department shall establish criteria and guidelines for the grant application process by January 15, 2022.
(2) The Department shall accept applications until February 15, 2022, for eligible student transportation costs incurred during the fall semester.
(3) The Department shall award grant funds to the selected charter schools by March 31, 2022, for eligible student transportation costs incurred during the fall semester.
(4) The Department shall submit its report pursuant to G.S. 115C-218.42(e) no later than April 15, 2022.

SECTION 7.69.(c) This section is effective July 1, 2021, and applies beginning with the 2021-2022 school year.

STUDENT TRANSPORTATION SUPPORT

SECTION 7.70.(a) Smart School Bus Safety Pilot Program. – The Department of Public Instruction shall establish the 2021 Smart School Bus Safety Pilot Program (Program), beginning with the 2021-2022 school year and ending on or before January 1, 2025. The purpose of the Program is to modernize the transportation of public school students through technology in response to the COVID-19 pandemic, as follows:

(1) Participation. – As part of the Program, participating local school administrative units and charter schools shall identify and contract with qualifying vendors, as determined by the unit or charter school, to provide technology and services for student transportation in accordance with this subsection. Notwithstanding G.S. 115C-240(d), participating local school administrative units and charter schools shall have discretion over the selection of qualifying vendors pursuant to the Program, and the selection of a qualifying vendor shall not be subject to approval by the State Board of Education or the Department of Public Instruction. The following local school administrative units and charter schools are authorized to participate in the Program, subject to the requirements of this subsection:
    a. Burke County Schools.
    b. Caldwell County Schools.
    c. Chatham County Schools.
    d. Clinton City Schools.
    e. Elizabeth City-Pasquotank Public Schools.
    f. Elkin City Schools.
    g. Gaston County Schools.
    h. Harnett County Schools.
    i. Hickory City Schools.
    j. Iredell-Statesville Schools.

k. Johnston County Schools.
l. Martin County Schools.
m. New Hanover County Schools.
n. Sampson County Schools.
o. Surry County Schools.
p. Transylvania County Schools.
q. Union County Public Schools.
r. Watauga County Schools.
s. Wayne County Public Schools.
t. Winston-Salem/Forsyth County Schools.
u. Alpha Academy.
v. Sallie B Howard School.
w. Sugar Creek Charter.
x. Thomas Jefferson Classical.

(2) Option to leave. – Any local school administrative unit or charter school authorized to participate in the Program may elect not to participate. For each local school administrative unit or charter school that elects not to participate in the Program, the Department may authorize one replacement local school administrative unit or charter school with a similar population of students to participate in the Program.

(3) Technology and services. – Participating units and charter schools shall have discretion over the specific technology and services provided by qualifying vendors as long as the technology and services meet the requirements of either of the following sub-subdivisions of this subdivision:

a. Improve communications and information. – Technology and services that meet at least all of the following requirements:
1. Improve overall communications and reporting on school buses.
2. Enable employee time tracking, student ridership tracking, and contact tracing in the event of a COVID-19 infection.
3. Enable global positioning system (GPS) tracking of school buses.
4. Enable turn-by-turn navigation along bus routes.
5. Optimize time, expenditure, and safety of bus routes.
6. Provide pre- and post-trip vehicle inspections that may be transmitted to the Department of Public Instruction on a regular basis.
7. Communicate ridership information to the student information management system.
8. Permit parents or legal guardians to access applicable information.
9. Conform to applicable guidance provided by the North Carolina Department of Health and Human Services for the transportation of students during the COVID-19 pandemic.
10. Facilitate the receipt of Medicaid reimbursement for eligible student transportation services.

b. Internet connectivity. – Technology and services that provide students on school buses with access to the internet over Wi-Fi and meet at least all of the following requirements:
1. Provide participating units and charter schools with customizable connectivity options.

2. Comply with all State and federal law.

(4) Miscellaneous. – The following requirements shall apply to each participating local school administrative unit and charter school:

a. Every school bus in a participating local school administrative unit or charter school designed for the transportation of children with disabilities shall be outfitted with technology provided pursuant to the Program as long as the technology is appropriate for children with disabilities and can be provided in a cost-effective manner.

b. At the conclusion of the Program, all hardware provided to a participating local school administrative unit or charter school shall become the property of the unit or charter school.

c. Participating local school administrative units and charter schools shall make use of technology or services provided pursuant to the Program at least through the conclusion of the 2023-2024 school year.

(5) Reports. – No later than July 1, 2022, and annually thereafter in any year in which the Program is in effect, the Department of Public Instruction, in consultation with each participating local school administrative unit and charter school, shall report at least all of the following information to the Joint Legislative Education Oversight Committee, any committee constituted by the House of Representatives or Senate to address school safety, and the Fiscal Research Division:

a. An itemized breakdown of software infrastructure, hardware infrastructure, and equipment provided by qualifying vendors to participating local school administrative units and charter schools pursuant to the Program.

b. A description of all services provided by qualifying vendors to participating local school administrative units and charter schools pursuant to the Program.

c. A list of qualifying vendors contracting with participating local school administrative units and charter schools pursuant to the Program.

d. The impact and effectiveness of the Program.

e. All expenditures of State funds pursuant to the Program.

SECTION 7.70.(b) Allocation of Funds for the Program. – Funds appropriated by this act to the Department of Public Instruction from the State Fiscal Recovery Fund for the 2021-2022 fiscal year for the Program shall be allocated to local school administrative units and charter schools as follows:

(1) The sum of thirteen million nine hundred seventy thousand dollars ($13,970,000) for the technology and services described in sub-subdivision a. of subdivision (3) of subsection (a) of this section, as follows:

a. Four hundred seventy-eight thousand dollars ($478,000) to Burke County Schools.

b. Five hundred forty thousand dollars ($540,000) to Caldwell County Schools.

c. Four hundred thirty-six thousand dollars ($436,000) to Chatham County Schools.

d. One hundred forty thousand dollars ($140,000) to Clinton City Schools.

e. Four hundred thirty-five thousand dollars ($435,000) to Elizabeth City-Pasquotank Public Schools.

f. Fifty-one thousand dollars ($51,000) to Elkin City Schools.

g. Nine hundred seventy-eight thousand dollars ($978,000) to Gaston County Schools.
h. One million sixty thousand dollars ($1,060,000) to Harnett County Schools.
i. One hundred fifty thousand five hundred dollars ($150,500) to Hickory City Schools.
j. One million four hundred twenty-five thousand dollars ($1,425,000) to Johnston County Schools.
k. Nine hundred twelve thousand dollars ($912,000) to Iredell-Statesville Schools.
l. Two hundred seventy-three thousand dollars ($273,000) to Martin County Schools.
m. Nine hundred eighty-four thousand dollars ($984,000) to New Hanover County Schools.
n. Five hundred twenty thousand dollars ($520,000) to Sampson County Schools.
o. Four hundred two thousand five hundred dollars ($402,500) to Surry County Schools.
p. Two hundred thirty-eight thousand dollars ($238,000) to Transylvania County Schools.
q. One million six hundred fifty thousand dollars ($1,650,000) to Union County Public Schools.
r. Three hundred thirty-seven thousand dollars ($337,000) to Watauga County Schools.
s. One million seventy-nine thousand dollars ($1,079,000) to Wayne County Public Schools.
t. One million four hundred fifty-six thousand dollars ($1,456,000) to Winston-Salem/Forsyth County Schools.
u. Eighty-one thousand dollars ($81,000) to Alpha Academy.
v. One hundred thirteen thousand dollars ($113,000) to Sallie B Howard School.
w. One hundred fifty-five thousand dollars ($155,000) to Sugar Creek Charter.
x. Seventy-six thousand dollars ($76,000) to Thomas Jefferson Classical.

(2) The sum of four million one hundred seventy-eight thousand dollars ($4,178,000) for the technology and services described in sub-subdivision b. of subdivision (3) of subsection (a) of this section, as follows:

a. One hundred forty-three thousand dollars ($143,000) to Burke County Schools.
b. One hundred sixty-two thousand dollars ($162,000) to Caldwell County Schools.
c. One hundred thirty thousand dollars ($130,000) to Chatham County Schools.
d. Forty-two thousand dollars ($42,000) to Clinton City Schools.
e. One hundred thirty thousand dollars ($130,000) to Elizabeth City-Pasquotank Public Schools.
f. Fifteen thousand five hundred dollars ($15,500) to Elkin City Schools.
g. Two hundred ninety-two thousand dollars ($292,000) to Gaston County Schools.
h. Three hundred seventeen thousand dollars ($317,000) to Harnett County Schools.

i. Forty-five thousand dollars ($45,000) to Hickory City Schools.
j. Four hundred twenty-six thousand dollars ($426,000) to Johnston County Schools.
k. Two hundred seventy-three thousand dollars ($273,000) to Iredell-Statesville Schools.
l. Eighty-two thousand dollars ($82,000) to Martin County Schools.
m. Two hundred ninety-four thousand dollars ($294,000) to New Hanover County Schools.
n. One hundred fifty-six thousand dollars ($156,000) to Sampson County Schools.
o. One hundred twenty thousand dollars ($120,000) to Surry County Schools.
p. Seventy-one thousand five hundred dollars ($71,500) to Transylvania County Schools.
q. Four hundred ninety-three thousand dollars ($493,000) to Union County Public Schools.
r. One hundred one thousand dollars ($101,000) to Watauga County Schools.
s. Three hundred twenty-three thousand dollars ($323,000) to Wayne County Public Schools.
t. Four hundred thirty-five thousand dollars ($435,000) to Winston-Salem/Forsyth County Schools.
u. Twenty-four thousand dollars ($24,000) to Alpha Academy.
v. Thirty-four thousand dollars ($34,000) to Sallie B Howard School.
w. Forty-six thousand dollars ($46,000) to Sugar Creek Charter.
x. Twenty-three thousand dollars ($23,000) to Thomas Jefferson Classical.

SECTION 7.70.(c) Proposal to Add Medicaid Coverage for Transportation Provided by Public School Units. – No later than March 1, 2022, the Department of Health and Human Services, Division of Health Benefits, and the Department of Public Instruction shall jointly submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Joint Legislative Education Oversight Committee with a proposal for adding the Medicaid coverage for school-based transportation services described in the November 1, 2016, report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice entitled "Medicaid Coverage for School-Based Health Services" to the fullest extent allowed by federal Medicaid law and regulations. The proposal shall include all of the following:

(1) A detailed description of the coverage to be added.
(2) A detailed description of the required documentation for reimbursement.
(3) An updated analysis of the fiscal impact both to the Department of Health and Human Services and to all public school units of adding the coverage.
(4) The identification of any State appropriations needed to implement the coverage.
(5) A recommended time frame for implementing the coverage.
(6) Proposed language for any legislative changes needed to implement the coverage.

SECTION 7.70.(d) Subsections (a) and (b) of this section become effective July 1, 2021. Except as otherwise provided, this section is effective when it becomes law.

LIFE CHANGING EXPERIENCES SCHOOL PROGRAM

SECTION 7.71.(a) Of the funds appropriated to the Department of Public Instruction in this act, the Department shall use the sum of five hundred thousand dollars

($500,000) in nonrecurring funds for the 2021-2022 fiscal year to contract with the Children and Parent Resource Group, Inc., to design, implement, and evaluate the Life Changing Experiences School Program (Project) in the 2021-2022 school year. 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 7.71.(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 1, 2022, 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. Each report shall include an accounting of expenditures and student outcome data related to the operation of the Project.

INNOVATIVE SIGNATURE CAREER ACADEMY PILOT

SECTION 7.72.(a) Establish; Purpose. – There is established the Innovative Signature Career Academy Program (Program) as a pilot program to be implemented in Guilford County Schools for the purpose of reforming its current career and technical education (CTE) program to more deliberately prepare its students for high-wage, high-skills careers. The Program shall focus on hosting signature career academies at traditional high schools located in the local school administrative unit that specialize in defined areas of career and technical education.

SECTION 7.72.(b) Components of the Program. – The Program shall include at least the following key components in establishing a minimum of four but no more than six signature career academies at high schools in the local school administrative unit:

(1) One school-selected priority career pathway that does not compete with career pathways at other signature career academies in the local school administrative unit in addition to CTE courses offered as elective options and business and computer science courses.

(2) School and community stakeholder input on the development of the priority career pathways and the phaseout of other CTE programs.

(3) Partnerships with higher education institutions and business and industry entities for specific equipment needs and the design of clearly defined career pathways.

(4) The option for eighth grade students to apply to attend a signature career academy of their choice at a high school located in the local school administrative unit.

(5) Reassignment of current CTE teachers to focus on an area of expertise for a signature career academy and the creation of partnerships with higher

education faculty and employees of industry and business to volunteer to serve as co-teachers in the specialized areas.

SECTION 7.72.(c) Flexibility for Teachers. – Notwithstanding any other provision of law, in addition to the authority provided to a local board of education to employ adjunct instructors in career and technical education career clusters pursuant to G.S. 115C-157.1, the local school administrative unit shall have the flexibility to contract with individuals who have education and training related to the specific skills and career pathways that are the focus of a signature career academy. Any individual who has direct contact with students pursuant to the authority provided by this subsection shall be subject to a criminal history check to ensure that the person has not been convicted of any crime listed in G.S. 115C-332.

SECTION 7.72.(d) Reporting. – By June 30 of the first school year of operation of the Program, and every June 30 thereafter for the duration of the Program operated as a pilot, Guilford County Schools shall report to the Department of Public Instruction on (i) implementation and administration of the Program, including the use of additional resources provided as an appropriation of State funds specifically for the Program, (ii) data from the Program on student completion rates for career pathways and any other data requested by the Department, and (iii) any recommendations on the modification of the Program or the potential application of the Program in other local school administrative units.

By August 15 of the first year of reporting by Guilford County Schools under this subsection, and every August 15 thereafter for the duration of the Program operated as a pilot, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the information submitted by Guilford County Schools pursuant to this subsection.

SECTION 7.72.(e) Term of the Program. – The Program may operate for up to six school years as a pilot program, beginning with the 2021-2022 school year. Before the end of the school year in which the Program will expire as a pilot, the Guilford County Board of Education may apply to the State Board of Education for the Program to be included as an ongoing component of Guilford County Schools' career and technical education local plan submitted to the State Board of Education pursuant to G.S. 115C-154.1. In operating the Program in subsequent school years, Guilford County Schools shall continue to have flexibility in regard to teachers as provided in subsection (c) of this section. The Guilford County Board of Education may request as part of the application that the General Assembly appropriate additional resources for the operation of the Program but may continue to operate the Program if other sources of funds are available. The State Board shall consider the data submitted to the Department of Public Instruction on the operation of the Program pursuant to subsection (d) of this section when reviewing the Program to become a component of the career and technical education local plan.

CLARIFY REPORTING ON TEACHER VACANCIES

SECTION 7.78.(a) G.S. 115C-299.5 reads as rewritten:

"**§ 115C-299.5. Duty to monitor the state of the teaching profession.**

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

(1) Hard-to-staff school. – Any school identified as low-performing, as provided in G.S. 115C-105.37.

(2) Hard-to-staff subject area. – A subject area that is either of the following:

a. As defined by the United States Department of Education.

b. A subject area that has resulted in a long-term vacancy of 16 months or more at a particular school in a local school administrative unit.

(3) Teacher vacancy. – A teaching position that a local board of education is unable to fill with a teacher licensed in that subject area, including a position that meets any of the following criteria:

a. Is not filled by a teacher who has one of the following licenses in the subject area of the position:

1. Continuing Professional License.
2. Initial Professional License.
3. Lifetime License.
4. Limited License.
5. Residency License.

b. Is not filled by a licensed teacher in a permanent assignment.

c. Is filled by a substitute teacher or interim teacher.

d. Is filled by a teacher with (i) an emergency license or (ii) another permit or license not included in sub-subdivision a. of this subdivision.

(b) State of the Teaching Profession Report. – The State Board of Education shall monitor and compile an annual report by December 15 annually on the state of the teaching profession in North Carolina that includes data on the decisions of teachers to leave the teaching profession and vacancies in teaching positions as provided in subsections (c) and (e) 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.

(c) Teachers Leaving the Profession. – The report shall include the following data on the decisions of teachers to leave the teaching profession in the prior school year:

(1) The number of teachers who left the profession without remaining in the field of education and the reasons for teachers leaving the profession.
(2) The number of teachers who left their employment to teach in other states.
(3) The number of teachers who left their employment to work in another school in North Carolina, including nonpublic schools and charter schools.
(4) The number of teachers who left a classroom position for another type of educational position.
(5) The number of teachers who left employment in hard-to-staff schools.
(6) The number of teachers who left employment in hard-to-staff subject areas.

(d) Teacher Effectiveness. – The annual teacher transition report by the State Board of Education shall disaggregate the data included in subsection (c) of this section by teacher effectiveness status at a statewide level. The report shall not disaggregate data on teacher effectiveness status at a local school administrative unit level. Notwithstanding Article 21A of this Chapter, local school administrative units shall provide to the State Board of Education, for the purposes of this report, any North Carolina Educator Evaluation System (NCEES) effectiveness status assigned to teachers who left employment. The State Board of Education shall not report disaggregated data that reveals confidential information in a teacher's personnel file, as defined by Article 21A of this Chapter, such as making the effectiveness status personally identifiable to an individual teacher.

(e) Teacher Vacancies. – The report shall include data on ~~teaching positions that local boards of education are unable to fill with a teacher licensed in that subject area~~ teacher vacancies by the fortieth school instructional day of the local school administrative unit's calendar. The report shall aggregate all data to provide both statewide information and information specific to each local school administrative ~~units,~~ unit, including the following:

(1) The number of teacher vacancies by subject area.
(2) The number of teacher vacancies by school with identification of hard-to-staff schools.

(f) Teacher Licensure. – The report shall include the number of teachers in each of the following licensure categories, by subject area, aggregated to provide statewide information and information specific to each local school administrative unit and school:

(1) Continuing Professional License.
(2) Initial Professional License.
(3) Lifetime License.

(4) Limited License.
(5) Residency License.
(6) Emergency License."

SECTION 7.78.(b) No later than December 15, 2021, the Department of Public Instruction shall provide guidance to local school administrative units on positions considered vacant for purposes of the report required pursuant to G.S. 115C-299.5(e), as amended by this section. That guidance shall include at least the following direction:

(1) A teaching position filled by a teacher with a lateral entry license shall not be considered vacant.
(2) A teaching position filled by a teacher who has been issued a permit to teach pursuant to 16 NCAC 06C .0346 or other applicable rule or policy shall be considered vacant.

SECTION 7.78.(c) Notwithstanding G.S. 115C-299.5, as amended by this section, the State Board of Education shall submit its State of the Teaching Profession Report for the 2021-2022 school year no later than January 15, 2022.

SECTION 7.78.(d) This section is effective when it becomes law.

INTERNET-BASED SCHOOL BUSINESS SYSTEMS/SCHOOL BUSINESS SYSTEM MODERNIZATION FUNDS GRANT PROGRAM

SECTION 7.79.(a) Beginning with the 2021-2022 school year, local boards of education and charter schools shall ensure that all school business systems are (i) housed off the property of the unit or school and (ii) composed of internet-based software.

SECTION 7.79.(b) From funds available to the Department of Public Instruction for the School Business System Modernization Plan for the 2021-2023 fiscal biennium, the Department shall establish a grant program for the 2021-2022 fiscal year to provide funds to eligible local school administrative units and charter schools to transition from school business systems that are located on the premises of the local school administrative unit or charter school to internet-based school business systems. A local school administrative unit or charter school is eligible to receive funds under the grant program if the school does not participate in the School Business System Modernization Plan. Funds shall be provided to local school administrative units and charter schools in appropriate amounts, as determined by the Department.

SCHOLARPATH

SECTION 7.81.(a) Of the funds appropriated to the Department of Public Instruction in this act for the 2021-2022 fiscal year, the Department shall use one million five hundred thousand dollars ($1,500,000) in nonrecurring funds to contract with MyScholar, LLC, to use the ScholarPath platform to create the Twelfth Grade Transition Pilot. The Twelfth Grade Transition Pilot program shall consist of an education planning and communication platform that helps students and parents prepare for the twelfth-grade transition by utilizing O*NET Data to connect and match students to current opportunities in high-demand careers while protecting student data through de-individualized methods.

CIPA COMPLIANCE CONTRACT

SECTION 7.83.(a) Of the funds appropriated to the Department of Public Instruction in this act for the Digital Learning Plan, as set out in S.L. 2016-94, the Department shall use up to four hundred fifty thousand dollars ($450,000) of recurring funds that are unused in each fiscal year of the 2021-2023 fiscal biennium to contract with the digital literacy curriculum provider selected via the competitive procurement process pursuant to Section 7.23K of S.L. 2017-57 to establish a statewide program available to all public school units for up to three years, beginning in the 2021-2022 fiscal year and ending in the 2023-2024 fiscal year, to ensure compliance with P.L. 106-554, the Children's Internet Protection Act.

SECTION 7.83.(b) The funds appropriated to the Department of Public Instruction for the Digital Learning Plan shall not revert to the General Fund at the end of each fiscal year of the 2021-2023 fiscal biennium but shall remain available until expended. It is the intent of the General Assembly to enact similar authority for the Department to use unexpended funds for the Digital Learning Plan as provided in this subsection for the 2023-2024 fiscal year.

GIZELLA ABRAMSON HOLOCAUST EDUCATION ACT

SECTION 7.84.(a) The General Assembly finds that:

(1) Knowledge of the Holocaust is essential to provide students with the fundamental understanding of geography, history, and political systems necessary to make informed choices on issues that affect individuals, communities, states, and nations.

(2) On May 29, 2020, the United States Congress enacted into law the "Never Again Education Act" (P.L. 116-141) recognizing the importance of institutionalizing education about the events of the Holocaust and providing that "Holocaust education provides a context in which to learn about the danger of what can happen when hate goes unchallenged and there is indifference in the face of oppression of others; learning how and why the Holocaust happened is an important component of the education of citizens of the United States."

(3) The term "antisemitism" is defined in the Never Again Education Act as "a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals or their property, toward Jewish community institutions and religious facilities."

(4) The term "Holocaust" is defined in the Never Again Education Act as "the systematic, bureaucratic, state-sponsored persecution and murder of 6,000,000 Jews by the Nazi regime and its allies and collaborators. During the era of the Holocaust, German authorities also targeted other groups because of their perceived "racial inferiority," such as Roma, the disabled, and Slavs. Other groups were persecuted on political, ideological, and behavioral grounds, among them Communists, Socialists, Jehovah's Witnesses, and homosexuals."

(5) "Holocaust denial and distortion" is defined in the Never Again Education Act as "discourse and propaganda that deny the historical reality and the extent of the extermination of the Jews by the Nazis and their accomplices during World War II, known as the Holocaust. Holocaust denial refers specifically to any attempt to claim that the Holocaust did not take place. Holocaust distortion refers to efforts to excuse or minimize the events of the Holocaust or its principal elements, including collaborators and allies of Nazi Germany, to blame the Jews for causing their own genocide, or to portray the Holocaust as a positive historical event."

(6) The Never Again Education Act recognizes "a national imperative to educate students in the United States so that they may explore the lessons that the Holocaust provides for all people, sensitize communities to the circumstances that gave rise to the Holocaust, and help youth to be less susceptible to the falsehood of Holocaust denial and distortion and to the destructive messages of hate that arise from Holocaust denial and distortion."

(7) While recognizing those states that by law require schools to teach students about the Holocaust, the Never Again Education Act finds that "more schools

and teachers, including those in underserved communities, can and should deliver quality Holocaust education."

(8) To that end, the Never Again Education Act provides for the development and dissemination of accurate, relevant, and accessible digital and other resources to promote understanding about how and why the Holocaust happened, along with the development, dissemination, and implementation of principles of sound pedagogy and best practices for educators for teaching about the Holocaust, and the encouragement of the adoption of resources supported by that Act into curricula across diverse disciplines to educate individuals on the lessons of the Holocaust as a means to raise awareness about the importance of preventing genocide, hate, and bigotry against any group of people.

SECTION 7.84.(b) Part 1 of Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-81.57. Education on the Holocaust and genocide.**

(a) This section shall be known and may be cited as the "Gizella Abramson Holocaust Education Act."

(b) The State Board of Education shall review the middle school and high school standard course of study and, in consultation and coordination with the North Carolina Council on the Holocaust and the North Carolina Center for the Advancement of Teaching, shall (i) integrate into English, social studies courses, and other courses, as appropriate, education on the Holocaust and genocide and (ii) develop a curriculum for a Holocaust Studies elective that may be offered in middle schools and high schools of local school administrative units.

(c) The Department of Public Instruction shall provide or cause to be provided curriculum content, and local boards of education shall provide or cause to be provided professional development to ensure that the intent and provisions of this section are effectively implemented. The North Carolina Council on the Holocaust and the North Carolina Center for the Advancement of Teaching may, in consultation with the Department of Public Instruction and local boards of education, provide curriculum content and professional development.

(d) The State Board of Education and the Department of Public Instruction shall review resources and programs developed pursuant to the Never Again Education Act (P.L. 116-141) in satisfying their obligations under this section.

(e) For any standards, curriculum content, professional development, or other materials developed pursuant to this section, the following terms shall be utilized and defined consistent with their definitions in section 3 of the Never Again Education Act (P.L. 116-141):

(1) Antisemitism.

(2) Holocaust.

(3) Holocaust denial and distortion."

SECTION 7.84.(c) This section is effective when it becomes law and applies beginning with the 2023-2024 school year.

DUAL ENROLLMENT/OPPORTUNITY STUDY

SECTION 7.85. The State Board of Education shall partner with a third-party entity to conduct a study examining the factors impacting all students' ability to complete high school courses leading to college credit, an associate degree, or a career-ready credential, including an examination of opportunity, resources, fees, and personnel. The study shall also include an examination of all dual enrollment courses offered as part of the Career and College Promise Program that satisfy basic high school graduation requirements to ensure that the content and skills taught in those courses is aligned to the content and skills outlined in the Standard Course of Study for the requisite courses that meet graduation requirements. The study shall identify if dual enrollment courses are or are not aligned with the Standard Course of Study and, if not aligned, what content or skills are not aligned. The State Board of Education shall report on the

findings of this study to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 15, 2022.

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 2021-2022 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2021-2022 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	$3,546
1	$3,647
2	$3,748
3	$3,849
4	$3,951
5	$4,052
6	$4,153
7	$4,255
8	$4,356
9	$4,457
10	$4,559
11	$4,660
12	$4,761
13	$4,862
14	$4,964
15-24	$5,065
25+	$5,268.

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 2021-2022 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 2022-2023 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2022-2023 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	$3,592
1	$3,694
2	$3,797
3	$3,899
4	$4,002
5	$4,105
6	$4,207
7	$4,310
8	$4,413
9	$4,515
10	$4,618

11	$4,721
12	$4,823
13	$4,925
14	$5,029
15-24	$5,131
25+	$5,336.

SECTION 7A.1.(h) G.S. 115C-302.10 reads as rewritten:

"**§ 115C-302.10. Qualifications for certain education-based salary supplements.**

Notwithstanding ~~Section 35.11 of S.L. 2013-360,~~ any other provision of law, only the following teachers and instructional support personnel shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree ~~level for the 2014-2015 school year and subsequent school years:~~level:

(1) Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.

(2) Teachers and instructional support personnel who were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year.

(3) Teachers and instructional support personnel who (i) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course prior to August 1, 2013, and (ii) would have qualified for the salary supplement pursuant to State Board of Education policy TCP-A-006, as it was in effect on June 30, 2013."

SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES

SECTION 7A.2.(a) Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-302.7. Salary supplement for highly qualified teaching graduates.**

(a) For purposes of this section, a "highly qualified graduate" or "graduate" is an individual entering the teaching profession who has graduated from an approved educator preparation program located in North Carolina who has both of the following:

(1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.

(2) A score of the following or higher on an edTPA assessment or an equivalent score on a nationally normed and valid pedagogy assessment used to determine clinical practice performance:

a. A score of 42 for the World Languages and Classical Languages edTPA assessment.

b. A score of 57 for the Elementary Education edTPA assessment.

c. A score of 48 for all other edTPA assessments.

(b) Notwithstanding any other provision of law, to the extent funds are made available for this purpose, a highly qualified graduate who is employed by a local board of education shall receive a salary supplement each month at the highest level for which the graduate qualifies as follows:

(1) A graduate who accepts initial employment at a school identified as low-performing by the State Board of Education pursuant to G.S. 115C-105.37 shall receive a salary supplement during the graduate's first three 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 three years of experience on the "A" Teachers Salary Schedule, as long as the graduate (i) remains teaching at the same school or (ii) accepts subsequent employment at

another low-performing school or local school administrative unit identified as low-performing.

(2) A graduate licensed and employed to teach in the areas of special education, science, technology, engineering, or mathematics shall receive a salary supplement during the graduate's first two 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 two years of experience on the "A" Teachers Salary Schedule, as long as the graduate continues teaching in one of those areas.

(3) All other graduates shall receive a salary supplement during the graduate's first year 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 one year of experience on the "A" Teachers Salary Schedule."

SECTION 7A.2.(b) This section becomes effective July 1, 2021, and applies to highly qualified graduates hired on or after that date.

BONUSES FOR TEACHERS

SECTION 7A.3.(a) No later than January 31, 2022, the Department of Public Instruction shall administer a one-time, lump sum bonus of three hundred dollars ($300.00) to every teacher whose salaries are supported from State funds and who, as of January 1, 2022, is employed as a teacher in a qualifying public school unit.

SECTION 7A.3.(b) As used in this section, the following definitions shall apply:

(1) Teacher. – Teachers and instructional support personnel.

(2) Qualifying public school unit. – Any of the following:

a. A local school administrative unit.

b. A charter school.

c. A regional school.

d. An innovative school.

e. A laboratory school under Article 29A of Chapter 116 of the General Statutes.

SECTION 7A.3.(c) The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

SECTION 7A.3.(d) 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.3.(e) For charter schools, regional schools, innovative schools, and laboratory schools, the Department of Public Instruction shall allocate funds for the bonuses provided pursuant to this section on the basis of the funded average daily membership of each school.

SECTION 7A.3.(f) It is the intent of the General Assembly that funds provided pursuant to this section will supplement teacher compensation and not supplant local funds.

SECTION 7A.3.(g) For the 2021-2022 fiscal year, funds appropriated from the General Fund to the Department of Public Instruction for the following bonus programs shall instead be used for bonuses for teachers in accordance with subsections (a) through (f) of this section:

(1) The Third Grade Read to Achieve Teacher Bonus Program provided in Section 8.8C of S.L. 2017-57, as amended by Section 2.10 of S.L. 2017-97 and Section 8.10 of S.L. 2018-5.

(2) The Fourth and Fifth Grade Reading Teacher Bonus Program provided in Section 8.8D of S.L. 2017-57, as amended by Section 8.11 of S.L. 2018-5.

(3) The Fourth to Eighth Grade Math Teacher Bonus Program provided in Section 8.8E of S.L. 2017-57, as amended by Section 8.12 of S.L. 2018-5.

SECTION 7A.3.(h) For the 2022-2023 fiscal year and subsequent fiscal years, it is the intent of the General Assembly to reauthorize bonuses for teachers based on the criteria used in the programs identified in subdivisions (1) through (3) of subsection (g) of this section.

ADVANCED COURSE AND CTE TEACHER BONUSES

SECTION 7A.4.(a) Establish Advanced Course and CTE Bonus Program. – The State Board of Education shall establish a teacher bonus program for the 2021-2023 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 2022 and January of 2023, based on data from the 2020-2021 and 2021-2022 school years, respectively, in accordance with this section.

SECTION 7A.4.(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) 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 State Board of Education under Article 7A of Chapter 115C of the General Statutes.
   e. A school providing elementary or secondary instruction operated by The University of North Carolina under Article 29A of Chapter 116 of the General Statutes.

(4) Qualifying teacher. – An eligible advanced course teacher or eligible career and technical education 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.4.(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 "C" or higher on the Cambridge AICE program examinations.

SECTION 7A.4.(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.4.(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.4.(f) Limitation on Bonus Funds. – Bonus funds awarded to a teacher pursuant to subsection (c) or subsection (d) of this section shall not exceed three thousand five hundred dollars ($3,500) per subsection in any given school year.

SECTION 7A.4.(g) 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.4.(h) 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 bonuses are awarded. 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.

SMALL COUNTY AND LOW-WEALTH SIGNING BONUS FOR TEACHERS

SECTION 7A.5.(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 for the 2021-2022 school year.
   b. Was not employed by the eligible employer identified in sub-subdivision a. of this subdivision in the 2020-2021 fiscal year.
   c. Is employed by the eligible employer identified in sub-subdivision a. of this subdivision as of October 1, 2021.

(2) Eligible employer. – The governing board of a local school administrative unit that receives at least one of the following in the 2021-2022 fiscal year:
   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.

SECTION 7A.5.(b) Signing Bonus Program. – For the 2021-2022 fiscal year, the Department of Public Instruction shall establish and administer a signing bonus program for teachers. Signing bonuses shall be provided 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.

SECTION 7A.5.(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 until July 1, 2024, at the earliest. This section shall not apply to any legislatively mandated bonuses received by teachers that are not signing bonuses.

SECTION 7A.5.(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.

SECTION 7A.5.(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.(f) Future Signing Bonuses. – It is the intent of the General Assembly to provide additional signing bonuses for eligible employees in the 2022-2023 fiscal year.

PRINCIPAL SALARY SCHEDULE

SECTION 7A.6.(a) The following annual salary schedule for principals shall apply for the 2021-2022 fiscal year, beginning July 1, 2021:

2021-2022 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	$69,828	$76,811	$83,794
201-400	$73,319	$80,651	$87,983
401-700	$76,811	$84,492	$92,173
701-1,000	$80,302	$88,332	$96,362
1,001-1,600	$83,794	$92,173	$100,553
1,601+	$87,285	$96,014	$104,742.

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 at least two of the prior three 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 if the school growth scores show the school or schools exceeded expected growth in at least two of the prior three school years.

(2) A principal shall be paid according to the Met Growth column of the schedule if any of the following apply:
   a. The school growth scores show the school or schools met expected growth in at least two of the prior three school years.
   b. The school growth scores show the school or schools met expected growth in at least one of the prior three school years and exceeded expected growth in one of the prior three school years.
   c. The principal supervised a school in at least two of the prior three school years that was not eligible to receive a school growth score.

(3) A principal shall be paid according to the Base column if either of the following applies:
   a. The school growth scores show the school or schools did not meet expected growth in at least two of the prior three years.
   b. The principal has not supervised any school as a principal for a majority of the school year in at least two of the prior three 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, 2021, and December 31, 2021, the average daily membership for the school from the 2019-2020 school year. If the school did not have an

average daily membership in the 2019-2020 school year, the projected average daily membership for the school for the 2021-2022 school year.

(2) Between January 1, 2022, and June 30, 2022, the average daily membership for the school for the 2021-2022 school year.

SECTION 7A.6.(c) For purposes of determining the school growth scores for each school the principal supervised in at least two of the prior three school years, school growth scores from the three most recent available school years, up to the 2018-2019 school year, shall be used.

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 2021-2022 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 2022-2023 fiscal year, beginning July 1, 2022:

2022-2023 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	$71,574	$78,731	$85,889
201-400	$75,153	$82,668	$90,184
401-700	$78,731	$86,604	$94,477
701-1,000	$82,310	$90,541	$98,772
1,001-1,600	$85,889	$94,478	$103,067
1,601+	$89,468	$98,415	$107,362.

BONUSES FOR PRINCIPALS

SECTION 7A.7.(a) No later than January 31, 2022, the Department of Public Instruction shall administer a one-time, lump sum bonus of one thousand eight hundred dollars ($1,800) to every principal in a public school unit whose salaries are supported from State funds and who, as of January 1, 2022, is employed as a principal in a public school unit.

SECTION 7A.7.(b) The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonuses 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.

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.8.(a) For the 2021-2022 fiscal year, beginning July 1, 2021, 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 and Transforming Principal Preparation 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 2021-2022 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 2021-2022 fiscal year, beginning July 1, 2021, 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 two and one-half percent (2.5%).

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 2022-2023 fiscal year, beginning July 1, 2022, by two and one-half percent (2.5%).

SECTION 7A.9.(c) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2021-2022 fiscal year, beginning July 1, 2021:

2021-2022 Fiscal Year
Maximum

School Administrator I	$6,797
School Administrator II	$7,202
School Administrator III	$7,632
School Administrator IV	$7,930
School Administrator V	$8,246
School Administrator VI	$8,736
School Administrator VII	$9,084.

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 2021-2022 fiscal year, beginning July 1, 2021:

	2021-2022 Fiscal Year Maximum
Superintendent I	$9,629
Superintendent II	$10,203
Superintendent III	$10,815
Superintendent IV	$11,465
Superintendent V	$12,155.

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 2022-2023 fiscal year, beginning July 1, 2022:

	2022-2023 Fiscal Year Maximum
School Administrator I	$6,967
School Administrator II	$7,382
School Administrator III	$7,823
School Administrator IV	$8,128
School Administrator V	$8,452

School Administrator VI	$8,954
School Administrator VII	$9,311.

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 2022-2023 fiscal year, beginning July 1, 2022:

	2022-2023 Fiscal Year Maximum
Superintendent I	$9,870
Superintendent II	$10,458
Superintendent III	$11,085
Superintendent IV	$11,752
Superintendent V	$12,459.

NONCERTIFIED PERSONNEL SALARIES

SECTION 7A.10.(a) Beginning with the 2021-2022 fiscal year, the State Board of Education shall increase the minimum of all salary grades and ranges it maintains for noncertified public school employees, as necessary, to achieve a minimum hourly compensation rate of thirteen dollars ($13.00) per hour.

SECTION 7A.10.(b) For the 2021-2022 fiscal year, beginning July 1, 2021, 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 the greater of the following:
   a. Two and one-half percent (2.5%).
   b. An amount necessary to increase the minimum hourly compensation rate of the employee to thirteen dollars ($13.00) per hour pursuant to subsection (a) of this section.

(2) For the following employees, by an equitable amount based on the amounts 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.(c) For the 2022-2023 fiscal year, beginning July 1, 2022, it is the intent of the General Assembly to do the following:

(1) Require the State Board of Education to increase the minimum of all salary grades and ranges it maintains for noncertified public school employees, as necessary, to achieve a minimum hourly compensation rate of fifteen dollars ($15.00) per hour.

(2) Increase the annual salary for noncertified public school employees whose salaries are supported from State funds by the greater of the following:
   a. Two and one-half percent (2.5%).
   b. An amount necessary to increase the minimum hourly compensation rate of the employee to fifteen dollars ($15.00) per hour.

SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

SECTION 7A.12.(a) Use of Funds. – For each year of the 2021-2023 fiscal biennium, except as provided in subsection (f) 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.12.(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 meets the following criteria:
   a. For the 2021-2022 fiscal year, has an adjusted market value of taxable real property of less than forty billion dollars ($40,000,000,000).
   b. For the 2022-2023 fiscal year, has an adjusted market value of taxable real property of less than forty-one billion four hundred million dollars ($41,400,000,000).

(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) 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.

(10) Median household income factor. – For each eligible county, the median household income in the State divided by the median household income for that county.

(11) 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).

(12) 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.

(13) 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.

(14) Teacher. – Teachers and instructional support personnel.

SECTION 7A.12.(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, up to a maximum of four thousand two hundred fifty dollars ($4,250) per State-funded teacher, to each eligible local school administrative unit for each applicable fiscal year.

SECTION 7A.12.(d) Charter Schools. – Funds appropriated to the Department of Public Instruction pursuant 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.12.(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.12.(f) Nonsupplant Requirement. – A local school administrative unit that receives funds under this section shall use the funds to supplement and not supplant non-State funds provided for salary supplements for teachers and qualifying school administrators. The State Board of Education shall not allocate any funds under this section to a local school administrative unit if the State Board finds that the unit has reduced the average local salary supplement the unit provided to teachers or qualifying school administrators in the prior school year.

SECTION 7A.12.(g) Reports. – No later than April 15 of each year of the 2021-2023 fiscal biennium, the State Board of Education shall report the following information for the applicable fiscal year 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:

(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.

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 2021-2023 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.

PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM

SECTION 8.3.(a) Program Established. – Of the funds appropriated by this act for the 2021-2023 fiscal biennium to the Board of Governors of The University of North Carolina for the North Carolina Patriot Star Family Scholarship Program (Program), the Board of Governors shall make funds available to (i) the Patriot Foundation, a nonprofit corporation, and (ii) the Marine Corps Scholarship Foundation, Inc., a nonprofit corporation, for the purpose of establishing and administering scholarships under the Program, originally established pursuant to Section 3.4 of S.L. 2020-97, in accordance with the requirements of this section.

SECTION 8.3.(b) Purpose of the Program. – The Patriot Foundation and the Marine Corps Scholarship Foundation, Inc., respectively, shall provide for scholarships to eligible children and eligible spouses of certain veterans, eligible children of certain currently serving members of the Armed Forces, and eligible disabled veterans to attend eligible postsecondary institutions in accordance with the requirements of this section.

SECTION 8.3.(c) Definitions. – For the purposes of this section, the following definitions apply:

(1) Armed Forces. – A component of the United States Army, Navy, Marine Corps, Air Force, and Coast Guard, including their reserve components.

(2) Eligible child or eligible children. – Any person (i) who is attending or has been accepted to enroll in an eligible postsecondary institution, (ii) who is a legal resident of North Carolina when scholarship documentation is completed, provided that if a child is claimed as a dependent by the child's parent, residency may be established based on a parent meeting sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) who has complied with the requirements of the Selective Service System, if applicable, and (iv) whose parent is a veteran or a currently serving member of the Armed Forces that meets the following:

a. Meets one of the following residency conditions:

1. Is a resident of North Carolina at the time of scholarship documentation completion.
2. Was a resident of North Carolina at the time of entrance into service in the Armed Forces.
3. Was permanently stationed in North Carolina at the time of his or her death.
4. Is an active duty service member permanently stationed in North Carolina at the time of documentation completion.

b. Meets one of the following service conditions:

1. Was a member of the Armed Forces who was killed in action or in the line of duty or died of wounds or other causes not due to the service member's willful misconduct during a period of war, national emergency, or training in preparation for future conflicts and is a direct result of service in the line of duty.
2. Was a member of the Armed Forces who died of service-connected injuries, wounds, illness, or other causes incurred or aggravated while a member of the Armed Forces during a period of war, national emergency, or training in preparation for future conflicts and is a direct result of service in the line of duty. Standard documentation of the parent's death, wounds, injury, or illness must be supplied by a scholarship recipient at the time of scholarship request.
3. Is a veteran of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national emergency and is receiving compensation for a wartime service–connected disability of at least fifty percent (50%) as rated by the U.S. Department of Veterans Affairs.
4. Is a current member of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war, national emergency, or training in preparation for future conflicts and is a direct result of service in the line of duty. The parent's traumatic wounds, injury, or major illness must be documented by the member's Unit Commander.

(3) Eligible disabled veteran. – Any person who is (i) a veteran of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national emergency and is receiving compensation for a wartime service–connected disability of at least fifty percent (50%) as rated by the U.S. Department of Veterans Affairs, (ii) a resident of North Carolina when scholarship

documentation is completed, and (iii) is attending or has been accepted to enroll in an eligible postsecondary institution.

(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.
   d. A private vocational institution, including Federal Aviation Administration certificated aviation training programs.

(5) Eligible spouse. – Any person (i) who is attending or has been accepted to enroll in an eligible postsecondary institution, (ii) who is a legal resident of North Carolina when scholarship documentation is completed, (iii) who has complied with the requirements of the Selective Service System, if applicable, and (iv) whose spouse meets one of the conditions set forth in sub-sub-subdivisions 1. through 3. of sub-subdivision b. of subdivision (2) of this subsection.

(6) Veteran. – An individual who has served and is no longer serving in the Armed Forces of the United States. For the purposes of this section, the veteran must have separated from the Armed Forces under honorable conditions or whose death or disability of at least fifty percent (50%) or more was incurred as a direct result of service in the line of duty.

SECTION 8.3.(d) Administration; Awards. – Within the funds made available for the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each separately administer and award scholarships to eligible applicants in accordance with the requirements of the North Carolina Patriot Star Family Scholarship Program. In administering the Program, each nonprofit corporation shall be responsible for Program oversight for the scholarships awarded through its organization to ensure compliance with the provisions of this section.

Each nonprofit corporation shall, at a minimum, establish criteria and procedures related to scholarship documentation completion, the amount of individual scholarships, the permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for a revocation of a scholarship, and any other procedures it deems necessary for its administration of the Program.

If an eligible child or eligible spouse receives a scholarship or other grant covering the cost of attendance at an eligible postsecondary institution for which the scholarship is awarded, then the amount of a scholarship awarded under this section shall be reduced so that the sum of all grants and scholarships covering the cost of attendance received by the eligible child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes of this section, cost of attendance shall include monies for tuition, fees, books, supplies, and school-related expenses, including laptops, equipment, tutoring support, as well as room and board as long as the scholarship recipient is enrolled as at least a half-time student at the institution. Off-campus housing costs for room and board are also included to the extent the eligible postsecondary institution includes it in its cost of attendance.

SECTION 8.3.(e) Reporting. – The Patriot Foundation shall submit a report by April 1 of each year in which the Patriot Foundation spends State funds made available for the Program 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 activities related to the Program and the use of the State funds.

The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of each year in which the Marine Corps Scholarship Foundation spends State funds made available for the Program 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 activities related to the Program and the use of the State funds.

REPORT ON SCIENCE OF READING EPP COURSEWORK IMPLEMENTATION

SECTION 8.4.(a) The Board of Governors of The University of North Carolina shall contract with an outside consultant for an evaluation on the progress of the implementation of the changes in requirements for approval or renewal of approval of educator preparation programs (EPPs) for training of (i) elementary education teachers in coursework in the Science of Reading and (ii) elementary and special education general curriculum teachers in early literacy intervention strategies and practices that are aligned with the Science of Reading pursuant to Section 4 of S.L. 2021-8. The State Board of Community Colleges, the North Carolina Independent Colleges and Universities, the State Board of Education, the Superintendent of Public Instruction, and the Professional Educator Preparation and Standards Commission (PEPSC) shall provide the outside consultant with all information necessary to determine at least the following:

(1) A baseline of the current coursework in literacy training and intervention strategies and practices at EPPs.

(2) The plan for implementation of the requirements at approved EPPs and any recommendations for implementation by the State Board of Education, the Superintendent, and PEPSC.

(3) The time line for EPPs to incorporate the training into their programs by the anticipated academic semesters.

(4) Any EPPs that have already incorporated training into their programs and their best practices to share with other programs.

SECTION 8.4.(b) The Board of Governors shall submit an interim report by March 15, 2022, and a final report by June 15, 2022, to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on the progress of implementation of required changes and the results of the overall evaluation from the outside consultant required under subsection (a) of this section. The interim report submitted by February 15, 2022, shall also include the baseline of current coursework in literacy training and intervention strategies and practices at EPPs.

FALLS LAKE NUTRIENT MANAGEMENT STUDY/FUNDS

SECTION 8.5. Of the funds appropriated by this act to the Board of Governors for the 2021-2022 fiscal year for the study of Falls Lake, any unexpended funds remaining at the end of the 2021-2022 fiscal year shall not revert to the General Fund but shall remain available for expenditure for the purposes of studying and analyzing nutrient management strategies and compiling existing water quality data of Falls Lake pursuant to Section 14.13(c) of S.L. 2016-94, as amended by Section 13.18(a) of S.L. 2018-5, until December 31, 2023.

NEW EDUCATION FACILITY/UNCW/PLANNING FUNDS

SECTION 8.6.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2021-2022 fiscal year, the sum of nine hundred ninety-four thousand dollars ($994,000) in nonrecurring funds shall be held in reserve for the purpose of providing funds for the planning of a new facility for Isaac Bear Early College High School on the University of North Carolina at Wilmington's campus as the partner institution of higher education for the cooperative innovative high school.

The Board of Governors shall allocate the funds to the University of North Carolina at Wilmington (UNC-Wilmington) upon the signing of a memorandum of agreement between

New Hanover County Schools and UNC-Wilmington on the specifics of the facility project, including the site location for the new facility and the sources of funds for the project.

SECTION 8.6.(b) If a memorandum of agreement is not signed between New Hanover County Schools and UNC-Wilmington as required by subsection (a) of this section by June 30, 2022, the funds held in reserve by the Board of Governors pursuant to this section shall revert to the General Fund.

SECTION 8.6.(c) The allocation of funds by the Board of Governors to UNC-Wilmington pursuant to this section shall not be deemed to constitute a financial obligation of the State to provide any additional State funds in subsequent fiscal years for the purpose of planning or constructing a new facility for Isaac Bear Early College High School.

ALLOW IN-STATE TUITION/ATHLETIC SCHOLARSHIPS

SECTION 8.7.(a) G.S. 116-143.6 reads as rewritten:

"**§ 116-143.6. Full scholarship students attending constituent institutions.**

(a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent institution of The University of North Carolina elects to do so, it may by resolution adopted consider as residents of North Carolina all persons who receive full ~~scholarships, unless the scholarship is for athletics,~~ scholarships to the institution from entities recognized by the institution and attend the institution as undergraduate students. The aforesaid persons shall be considered residents of North Carolina for all purposes by The University of North Carolina.

(b) The following definitions apply in this section:

(1) "Full cost" means an amount calculated by the constituent institution that is no less than the sum of tuition, required fees, and on-campus room and board.

(2) "Full scholarship" means a grant that meets the full cost for a student to attend the constituent institution for an academic year.

(c) This section shall not be applied in any manner that violates federal law.

~~(d) This section shall be administered by the electing constituent institution so as to have no fiscal impact.~~

(e) In administering this section, the electing constituent institution shall maintain at least the current number of North Carolina residents admitted to that constituent institution.

(f) A change in residency status under this section shall not impact the financial aid amount a student is able to receive as determined by the Free Application for Federal Student Aid."

SECTION 8.7.(b) This section applies beginning with the 2021-2022 academic year.

CODIFY NC COLLABORATORY

SECTION 8.8.(a) Section 11.8 of S.L. 2016-94, as amended by Section 8(c) of S.L. 2020-74, reads as rewritten:

"**SECTION 11.8.** ~~The~~ Beginning with the 2021-2022 fiscal year, the one million dollars ($1,000,000) in recurring funds appropriated in this act to the Board of Governors of The University of North Carolina for the 2016-2017 fiscal year to establish and operate a North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill shall be ~~used~~ used, in addition to any other funds appropriated for this purpose, to establish ~~a Collaboratory that facilitates the dissemination of the policy and research expertise of The University of North Carolina and other institutions of higher learning within North Carolina for practical use by State and local government, although, wherever possible, funding preference may be given to campuses within The University of North Carolina System. Any funds appropriated by the General Assembly for use by the Collaboratory may not be used for indirect overhead costs. The Collaboratory, at a minimum, shall conduct research on natural resources management, including, but not limited to, research related to the environmental and economic components of the management of the natural resources within the State of North Carolina and of new~~

~~technologies for habitat, environmental, and water quality improvement. The Collaboratory shall develop and disseminate relevant best practices to interested parties, may lead or participate in projects across the State related to natural resource management, and may make recommendations to the General Assembly from time to time.~~and operate the North Carolina Collaboratory pursuant to Article 31A of Chapter 116 of the General Statutes."

SECTION 8.8.(b) Chapter 116 of the General Statutes is amended by adding a new Article to read:

"Article 31A.

"The North Carolina Collaboratory.

"**§ 116-255. The North Carolina Collaboratory established.**

(a) Collaboratory Established. – There is established the North Carolina Collaboratory (Collaboratory) to facilitate the dissemination of the policy and research expertise of The University of North Carolina and other institutions of higher education within North Carolina for practical use by State and local governments. The Collaboratory shall be housed at the University of North Carolina at Chapel Hill.

(b) Duties and Powers. – The Collaboratory shall do at least the following within the funds available:

(1) Conduct, manage, or participate in research on natural resources management, including, but not limited to, research related to the environmental and economic components of the management of the natural resources within the State of North Carolina and of new technologies for habitat, environmental, and water quality improvements.

(2) Conduct, manage, or participate in other projects and opportunities, including, but not limited to, research that may be of interest to citizens and policymakers within the State.

(3) Support research programs at institutions of higher education, particularly institutions identified as historically minority-serving institutions, within the Collaboratory's areas of focus and expertise.

(4) Identify, pursue, and support research and development opportunities through technology research and development, including, but not limited to, funding opportunities and partnerships between institutions of higher education, government agencies, nonprofit organizations, and both private and public businesses.

(5) Develop and disseminate relevant best practices to interested parties, lead or participate in projects across the State, and make policy, research, funding, and other recommendations to the General Assembly.

(6) Maintain an online reporting portal, in partnership with the Office of State Fire Marshal, on the storage and deployment of Aqueous Film-Forming Foams (AFFF) as required by G.S. 58-82B-10.

(7) Teach and train students and faculty to engage in and administer neutral and unbiased research and advice on science policy through (i) informal workshops and similar events and (ii) formal development and delivery of curriculum.

(c) Funding Conditions and Restrictions. – The following applies to funding received by the Collaboratory:

(1) In disseminating State funds, the Collaboratory may give funding preference to constituent institutions of The University of North Carolina, wherever possible.

(2) Funds appropriated by the General Assembly and used by the Collaboratory may not be used for indirect overhead costs at an institution partnering with the Collaboratory.

(3) For research or investigations that need to be carried out expeditiously in response to a project, opportunity, or a legislative mandate, the provisions of Article 3 of Chapter 143 of the General Statutes, G.S. 143-129, and G.S. 116-31.10 shall not apply to the Collaboratory for the purchase of apparatus, supplies, material, services, or equipment in projects addressing an emerging or immediate threat to public health, safety, or welfare. For each project that utilizes this exemption, the Collaboratory shall provide a justification in writing and make this document available on its website for the duration of the project.

(4) All units of State and local government shall cooperate and assist the Collaboratory with its research program by providing reasonable access to at least the following:

a. Infrastructure.

b. Personnel.

c. Data.

(5) The Collaboratory may allocate funds to units of State and local government, as necessary, for purposes of facilitating compliance with subdivision (4) of this subsection.

"**§ 116-256. Annual report.**

By December 1 of each year, the Collaboratory shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Oversight Committee on Health and Human Services, and the Joint Legislative Education Oversight Committee on its activities in the prior fiscal year and any legislative recommendations."

SECTION 8.8.(c) Notwithstanding G.S. 116-256, as enacted by this section, the North Carolina Collaboratory shall submit its report required by G.S. 116-256 on its activities from the 2020-2021 fiscal year by February 1, 2022.

COLLABORATORY/RESEARCH GRANTS HMSI

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.

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 8.9.(b) Funds allocated to the Collaboratory for the research grant program shall not be used to cover the administrative costs for the Collaboratory. Any unexpended funds appropriated for the research grant program at the end of a fiscal year shall not revert to the General Fund but shall remain available for expenditure for the purposes of this section.

COLLABORATORY/2021 WATER SAFETY ACT/FIREFIGHTING FOAM REGISTRY

SECTION 8.10.(a) The North Carolina Collaboratory (Collaboratory) shall continue to identify faculty expertise, technology, and instrumentation located within institutions of higher education in the State, including East Carolina University, the University of North Carolina at Chapel Hill, the University of North Carolina at Charlotte, the University of North Carolina at Wilmington, North Carolina State University, North Carolina Agricultural and Technical State University, Duke University, and other public and private institutions within the State and coordinate these faculty, technology, instrumentation, and other resources to do the following:

(1) Conduct both targeted and nontargeted analysis for per- and poly-fluoroalkyl substances (PFAS), including the chemical known as "GenX," through a continuation of the North Carolina PFAS Testing Network (Network).

(2) With respect to PFAS, including GenX, conduct (i) statewide water sampling, testing, and monitoring, (ii) statewide air sampling, testing, and monitoring, (iii) toxicology work in cellular and mammalian models, as well as monitoring levels and health effects of the citizens of North Carolina, and (iv) data management, analysis, and dissemination.

(3) Develop and deploy technologies to mitigate exposure to PFAS, including GenX, and health impacts from such exposure.

(4) Evaluate and pursue other research opportunities with respect to PFAS, including GenX, using relevant faculty expertise, technology, and instrumentation.

The Collaboratory shall utilize the faculty and staff at the University of North Carolina at Wilmington for assisting with project management of the requirements set forth in subsections (a) through (e) of this section.

SECTION 8.10.(b) The Collaboratory shall continue to report the results of sampling conducted pursuant to subsection (a) of this section to the Environmental Review Commission, the Department of Environmental Quality, the Department of Health and Human Services, the United States Environmental Protection Agency, and the public through the Network's website.

SECTION 8.10.(c) Of the funds appropriated by this act 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 Collaboratory, the sum of twelve million seven hundred fifty thousand dollars ($12,750,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used by the Collaboratory to manage and implement the requirements of subsections (a) through (e) of this section, which shall include distribution to the Collaboratory (i) to cover costs incurred as a result of these activities, (ii) for acquisition or modification of essential scientific instrumentation and maintenance, and (iii) for payments of costs for sample collection and analysis, training or hiring of research staff and other personnel, method development activities, and data management, including dissemination of relevant data to stakeholders. Participating institutions receiving any funds under this subsection may not use any of the funds for overhead or other indirect costs. Funds allocated under this subsection shall not revert but shall remain available for nonrecurring expenditures. The provisions of Article 3 of Chapter 143 of the General Statutes, G.S. 116-31.10, G.S. 143-129, and other relevant policies and guidelines related to those provisions shall not apply to the purchase of apparatus, supplies, material, personnel, contract, or equipment with any of the funds allocated under this section.

SECTION 8.10.(d) Of the funds allocated under subsection (c) of this section, a minimum of ten million dollars ($10,000,000) shall be directed to development within The University of North Carolina of a technology, or technologies, that utilizes water filtration or other chemical or physical technologies to remove or mitigate the presence of PFAS, including GenX, from water supplies where it is present. The technology shall be developed so that it can

be deployed at three separate water supply locations at which analytical data demonstrates that PFAS contamination exists in order to test the efficacy of the technology, or technologies, as follows: (i) a publicly owned water treatment plant that provides drinking water from the Cape Fear River, (ii) a publicly owned wastewater treatment plant that discharges into the Cape Fear River, or a surface water body that flows into the Cape Fear River, and (iii) a location in either the Castle Hayne or the PeeDee aquifer that is utilized for drinking water. Each of these three sites shall be selected by the Collaboratory in consultation with faculty and staff from institutions of higher education in the State identified by the Collaboratory pursuant to subsection (a) of this section. All units of State and local government shall cooperate and assist with the placement, integration, operation, testing, and assessment of technology, or technologies, developed and deployed for the duration of any pilot testing authorized and funded under subsection (a) of this section.

SECTION 8.10.(e) The Collaboratory should continue to pursue relevant public and private funding opportunities that may be available to address the impacts of PFAS, including GenX, on surface water, groundwater, and air quality in order to leverage funds allocated under subsection (a) of this section or any other funds provided to the Collaboratory.

SECTION 8.10.(f) It is the intent of the General Assembly that funds appropriated in this act to the Department of Environmental Quality for personnel to map emerging compounds and to establish an Emerging Compounds unit within the Department will be expended synergistically with the funds allocated under subsection (a) of this section to comprehensively address the impacts of PFAS contamination on citizens of the State.

SECTION 8.10.(g) The University of North Carolina at Chapel Hill shall apportion all gross revenue associated with any intellectual property, including licensing fees and patenting revenue, related to ionic fluorogel water filtration or other chemical or physical technologies developed utilizing research funds that are provided by the Collaboratory, which were allocated pursuant to this section, under the following formula:

(1) Ten percent (10%) to the General Fund.

(2) Forty percent (40%) to the inventor or inventors of such technologies.

(3) Fifty percent (50%) to the University of North Carolina at Chapel Hill to be divided as follows: (i) two-fifths into a general patent/licensure fund to be used at the constituent institution's discretion, (ii) two-fifths to the home academic department or department of the inventor or inventors of such technologies, and (iii) one-fifth to the Collaboratory to fund ongoing PFAS-related research and technology development.

SECTION 8.10.(h) Chapter 58 of the General Statutes is amended by adding a new Article to read:

"Article 82B.

"Management of Aqueous Film-Forming Foams.

"**§ 58-82B-1. Findings.**

The General Assembly finds that certain firefighting foams used to fight Class B fires, often referred to as Aqueous Film-Forming Foams (AFFF), are critical for fire suppression and public safety. However, because many AFFF could contain per- and poly-fluoroalkyl substances, certain foams may require additional research, oversight, and management. The General Assembly further finds that accurate and comprehensive reporting of the use of AFFF by fire departments throughout the State is essential in order to appropriately manage the potential impacts of AFFF on the environment and public health.

"**§ 58-82B-5. Reporting requirement.**

Fire departments operated, regulated, or managed by one or more units of State and local government, including those located at or serving public airports, in partnership with the Office of the State Fire Marshal (OSFM), shall, no later than July 1, 2022, and annually thereafter, do all of the following:

(1) Provide an inventory of all AFFF at each department.
(2) Identify all AFFF no longer utilized at each department that should be properly disposed of.
(3) Report annually in summary form and within 15 days individually every incident where AFFF were deployed. Both the annual summary report and the individual incident reports shall utilize the online portal created as directed by G.S. 58-82B-10.

"**§ 58-82B-10. Duties of Office of the State Fire Marshal.**

The Office of the State Fire Marshal (OSFM) shall do all of the following:

(1) Educate and inform every fire department it regulates of the reporting requirements imposed by this Article.
(2) Assist the North Carolina Collaboratory, established under G.S. 116-255, in the development of an online reporting portal for fire departments operated, regulated, or managed by one or more units of State and local government, including those located at or serving public airports, with the requirements of this Article.
(3) Adopt rules to implement the requirements of this Article. OSFM may adopt temporary rules and shall adopt permanent rules no later than January 1, 2023.

"**§ 58-82B-15. Report.**

The Office of the State Fire Marshal (OSFM) shall report annually to the Environmental Review Commission no later than September 1 of each year on the utilization and inventory of AFFF by fire departments across the State during the previous fiscal year based on the reporting requirements of this Article."

SECTION 8.10.(i) The Collaboratory, in partnership with the Office of the State Fire Marshal (OSFM) and any unit of State and local government deemed relevant by the Collaboratory, shall develop and maintain the online reporting portal as required by G.S. 58-82B-10, as enacted by subsection (h) of this section, and G.S. 116-255(b)(6), as enacted by Section 8.8 of this act. The portal shall consist of an online reporting tool and related database that captures the storage and deployment of Aqueous Film-Forming Foams (AFFF) by fire departments in the State that are operated, managed, or overseen by units of local government, including those located at or serving public airports. The reporting tool shall be easily accessible to firefighters and fire department personnel to upload the data. The required inventory data shall include, at a minimum, the following:

(1) The number of trucks at each department that carry AFFF and the volume, trade name, and Chemical Abstract Service (CAS) number of the AFFF on each truck.
(2) The fire station, including street address, where each truck is located.
(3) The volume, trade name, and CAS number of AFFF stored by each fire department or unit of local government at a station or other location, as well as the address of each location where AFFF are stored.
(4) The volume, trade name, and CAS number of AFFF products that are no longer utilized and could be removed from inventory for disposal.
(5) The volume of AFFF used by each fire department annually, including all of the following:
    a. The date, time, and location, including street address and GPS coordinates, where AFFF was deployed, and the trade name and CAS number of the AFFF used.
    b. The total volume of AFFF deployed, including gallons of foam and gallons of water and total concentration of foam.

c. The reason for the deployment of AFFF, such as firefighting, fire prevention, other emergency response actions intended to protect property or public safety, training, or an accidental spill.

(6) A photograph of the label and the container of the foam. For the purpose of this subdivision, a photograph includes an electronic image produced by the camera of an electronic device.

(7) Any other data deemed relevant by the Collaboratory to establish a statewide inventory of AFFF used for fighting fires or firefighter training.

OSFM and all units of local government shall provide any information or assistance requested by the Collaboratory to acquire, compile, manage, interpret, and maintain the data required by this section. The tool and database required by this section shall be online and operational no later than January 1, 2023.

COLLABORATORY/STUDY OF THE COASTAL AND MARINE FISHERIES OF THE STATE

SECTION 8.11.(a) In advance of the twenty-fifth anniversary of North Carolina's Fisheries Reform Act of 1997 and the fiftieth anniversary of North Carolina's Coastal Area Management Act, the North Carolina Collaboratory (Collaboratory) shall conduct a study on the overall status of the coastal and marine fisheries regulated by the State. The study shall focus on the following regulated species, including the health and extent of the habitats required by these species:

(1) Bay Scallop.
(2) Blue Crab.
(3) Eastern Oyster.
(4) Estuarine Striped Bass.
(5) Hard Clam.
(6) Kingfishes.
(7) Red Drum.
(8) River Herring.
(9) Sheepshead.
(10) Shrimp.
(11) Southern Flounder.
(12) Spotted Seatrout.
(13) Striped Mullet.

The Collaboratory shall analyze trends through time spanning the last few decades or longer to assess and develop policy recommendations to better manage the overall health and viability of the State's fisheries and fisheries' habitats. The Department of Environmental Quality, the Wildlife Resources Commission, other agencies of the State, and units of local government shall provide any assistance requested by the Collaboratory to acquire and compile data and complete the study required by this section. The Collaboratory shall provide the results of this study to the Environmental Review Commission no later than June 30, 2023.

SECTION 8.11.(b) In its expenditure of the one million dollars ($1,000,000) in recurring funds appropriated in this act for the 2021-2022 fiscal year to the Board of Governors of The University of North Carolina and allocated to the Collaboratory for research projects, the Collaboratory shall prioritize funding for the study of the coastal and marine fisheries of the State described in subsection (a) of this section. These funds shall not revert to the General Fund at the end of the 2021-2022 fiscal year but shall remain available until the end of the 2022-2023 fiscal year.

COLLABORATORY/COVID-19 RESEARCH INITIATIVES

SECTION 8.12.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund 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 facilitate among various entities research and activities related to monitoring, assessing, and addressing the public health and economic impacts of COVID-19, including, but not limited to, (i) best practices and strategies to maximize resources and achieve a comprehensive research response to COVID-19 and (ii) commercialization of technologies developed through academic research programs or academic partnerships. These funds shall not be used for indirect overhead costs.

SECTION 8.12.(b) Of the funds identified in subsection (a) of this section, fifteen million dollars ($15,000,000) shall be used for a comprehensive convergent science grant program administered by the Collaboratory. Convergent science grants awarded pursuant to the program shall meet at least the following requirements:

(1) Grants shall be awarded to the following entities:
   a. Business entities that meet all of the following requirements:
      1. Are organized pursuant to the laws of this State as for-profit or nonprofit organizations.
      2. Have their principal office in this State.
      3. Would benefit from academic research partnerships.
      4. Identify in their grant applications one or more academic research partners that are (i) affiliated with institutions of higher education located in this State and (ii) connected to the applied research and development activities the business entities describe in their grant applications.
   b. Academic research partners identified pursuant to sub-sub-subdivision 4. of sub-subdivision a. of this subdivision.

(2) Grant funds shall support applied research regarding the development of technology that meets the purposes of this section.

(3) No single business entity shall receive grant funds in excess of two million five hundred thousand dollars ($2,500,000).

(4) The Collaboratory shall provide smaller grants to business entities, as needed, in amounts per business entity ranging from two hundred fifty thousand dollars ($250,000) to one million dollars ($1,000,000).

(5) No single academic research partner, including an academic research partner with a multi-campus team, shall receive a grant in excess of twenty percent (20%) of the total grant funds awarded to its partner business entity pursuant to this section. An academic research partner that is affiliated with multiple business entities may receive multiple grants.

SECTION 8.12.(c) The Collaboratory may assemble an advisory panel of representatives from various entities as necessary to discuss, review, and analyze progress toward meeting research goals and the use of available federal funds. The Collaboratory shall report on the progress of the development of research and activities related to monitoring, assessing, and addressing the public health and economic impacts of COVID-19 and the use of the appropriated funds received pursuant to this act to the Joint Legislative Oversight Committee on Health and Human Services no later than September 1, 2024.

AP FEES FOR NCSSM/UNCSA HS STUDENTS

SECTION 8.13.(a) Part 5 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-43.30. Advanced Placement courses for secondary school students.**

(a) It is the intent of the State to enhance accessibility and encourage secondary school students to enroll in and successfully complete more rigorous Advanced Placement courses to enable success in postsecondary education for all students. To attain this goal, to the extent funds are made available for this purpose, secondary school students enrolled in the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts shall be exempt from paying any fees for registration and administration of examinations for Advanced Placement courses in which the student is enrolled, regardless of the score the student achieves on an examination.

(b) The University of North Carolina System Office shall report annually by December 15 to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on Advanced Placement course information for the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts. The report shall include, at a minimum, the following information from the prior fiscal year:

(1) Number of students enrolled in Advanced Placement courses and participating in Advanced Placement course examinations, including demographic information by gender and race.

(2) Student performance on Advanced Placement course examinations, including information by course and school.

(3) Amount of State funds expended for fees for Advanced Placement courses by school."

SECTION 8.13.(b) Of the funds appropriated to the Board of Governors of The University of North Carolina in this act for the 2021-2022 fiscal year for test fees for Advanced Placement courses for secondary school students, the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts shall reimburse secondary school students for all fees already paid by a student for the registration and administration of examinations for Advanced Placement courses in which the student has enrolled in the 2021-2022 school year, regardless of the score the student achieves on the examination. For purposes of this subsection, the term "secondary school students" refers to students enrolled in the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts.

SECTION 8.13.(c) The initial report required pursuant to G.S. 116-43.30(b) shall be submitted to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by December 15, 2022.

CHANGES TO UNC CARRYFORWARD AUTHORITY

SECTION 8.15. G.S. 116-30.3 reads as rewritten:

"**§ 116-30.3. Reversions.**

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for the ~~purpose~~ purposes set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed ~~five percent (5.0%)~~ two and one-half percent (2.5%) of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code.

The budget codes that may carry forward a General Fund current operations appropriations credit balance remaining at the end of each fiscal year pursuant to this section are the budget codes for each of the following:

(1) Each special responsibility constituent institution.

(2) The Area Health Education Centers of the University of North Carolina at Chapel Hill.

(3) University of North Carolina System Office Budget Code 16010.

~~Each budget code in subdivisions (1) through (3) of this subsection may retain a carryforward amount of up to two and one-half percent (2.5%). One-half of any amounts carried forward exceeding two and one-half percent (2.5%) shall be distributed to The University of North Carolina System Office, to be disbursed to the constituent institutions at the discretion of the Board of Governors, with the remaining amount being retained in that budget code.~~

(b) Repealed by Session Laws 1998-212, s. 11(b).

(c) Repealed by Session Laws 1998-212, s. 11(a).

(d) Repealed by Session Laws 1998-212, s. 11(b).

(e) Repealed by Session Laws 2014-100, s. 11.17(a), effective July 1, 2014.

(f) Funds carried forward pursuant to subsection (a) of this section ~~shall be used for projects that are eligible to receive funds under G.S. 143C-8-13(a). Expenditures~~ may be used for one-time expenditures; provided, however, expenditures authorized by this subsection shall not impose additional financial obligations on the State and shall not be used to support positions."

CTP POSTSECONDARY SCHOLARSHIP PROGRAM

SECTION 8.16.(a) Chapter 116 of the General Statutes is amended by adding a new Article to read:

"Article 35A.

"Comprehensive Transition Postsecondary (CTP) Scholarships.

"**§ 116-295. Comprehensive Transition Postsecondary Scholarship Program established; administration of scholarships.**

(a) Program Established. – There is established the Comprehensive Transition Postsecondary (CTP) Scholarship Program to provide scholarships to full-time North Carolina students with intellectual disabilities enrolled in certificate accomplishment programs at constituent institutions of The University of North Carolina that are approved by the United States Department of Education as a CTP Program, pursuant to the Higher Education Opportunity Act of 2008, 20 U.S.C. §§ 1140f through 1140i.

(b) Administration of the Program. – The University of North Carolina System Office shall administer the CTP Scholarship Program, in consultation and collaboration with the constituent institutions, pursuant to policies adopted by the governing body of the constituent institutions that are consistent with the requirements of this Article.

"**§ 116-296. Comprehensive Transition Postsecondary Scholarship Fund established; administration of fund.**

(a) Fund Established. – There is established the Comprehensive Transition Postsecondary (CTP) Scholarship Fund to be used to fund scholarships awarded pursuant to this Article. All funds appropriated for the program, all returned scholarship monies, and all interest earned on these funds shall be placed in the Fund. Scholarship funds that are unexpended at the end of each fiscal year shall not revert to the General Fund but shall remain available for the award of scholarships under this Article.

(b) Administration of Fund. – The University of North Carolina System Office, in collaboration with the constituent institutions, shall administer the CTP Scholarship Fund.

"**§ 116-297. Student eligibility; award of scholarships.**

(a) Eligibility. – To be eligible for a scholarship under this Article, a student must meet all of the following conditions:

(1) 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.

(2) Meet enrollment standards by being admitted, enrolled, and classified as a full-time student in the Integrative Community Studies CTP Program at the constituent institution.

(3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate need according to the federal methodology in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

(b) Award of Scholarships; Reduction to Award. – Subject to the availability of funds in the Comprehensive Transition Postsecondary (CTP) Scholarship Fund established under G.S. 116-316, scholarships shall be awarded to eligible students in an amount to cover the cost of attendance in the CTP program at the constituent institution. If a student who is eligible for a scholarship under this section also receives a scholarship or other grant covering the cost of attendance, then the amount of the scholarship shall be reduced by an appropriate amount determined by the constituent institution so that the total amount of scholarships and grants received by the student does not exceed the cost of attendance. The cost of attendance shall be determined by the constituent institution. In the event there are not sufficient funds available for scholarships for each eligible student to cover the cost of attendance, the constituent institution may adjust the distribution of the amount of scholarships as necessary in an academic year."

SECTION 8.16.(b) This section becomes effective beginning with the 2022-2023 academic year.

UNC SYSTEM EDUCATIONAL CAREER ALIGNMENT

SECTION 8.17.(a) The Board of Governors of The University of North Carolina shall contract with an independent research organization to conduct an evaluation of its current programs at each constituent institution of The University of North Carolina related to its operational costs, student outcomes, and return on investment (ROI) of each program. The evaluation conducted by the independent research organization shall include an analysis of at least the following information by constituent institution and undergraduate and graduate degree programs:

(1) The number of students in each program.

(2) The number of faculty and other staff employed for each program.

(3) The related costs to operate each program, inclusive of total staff compensation and benefits, facility costs, and any other related expenses, including overhead.

(4) A detailed correlation between degree of study and directly related career roles and associated expected starting compensation, as well as expected career earnings for students upon completion of those programs.

(5) A detailed ROI for each program.

(6) ROI for State funding expenditures.

(7) ROI for student funding expenditures.

SECTION 8.17.(b) Two years from the date this act becomes law, the Board of Governors shall report to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division of the General Assembly on the results of the evaluation conducted by the independent research organization pursuant to subsection (a) of this section.

COLLABORATORY/STUDY OF A CYANOBACTERIAL ALGAL BLOOM TREATMENT

SECTION 8.18.(a) Findings. – The General Assembly finds it is in the best interests of the State, upon consideration of bids and proposals by any agencies of the State bound by the North Carolina Administrative Code on procurement, to remediate and prevent cyanobacterial harmful algal blooms in the lakes and reservoirs of North Carolina by selecting an in situ treatment of the nutrient impaired surface waters in lakes and reservoirs through giving preference to those vendors who comply with the following specifications, which is to be considered as constituting the best practices for cyanobacterial harmful algal bloom remediation and prevention in North Carolina waters:

(1) The technology employed must be approved by the United States Environmental Protection Agency and certified to meet or exceed The American National Standards for health effects of drinking water treatment chemicals (NSF/ANSI/CAN 60) and be registered for application by the State.

(2) A vendor must have previous experience treating water bodies larger than 1,000 acres with proven success in the United States.

(3) A treatment aim must be to reduce cyanotoxins in the water to less than harmful levels.

(4) A treatment technology employed must be ready to use without limitation of size or shape of the waterbody.

(5) A preference must be given to employment of technology allowing for application under emergency situations and within less than 96 hours from approval.

(6) A preference must be given to products that are modular and can be used as a preventative measure.

(7) A preference must be given to products that are quick and easy to apply and are safe to the applicator.

(8) A preference must be given to products that float on the surface of the water and do not sink immediately to the bottom of the water column and are not diminished in effectiveness by mixing with sediment.

(9) A preference must be given to products that are distributed autonomously across the water body after a localized application.

(10) A preference must be given to products with a time release mechanism that applies constant and prolonged oxidative stress of the cyanobacteria triggered by the programmed cell death signaling cascade resulting in their collapse.

(11) A preference must be given for products manufactured in the United States.

SECTION 8.18.(b) The North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill (Collaboratory) shall evaluate the effectiveness and efficacy of an approved in situ treatment of the nutrient impaired surface waters in lakes and reservoirs on cyanobacterial harmful algal blooms under subsection (a) of this section. The Collaboratory shall report the results of the evaluation no later than April 1, 2023, 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 Agriculture, Natural, and Economic Resources; and the Fiscal Research Division.

SECTION 8.18.(c) The nonrecurring funds appropriated in this act for the 2021-2022 fiscal year to the Board of Governors of The University of North Carolina and allocated to the Collaboratory for the study of a cyanobacterial algal bloom treatment provided in subsection (b) of this section shall not revert to the General Fund at the end of the 2021-2022 fiscal year but shall remain available until expended.

NC PATRIOT STAR FAMILY RECOVERY SCHOLARSHIP PROGRAM

SECTION 8.19.(a) Program Established. – Of the funds appropriated by this act from the State Fiscal Recovery Fund to the Board of Governors of The University of North Carolina for the North Carolina Patriot Star Family Recovery Scholarship Program (Program), the Board of Governors shall make funds available to (i) the Patriot Foundation, a nonprofit corporation, and (ii) the Marine Corps Scholarship Foundation, Inc., a nonprofit corporation, for the purpose of establishing and administering scholarships under the NC Patriot Star Family Recovery Scholarship Program in accordance with the requirements of this section.

SECTION 8.19.(b) Purpose of the Program. – The Patriot Foundation and the Marine Corps Scholarship Foundation, Inc., respectively, shall provide for scholarships under the Program to eligible children, eligible spouses of certain veterans, eligible children of certain currently serving members of the Armed Forces, and eligible disabled veterans to attend eligible postsecondary institutions to help remediate the impacts of the COVID-19 pandemic so that individuals who meet certain income criteria can recover learning and achieve credential and degree attainment.

SECTION 8.19.(c) Definitions. – For the purposes of this section, the following definitions apply:

(1) Armed Forces. – A component of the United States Army, Navy, Marine Corps, Air Force, and Coast Guard, including their reserve components.

(2) Eligible child or eligible children. – Any person (i) who is a legal resident of North Carolina when scholarship documentation is completed, provided that if a child is claimed as a dependent by the child's parent, residency may be established based on a parent meeting sub-sub-subdivision 4. of sub-subdivision a. of this subdivision and (ii) whose parent is a veteran or a currently serving member of the Armed Forces that meets the following:

a. Meets one of the following residency conditions:

1. Is a resident of North Carolina at the time of scholarship documentation completion.
2. Was a resident of North Carolina at the time of entrance into service in the Armed Forces.
3. Was permanently stationed in North Carolina at the time of his or her death.
4. Is an active duty service member permanently stationed in North Carolina at the time of documentation completion.

b. Meets one of the following service conditions:

1. Was a member of the Armed Forces who was killed in action or in the line of duty or died of wounds or other causes not due to the service member's willful misconduct during a period of war, national emergency, or training in preparation for future conflicts and is a direct result of service in the line of duty.
2. Was a member of the Armed Forces who died of service-connected injuries, wounds, illness, or other causes incurred or aggravated while a member of the Armed Forces during a period of war, national emergency, or training in preparation for future conflicts and is a direct result of service in the line of duty. Standard documentation of the parent's death, wounds, injury, or illness must be supplied by a scholarship recipient at the time of scholarship request.
3. Is a veteran of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member

of the Armed Forces during a period of war, national emergency, or training in preparation for future conflicts and is a direct result of service in the line of duty and is receiving compensation for a wartime service–connected disability of at least fifty percent (50%) as rated by the U.S. Department of Veterans Affairs.

4. Is a current member of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national emergency. The parent's traumatic wounds, injury, or major illness must be documented by the member's Unit Commander.

(3) Eligible disabled veteran. – Any person who (i) is a veteran of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national emergency and is receiving compensation for a wartime service–connected disability of at least fifty percent (50%) as rated by the U.S. Department of Veterans Affairs and (ii) is a resident of North Carolina at the time of scholarship documentation completion.

(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.

d. A private vocational institution, including Federal Aviation Administration certificated aviation training programs.

(5) Eligible spouse. – Any person (i) who is a legal resident of North Carolina when scholarship documentation is completed and (ii) whose spouse meets one of the conditions set forth in sub-sub-subdivisions 1. through 3. of sub-subdivision b. of subdivision (2) of this subsection.

(6) Veteran. – An individual who has served and is no longer serving in the Armed Forces of the United States. For the purposes of this section, the veteran must have separated from the Armed Forces under honorable conditions or whose death or disability of at least fifty percent (50%) or more was incurred as a direct result of service in the line of duty.

SECTION 8.19.(d) Other Eligibility Requirements. – Any eligible child, eligible spouse, or eligible disabled veteran shall also meet the following conditions to be eligible for a scholarship under the Program:

(1) Has a household income of less than three hundred fifty percent (350%) of the federal poverty level. Veterans disability compensation and related compensation benefits received by a veteran shall not be included in calculating the income level of an applicant's household for the purposes of determining eligibility for a scholarship under the Program. An applicant shall provide any financial information necessary to the Patriot Foundation or the Marine Corps Scholarship Foundation, Inc., as appropriate, for the purposes of calculating income eligibility under this subdivision.

(2) Is attending or has been accepted to enroll in an eligible postsecondary institution.

(3) Has complied with the requirements of the Selective Service System, if applicable.

SECTION 8.19.(e) Administration; Awards. – Within the funds made available for the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each separately administer and award scholarships to eligible applicants in accordance with the requirements of the Program. In administering the Program, each nonprofit corporation shall be responsible for Program oversight for the scholarships awarded through its organization to ensure compliance with the provisions of this section. Each nonprofit corporation may contract with the State Education Assistance Authority (Authority) for administrative assistance for the Program. Each nonprofit corporation may use funds allocated to it under this section for any administrative costs associated with a contract with the Authority.

Each nonprofit corporation shall, at a minimum, establish criteria and procedures related to scholarship documentation completion, the amount of individual scholarships, the permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for a revocation of a scholarship, and any other procedures it deems necessary for its administration of the Program.

If a scholarship recipient receives a scholarship or other grant covering the cost of attendance at an eligible postsecondary institution for which the scholarship is awarded, then the amount of a scholarship awarded under this section shall be reduced so that the sum of all grants and scholarships covering the cost of attendance received by the recipient does not exceed the cost of attendance for the institution. For the purposes of this section, cost of attendance shall include monies for tuition, fees, books, supplies, and school-related expenses, including laptops, equipment, tutoring support, as well as room and board as long as the scholarship recipient is enrolled as at least a half-time student at the institution. Off-campus housing costs for room and board are also included to the extent the eligible postsecondary institution includes it in its cost of attendance.

SECTION 8.19.(f) Reporting. – The Patriot Foundation shall submit a report by April 1 of each year in which the Patriot Foundation spends federal funds made available for the Program 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 activities related to the Program and the use of the funds through the deadline established by federal law and guidelines.

The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of each year in which the Marine Corps Scholarship Foundation spends federal funds made available for the Program 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 activities related to the Program and the use of the funds through the deadline established by federal law and guidelines.

STUDENT BEEKEEPING GRANT PROGRAM

SECTION 8.20.(a) North Carolina State University (NC State University) shall establish a Student Beekeeping Grant Program for the 2021-2022 fiscal year to provide grants to create beekeeping programs for high school chapters of Future Farmers of America (FFA) located in this State, in accordance with the following:

(1) Expenses eligible for funding from a grant under this section shall include the purchase of any of the following:
   a. Woodenware and other materials necessary to house honeybee colonies, including hive bodies, supers, top and bottom boards, inner covers, and frames.
   b. Protective gear and other equipment necessary for the practice of beekeeping.
   c. Queens, honeybee packages, and nucleus colonies.

d. Eligible educational expenses for no more than two persons per grant. For purposes of this subdivision, an eligible educational expense means registration and materials for a course designed to assist the participant to become a beekeeper certified by the North Carolina State Beekeepers Association.

(2) NC State University shall ensure that no more than one thousand five hundred dollars ($1,500) per county is available to FFA chapters at high schools in that county. FFA chapters shall be responsible for matching the grant received in a manner and amount as NC State University may specify.

(3) NC State University shall provide for a recovery of the grant award if the beekeeping program funded by the grant is not maintained for at least three school years.

SECTION 8.20.(b) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2021-2022 fiscal year to be allocated to North Carolina State University for the Student Beekeeping Grant Program, North Carolina State University may spend up to fifteen thousand dollars ($15,000) for administrative costs, including the costs of promoting the program to potential grantees.

TRANSFER POSITION FROM NCCU TO OSHR

SECTION 8.22. As part of the certification of the budget for the 2021-2023 fiscal biennium, The University of North Carolina System Office, in consultation with the Office of State Budget and Management, shall transfer position number 6503074 and associated costs from North Carolina Central University to the Office of State Human Resources in accordance with the agency agreement approved on August 15, 2003, entitled "Operating Budget Revision – DLS-1311-Transfer Position to NCCU."

FOOD INNOVATION LAB FUNDS

SECTION 8.23. The nonrecurring funds appropriated by this act for the 2021-2022 fiscal year to the Board of Governors of The University of North Carolina for the North Carolina Food Innovation Lab at the NC Research Campus in Kannapolis shall not revert to the General Fund at the end of the fiscal year but shall remain available until expended.

KITTY HAWK PUBLIC-PRIVATE PARTNERSHIP PROJECT FOR DIGITAL LEARNING AND CAREER DEVELOPMENT IN RESPONSE TO THE COVID-19 PANDEMIC

SECTION 8.24.(a) The General Assembly finds that:

(1) Postsecondary enrollment has declined during the COVID-19 pandemic, particularly among low-income and minority students

(2) Providing a digital learning option for postsecondary education is critical to reach students who were forced off campus and into the workforce by education changes caused by the COVID-19 pandemic.

(3) The University of North Carolina is well-positioned to provide enhanced postsecondary learning and career advancement opportunities to citizens of this State.

(4) It is of salient importance that higher education in North Carolina generate postsecondary learning and career advancement opportunities for individuals whose postsecondary education was impacted by the COVID-19 pandemic.

(5) It is vital for The University of North Carolina to immediately work toward (i) enhancing digital learning programs offered by the constituent institutions of The University of North Carolina and (ii) meeting postsecondary attainment goals consistent with G.S. 116C-10, which sets the goal that

2,000,000 residents between the ages of 25 and 44 will have completed a high-quality credential or postsecondary degree by 2030.

SECTION 8.24.(b) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Board of Governors of The University of North Carolina for the 2021-2022 fiscal year, the sum of ninety-seven million dollars ($97,000,000) shall be allocated to support digital learning and career development programs offered by constituent institutions of The University of North Carolina through the Project Kitty Hawk public-private partnership (Project Kitty Hawk).

SECTION 8.24.(c) Project Kitty Hawk shall be conducted by a nonprofit corporation created in accordance with this section and G.S. 116-30.20. The nonprofit corporation shall include in its corporate bylaws that the organization will be governed by a board of directors consisting of nine members, as follows:

(1) Two ex officio voting members as follows:
   a. The President of The University of North Carolina.
   b. The Chair of the Board of Governors of The University of North Carolina.

(2) Seven voting members appointed by the Board of Governors, in consultation with the President of The University of North Carolina, as follows:
   a. Three members who shall be chancellors or chief academic officers of constituent institutions of The University of North Carolina.
   b. Four members who shall be individuals having experience in business management, higher education, or both.

SECTION 8.24.(d) Beginning March 1, 2022, and annually thereafter:

(1) The nonprofit corporation board of directors shall report to the General Assembly on its activities, corporate performance, and any other relevant matters pertaining to its corporate mission.

(2) The University of North Carolina System Office shall report to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division regarding the public-private partnership established under this section and the progress made toward reaching the State's digital learning attainment goals. The report shall include information on the development and implementation of online degree programs in collaboration with constituent institutions, including participation by constituent institutions, student demographics for course enrollment, tuition receipts and fees for online courses, and completion of student degree programs through digital courses by institution.

SECTION 8.24.(e) G.S. 116-11(9) is amended by adding a new sub-subdivision to read:

"e. Digital learning student credit hours provided with the support of a nonprofit corporation established by The University of North Carolina System Office pursuant to G.S. 116-30.20 shall not be included in an enrollment change funding request under sub-subdivision a1. of this subdivision."

SECTION 8.24.(f) G.S. 116-36.1(g) is amended by adding a new subdivision to read:

"(13) Moneys received by an institution as tuition for digital learning programs provided with the support of a nonprofit corporation established by The University of North Carolina System Office pursuant to G.S. 116-30.20."

NC PROMISE/ADD FAYETTEVILLE STATE

SECTION 8.25.(a) G.S. 116-143.11 reads as rewritten:

"**§ 116-143.11. NC Promise Tuition Plan; State "buy down" of certain financial obligations; annual report.**

(a) The NC Promise Tuition Plan shall be established and implemented as provided by this section. Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The University of North Carolina shall set the rate of undergraduate tuition for Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University as follows: ~~beginning with the 2018 fall academic semester,~~ the rate of tuition for students deemed to be North Carolina residents for purposes of tuition shall be five hundred dollars ($500.00) per academic semester and the rate of tuition for nonresident students shall be two thousand five hundred dollars ($2,500) per academic semester.

(b) Notwithstanding any other provision of law, the State shall "buy down" the amount of any financial obligation resulting from the established tuition rate that may be incurred by Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University.

(c) When implementing the provisions of this section, the Board of Governors shall give due consideration to maintaining the unique historical character of each institution, including service to students who are first generation, college-going, economically disadvantaged, or minority.

(d) By ~~October 1, 2018, and by~~ October 1 of each ~~year thereafter,~~ year, the Board of Governors and the chancellors of Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University, respectively, shall submit a report to the Joint Legislative Education Oversight Committee, the House Appropriations Committee on Education, the Senate Appropriations Committee on Education/Higher Education, and the Fiscal Research Division on the amount of any financial obligation resulting from the established tuition rate incurred at each constituent institution and at least the following information for the fiscal year:

(1) The amount required to offset the forgone tuition receipts at each of the ~~three~~ four constituent institutions as a result of the tuition rate established by this section and how those funds were allocated to each constituent institution.

(2) The number of enrolled resident students at each constituent institution.

(3) The number of enrolled nonresident students at each constituent institution."

SECTION 8.25.(b) Notwithstanding G.S. 116-143.11(d), as amended by this section, the initial report for Fayetteville State University shall be submitted by October 1, 2022.

SECTION 8.25.(c) This section applies beginning with the 2022-2023 academic year.

ESTABLISH STANDARDS AND PILOT PROGRAM FOR HIGHLY TREATED WASTEWATER

SECTION 8.26.(a) The following definitions apply in this section:

(1) Highly treated wastewater. – Effluent discharged from a wastewater system that is designed and operated to meet the following standards:

a. With respect to the carbonaceous biological oxygen demand ($CBOD_5$), 10mg/L.

b. With respect to NH_3, 10mg/L.

c. With respect to total nitrogen, 10mg/L, or a minimum of sixty percent (60%) reduction from the influent total Kjeldahl nitrogen.

d. With respect to total phosphorus, 5mg/L, unless discharged into nutrient sensitive waters.

e. With respect to fecal coliforms, 10 colonies/100mL.

f. Capture and removal of residual sludge and biogases.

g. With respect to total suspended solids, less than or equal to 10mg/L.

(2) Wastewater system. – Defined in G.S. 130A-334.

SECTION 8.26.(b) Funds allocated from the State Fiscal Recovery Fund to the Board of Governors of The University of North Carolina for the Innovative Highly Treated Wastewater Pilot Program (Program) shall be provided to the North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill (Collaboratory) to establish the Program as described in this subsection. The Collaboratory may use up to one million dollars ($1,000,000) of the funds allocated by this subsection for research and administrative costs related to the Program, of which up to two hundred thousand dollars ($200,000) may be used to reimburse the Department of Environmental Quality for its administrative costs. Project funding from the funds allocated by this section is limited to the lesser of forty percent (40%) of the total project cost or four million dollars ($4,000,000). In implementing the Program, the Collaboratory shall do the following:

(1) Review and evaluate wastewater systems producing highly treated wastewater, either as a single unit or as a combination of treatment devices for suitability as a wastewater treatment option for local governments, sanitary districts, or public authorities considered distressed, as defined by G.S. 159G-20, that (i) have no more than 10,000 customers or (ii) include residential or commercial developments or subdivisions that are unable to be served by existing wastewater systems.

(2) Identify no less than five local governments, sanitary districts, or public authorities meeting the criteria set forth in subdivision (1) of this subsection as participants in the Program.

(3) Work with Program participants to submit permit applications to the Department of Environmental Quality and, upon permit approval, to construct the wastewater systems.

(4) Conduct research and monitoring to quantify the efficacy of the wastewater systems funded and built as part of the Program. The Collaboratory shall share results of this research with Program participants and the Department.

SECTION 8.26.(c) The Department of Environmental Quality shall do the following with respect to entities receiving wastewater systems producing highly treated wastewater under subsection (b) of this section to the extent not inconsistent with its National Pollutant Discharge Elimination System permitting authority delegated from the United States Environmental Protection Agency:

(1) Review and qualify wastewater systems producing highly treated wastewater, either as a single unit or as a combination of treatment devices. The Department shall require the manufacturer of the wastewater system within five days of the qualification under this subdivision to file with the Department a performance bond or other surety with a minimum term of five years to be executed in favor of the permittee in the amount sufficient to cover system replacement. Operation, maintenance, abuse, or change in hydraulic flows or wastewater characteristics shall not be attached to the performance bond or surety.

(2) Work with the entities identified under subsection (b) of this section to permit the wastewater systems meeting the standards for highly treated wastewater set forth in subsection (a) of this section. The system must be consistent with the action plan developed by the entities as set forth in G.S. 159G-45(b)(3).

SECTION 8.26.(d) No later than December 1, 2024, the Collaboratory, with the assistance of the Department of Environmental Quality, shall provide a report to the Environmental Management Commission and the Environmental Review Commission evaluating the systems permitted under the pilot program established in this section. The report

shall assess the effectiveness of these systems compared to the systems previously operated by the local government, sanitary district, or public authority, along with suggestions for further legislation and rulemaking necessary to support the adoption of highly treated wastewater systems.

SECTION 8.26.(e) The Commission for Public Health shall adopt temporary and permanent rules to provide for approval of treatment system applications for use in the State and create benefits for systems producing higher wastewater treatment levels that are proportional and graduated. These rules shall include, at a minimum, the following:

(1) Subject to the requirements of subdivision (4) of this subsection, applications for provisional wastewater systems, as defined in G.S. 130A-343(a)(7), from manufacturers of wastewater systems with certification and listing for one or more years from a nationally recognized certification body, as defined in G.S. 130A-343(a)(6), shall be approved within 45 days of receipt of a complete application. The proposed wastewater system listed in the application shall be identical in design and features to the wastewater system certified and listed by the nationally recognized certification body.

(2) Subject to the requirements of subdivision (4) of this subsection, applications for proposed wastewater systems without certification and listing from a nationally recognized certification body, as defined in G.S. 130A-343(a)(6), shall be approved as provisional and shall allow the issuance of a maximum of 200 improvement permits and authorizations for wastewater system construction.

(3) Subject to the requirements of subdivision (4) of this subsection, applications for innovative status of a wastewater system shall be approved (i) after two years of certification and listing by a nationally recognized certification body and one year of field data in this State or other states or countries approved by DHHS or (ii) if not listed by a nationally recognized body, after completion of provisional status requirements in accordance with G.S. 130A-343(f). For systems receiving innovative status as a result of receiving national certification, those systems shall be identical to the system certified and listed by the nationally recognized certification body and identical to the systems installed in this State and approved by DHHS or other states or countries.

(4) Applications for wastewater systems and dispersal products received after the effective date of this subsection shall demonstrate structural integrity, including subjecting the trench system to axle load of 16,000 pounds when covered with 12 inches of compacted soil and 4,000 pounds when covered with 6 inches of compacted soil without breakage, collapse, fracture, or compression that prevents the downline distribution of wastewater. Wastewater treatment devices with identifying surface or above grade access for operation and maintenance shall be excluded from load testing when installed and backfilled in accordance with the rules or the product approval.

(5) Wastewater systems found by DHHS to meet standards for reclaimed water based on (i) field demonstrations over a two-year period in this State or other states approved by DHHS that the system meets reclaimed water standards or (ii) certification and listing by a nationally recognized body, such as the National Sanitation Foundation Standard 350, shall be approved for designs that eliminate repair area rules in Type I soils. Elimination of repair areas shall be considered for domestic strength wastewater only. Systems permitted without repair area under this subsection shall be classified by DHHS as a Type VI(b) system under DHHS rules and shall be inspected no less than 12 times per year.

(6) Vertical and horizontal restrictions to property lines and limiting conditions for systems approved under this subsection shall be reduced proportionally to the graduated increases in wastewater quality.

SECTION 8.26.(f) The Commission for Public Health and the Department of Health and Human Services shall report quarterly on their implementation of subsection (d) of this section beginning no later than May 1, 2022, and shall continue quarterly reporting until rulemaking activities required by this section have been completed.

SECTION 8.26.(g) This section is effective when it becomes law. Funds allocated by this section that are not spent or encumbered by June 30, 2024, shall revert to the Wastewater Reserve to be used for any of the purposes authorized in G.S. 159G-32(b).

ENGINEERING NORTH CAROLINA'S FUTURE/FUNDS

SECTION 8.27. Of the twenty million dollars ($20,000,000) in nonrecurring funds appropriated in this act to the Board of Governors of The University of North Carolina for the 2021-2022 fiscal year and allocated as follows, any unexpended funds remaining at the end of the 2021-2022 fiscal year shall not revert to the General Fund, but shall remain available until the end of the 2022-2023 fiscal year:

(1) Twelve million five hundred thousand dollars ($12,500,000) for the College of Engineering at North Carolina State University at Raleigh.

(2) Five million dollars ($5,000,000) for The William States Lee College of Engineering at the University of North Carolina at Charlotte.

(3) Two million five hundred thousand dollars ($2,500,000) for the College of Engineering at North Carolina Agricultural and Technical State University.

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

TUITION GRANTS FOR NCSSM/UNCSA GRADUATES

SECTION 8A.1.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"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.

"**§ 116-209.90. 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 for up to a total of four academic years. A student must be continuously enrolled in 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. 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 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.

(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 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.1.(b) It is the intent of the General Assembly to appropriate the following additional funds for the purpose of awarding tuition grants for future high school graduating classes of the North Carolina School of Science and Mathematics (NCSSM), including students graduating from the Morganton campus of NCSSM, and the University of North Carolina School of the Arts:

(1) For the 2023-2024 fiscal year, the sum of one million seven hundred fifty thousand dollars ($1,750,000) in recurring funds.

(2) For the 2024-2025 fiscal year, the sum of two million three hundred thousand dollars ($2,300,000) in recurring funds.

(3) For the 2025-2026 fiscal year, the sum of five hundred fifty thousand dollars ($550,000) in recurring funds.

(4) For the 2026-2027 fiscal year, the sum of five hundred fifty thousand dollars ($550,000) in recurring funds.

(5) For the 2027-2028 fiscal year, the sum of five hundred fifty thousand dollars ($550,000) in recurring funds.

SECTION 8A.1.(c) Subsection (a) of this section 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 2020-2021 school year.

PUBLIC COLLEGES AND UNIVERSITIES NEED-BASED FINANCIAL AID CONSOLIDATION

SECTION 8A.2.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 5. The North Carolina Need-Based Scholarship for Public Colleges and Universities.

"**§ 116-209.80. 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).

(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 North Carolina Need-Based Scholarship Program for Public Colleges and Universities.

(4) Reserve Fund. – Scholarship Reserve Fund for Public Colleges and Universities.

(5) Scholarship. – A scholarship for education awarded under this Part.

(6) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

"**§ 116-209.81. Eligibility requirements for a 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) 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.

(2) Meet enrollment standards by being admitted, enrolled, and classified as an undergraduate student in a matriculated status at an eligible postsecondary institution. The President of The University of North Carolina and the President of the North Carolina Community College System may jointly agree to additional enrollment standards for the Program.

(3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate need according to federal methodology in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

(b) In addition to the criteria set forth in subsection (a) of this section, in order for a student to continue to be eligible for a scholarship for the student's second and subsequent academic years, the student must meet achievement standards by maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the eligible postsecondary institution in which the student is enrolled.

"**§ 116-209.82. Semester limitation on eligibility for scholarship.**

(a) Except as otherwise provided by subsection (c) of this section, a student matriculating at a constituent institution of The University of North Carolina shall not receive a scholarship for more than 10 full-time academic semesters, or its equivalent if enrolled part-time, unless the student is enrolled in a program officially designated by the Board of Governors of The University of North Carolina as a five-year degree program. If a student is enrolled in such a five-year degree program, then the student shall not receive a scholarship for more than 12 full-time academic semesters or the equivalent if enrolled part-time.

(b) Except as otherwise provided by subsection (c) of this section, a student shall not receive a scholarship for more than six full-time academic semesters, or the equivalent if enrolled part-time, while matriculating at a community college.

(c) Upon application by a student, the applicable eligible postsecondary institution may grant a waiver to the student who may then receive a scholarship for the equivalent of one additional full-time academic semester if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree, diploma, or certificate: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors of The University of North Carolina or the State Board of Community Colleges, as appropriate, shall establish policies and procedures to implement the waiver provided by this subsection.

"**§ 116-209.83. Scholarship amounts; adjustment of scholarship amounts.**

(a) Scholarship Amounts. – Subject to the availability of funds in the Scholarship Reserve Fund for Public Colleges and Universities, as provided in G.S. 116-209.85, a scholarship awarded under this Part to a student at an eligible postsecondary institution shall be based upon a consolidated payment schedule established jointly by the President of The University of North Carolina and the President of the North Carolina Community College System, in consultation with the Authority. The payment schedule shall clearly define award amounts by type of eligible postsecondary institution and student financial need as defined by federal methodology. The Authority shall publish the payment schedule for the Program in an easily accessible and understandable format. Once published, a payment schedule shall remain in effect unless otherwise agreed by the President of The University of North Carolina and the President of the North Carolina Community College System.

(b) Availability of Scholarships. – Subject to the payment schedule described in subsection (a) of this section, the Authority shall have the power to determine the actual scholarship amounts disbursed to students in any given year based on the amount of funds available in the Scholarship Reserve Fund for Public Colleges and Universities created pursuant to G.S. 116-209.85. If the funds available are not sufficient to fully fund the scholarships as set forth in the payment schedule established pursuant to subsection (a) of this section, the Authority, in consultation with the President of The University of North Carolina and the President of the North Carolina Community College System, shall adjust the distribution of the funds as necessary.

"**§ 116-209.84. 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.

(b) Notwithstanding any other provision of law to the contrary, the Authority shall conduct periodic evaluations of expenditures under the Program administered by the Authority to determine if allocations are utilized to ensure access to eligible postsecondary institutions and to meet the goals of respective programs. The authority may make recommendations of the redistribution of funds to the President of The University of North Carolina and the President of the North Carolina Community College System, who then may jointly authorize redistribution of funds for a particular fiscal year.

(c) The Authority shall report no later than December 1, 2024, 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.

(d) Scholarship funds unexpended shall remain available for future scholarships to be awarded under this Part.

"**§ 116-209.85. Scholarship Reserve Fund for Public Colleges and Universities.**

(a) There is established the Scholarship Reserve Fund for Public Colleges and Universities as a reserve consisting of the following monies:

(1) Funds appropriated by the General Assembly for the Program from the Education Lottery Fund in the Current Operations Appropriations Act for a fiscal year for education-related purposes in accordance with G.S. 18C-164.

(2) Funds appropriated by the General Assembly for the Program from the Escheat Fund in the Current Operations Appropriations Act for a fiscal year that is distributed annually on or before August 15 to the Authority pursuant to G.S. 116B-7(a).

(3) Funds appropriated by the General Assembly for the Program from the General Fund in the Current Operations Appropriations Act for a fiscal year.

(4) All returned scholarship funds from the Program.

(5) All interest earned on these funds.

(b) The Authority shall create two reserves within the Reserve Fund as follows: The University of North Carolina (UNC Reserve) and the North Carolina Community College System (CC Reserve) from monies in the Reserve Fund. The funds in the reserves shall be used for scholarships for the academic year that begins in the fiscal year following the fiscal year in which the allocations are made to the reserves. Allocations shall be made from the reserves for the amounts determined for the payment schedules for eligible postsecondary institutions pursuant to G.S. 116-209.83.

Beginning with the 2023-2024 fiscal year and for each subsequent fiscal year, within the funds available, the Authority shall allocate an amount equal to the amount from the prior fiscal year for the UNC Reserve and the CC Reserve to each reserve, respectively, unless otherwise agreed to by the President of The University of North Carolina and the President of the North Carolina Community College System. Additional funds may be directed to the reserves from a Current Operations Appropriations Act in a fiscal year. The reserves established for the 2022-2023 fiscal year shall consist of the following funds:

(1) For the UNC Reserve, the monies shall consist of the following:

a. An amount equal to the amount appropriated to the Board of Governors of The University of North Carolina for The University of North Carolina Need-Based Financial Aid Program for the 2021-2022 fiscal year.

b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship Program based on awards of financial assistance to students enrolled in The University of North Carolina from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.

(2) For the CC Reserve, the monies shall consist of the following:

a. An amount equal to the amount appropriated to the Community Colleges System Office for the North Carolina Community College Grant Program, except for funds set aside for the targeted assistance program pursuant to G.S. 115D-40.1, for the 2021-2022 fiscal year.

b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship based on awards of financial assistance to students enrolled in North Carolina community colleges from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.

(c) 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.

(d) 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. Upon a determination by the Authority that funds in excess of one percent (1%) are necessary to administer the Program, including funds necessary for one-time or recurring costs, the Authority

shall consult with the President of The University of North Carolina and the President of the North Carolina Community College System at the same time the consolidated payment schedule is set pursuant to G.S. 116-209.83. The Authority shall also report the amount of the increase and the purpose for which the additional funds will be used to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly within 30 days of the increase. In no event shall the cost of administering the Program in a fiscal year exceed one and one-half percent (1.5%) of the funds available in the Reserve Fund."

SECTION 8A.2.(b) G.S. 116B-7 reads as rewritten:

"**§ 116B-7. Distribution of fund.**

(a) The income derived from the investment or deposit of the Escheat Fund shall be distributed annually on or before August 15 to the State Education Assistance Authority for grants and loans to aid worthy and needy students who are residents of this State and are enrolled in public institutions of higher education in this State. Such grants and loans shall be made upon terms, consistent with the provisions of this Chapter, pursuant to which the State Education Assistance Authority makes grants and loans to other students under G.S. 116-201 to 116-209.23, Article 23 of Chapter 116 of the General Statutes, policies of the Board of Governors of The University of North Carolina regarding need-based grants for students of The University of North Carolina, and policies of the State Board of Community Colleges regarding need-based grants for students of the community colleges. The Authority shall deposit an amount specified in the Current Operations Appropriations Act from the Escheat Fund into the Scholarship Reserve Fund for Public Colleges and Universities pursuant to G.S. 116-209.85 each fiscal year to fund the North Carolina Need-Based Scholarship for Public Colleges and Universities pursuant to Part 5 of Article 23 of Chapter 116 of the General Statutes.

(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 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) By May 1, 2022, the President of The University of North Carolina and the President of the North Carolina Community College System shall report to the Fiscal Research Division, the House Appropriations Education Committee, and the Senate Appropriations on Education/Higher Education Committee on the following regarding the consolidation of student financial assistance for constituent institutions of The University of North Carolina and the community colleges:

(1) The payment schedule required by G.S. 116-209.83, as enacted by this section.

(2) Potential ways to include students with intellectual and developmental disabilities as eligible for scholarships through the North Carolina Need-Based Scholarship Program for Public Colleges and Universities or other student financial assistance recommendations, including grants or other funding sources for students enrolled in Comprehensive Transition Programs.

(3) Any recommended legislative changes, including for the North Carolina Need-Based Scholarship Program for Public Colleges and Universities.

SECTION 8A.2.(d) By October 15, 2022, the Authority shall transfer any unexpended balances remaining in the reserves for The University of North Carolina Need-Based Financial Aid Program, the North Carolina Community College Grant Program, and the Education Lottery Scholarship to the Scholarship Reserve Fund for Public Colleges and Universities under G.S. 116-209.85, as enacted by this section.

SECTION 8A.2.(e) Article 35A of Chapter 115C of the General Statutes is repealed.

SECTION 8A.2.(f) G.S. 116-209.19A reads as rewritten:

"**§ 116-209.19A. Limit semesters eligible for need-based grants and scholarships.**

The Authority administers the following need-based grant and scholarship programs: the ~~Education Lottery Scholarships, North Carolina Community College Grant Program, The University of North Carolina Need-Based Financial Aid Program,~~ North Carolina Need-Based Scholarship for Public Colleges and Universities and Need-Based Scholarships for Students Attending Private Institutions of Higher Education. ~~G.S. 115C-499.2A, 115D-40.2, 116-25.1,~~ G.S. 116-209.82 and ~~116-281.1~~ G.S. 116-281.1 limit the number of semesters that a student may receive a grant or scholarship from ~~any of those~~ these programs and also provide the circumstances in which a waiver to those limits may be granted by the appropriate postsecondary institution. The Authority shall enforce these limitations in administering these programs so that unless a waiver is granted by the appropriate postsecondary institution, no student shall receive a grant or scholarship from any of those programs or any combination of those financial aid programs while pursuing a degree, diploma, or certificate for more than any of the following time periods: (i) 10 full-time academic semesters or its equivalent if enrolled part-time or (ii) 12 full-time academic semesters or its equivalent if the student is enrolled in a program officially designated as a five-year degree program.

A postsecondary institution that grants a waiver under ~~G.S. 115C-499.2A, 115D-40.2, 116-25.1,~~ G.S. 116-209.82 or ~~116-281.1~~ G.S. 116-281.1 shall certify the granting of the waiver in a manner acceptable to the Authority and shall also maintain documentation substantiating the reason for the waiver."

SECTION 8A.2.(g) G.S. 115D-40.1 reads as rewritten:

"**§ 115D-40.1. Targeted Financial Assistance for Community College ~~Students.~~Students; participation in federal programs.**

~~(a) Need-Based Assistance Program. – It is the intent of the General Assembly that the Community College System make these financial aid funds available to the neediest students who are not eligible for other financial aid programs that fully cover the required educational expenses of these students. The State Board may use some of these funds as short-term loans to students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.~~

(b) Targeted Financial Assistance. – ~~Notwithstanding subsection (a) of this section, the~~ Within the funds available, the State Board may ~~allocate up to ten percent (10%) of the funds appropriated for Financial Assistance for Community College Students~~ provide financial assistance to the following students:

(1) Students who enroll in low-enrollment programs that prepare students for high-demand occupations.

(2) Students with disabilities who have been referred by the Department of Health and Human Services, Division of Vocational Rehabilitation, and are enrolled in a community college.

(3) Students enrolled in fewer than six credit hours per semester who otherwise qualify for need-based financial aid programs.

(c) Administration of ~~Program.~~ Targeted Financial Assistance. – The State Board shall adopt rules and policies for the disbursement of the targeted financial assistance provided in ~~subsections (a) and~~ subsection (b) of this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these targeted financial assistance funds. ~~These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance. The interest earned on the funds provided in subsections (a) and (b) of this section may be used to support the costs of administering the Community College Grant Program. If the interest earnings are not adequate to support the administrative costs, up to one percent (1%) of funds provided in subsection (a) of this section may be used to support the costs of administering the Community College Grant Program.~~

(d) Participation in Federal Loan Programs. – All community colleges shall participate in the William D. Ford Federal Direct Loan Program, unless the board of trustees of an institution adopts a resolution declining to participate in the Program. The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students, including, but not limited to, Pell Grants, HOPE and Lifetime Learning Tax Credits, and, for participating colleges, the William D. Ford Federal Direct Loan Program, and to actively encourage students to utilize these federal programs and funds. The board of trustees of any institution that has declined to participate in the William D. Ford Federal Direct Loan Program through the adoption of a resolution may rescind the resolution and participate in the Program but shall not have the authority to again decline participation in the Program."

SECTION 8A.2.(h) G.S. 115D-40.2 is repealed.

SECTION 8A.2.(i) G.S. 116-25.1 is repealed.

SECTION 8A.2.(j) Section 10.1 of S.L. 2000-67 is repealed.

SECTION 8A.2.(k) The nonrecurring funds appropriated to the North Carolina Community Colleges System Office by this act for the 2021-2022 fiscal year for the Community College Need-Based Assistance Program shall not revert at the end of the 2021-2022 fiscal year but shall remain available until the end of the 2022-2023 fiscal year to award scholarships pursuant to the program in the 2022-2023 academic year.

SECTION 8A.2.(*l*) Subsections (a) through (d) of this section become effective January 1, 2022, and apply to scholarships awarded beginning with the 2023-2024 academic year. Subsections (e) through (j) of this section become effective July 1, 2023. The remainder of this section is effective on the date that this act becomes law.

EQUITY IN OPPORTUNITY ACT

SECTION 8A.3.(a) Opportunity Scholarship Grant Program. –

(1) Any student who meets the following requirements shall qualify as an eligible student and shall be eligible to receive a scholarship for the 2021-2022 school year pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes:
   a. Was enrolled in a North Carolina public school or a Department of Defense Elementary and Secondary School located in North Carolina for the fall semester of the 2019-2020 school year.
   b. Meets the eligibility requirements of G.S. 115C-562.1(3)a1. and b.
   c. Submits a scholarship application for the 2021-2022 school year.
   d. Enrolls in the nonpublic school either (i) by October 1, 2021, or (ii) during the 2022 spring semester.

(2) A student who becomes eligible for a scholarship in the 2021-2022 school year solely due to this subsection shall receive first priority in award of scholarships in the same manner as those previously awarded scholarships.

SECTION 8A.3.(b) Notwithstanding G.S. 115C-112.5(4), 115C-112.6(b), or 115C-562.2, for the 2021-2022 school year, a student who is awarded either a Special Education Scholarship for Children with Disabilities under Part 1H of Article 9 of Chapter 115C of the General Statutes or a scholarship grant under Part 2A of Article 39 of Chapter 115C of the General Statutes shall be eligible to enroll part time in a nonpublic school that provides only half-day programs for students with disabilities and part time in a public school while receiving the scholarship.

SECTION 8A.3.(c) G.S. 115C-562.1 reads as rewritten:

"**§ 115C-562.1. Definitions.**

The following definitions apply in this Part:

(1) Authority. – The State Education Assistance Authority.

(2) Division. – The Division of Nonpublic Education, Department of Administration.

(3) Eligible students. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:

a. Meets one of the following criteria:

1. Was a full-time student (i) assigned to and attending a public school pursuant to G.S. 115C-366 or (ii) enrolled in a Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina, during the spring semester prior to the school year for which the student is applying.

2. Received a scholarship grant for the school year prior to the school year for which the student is applying.

3. Is ~~entering either kindergarten or the~~ eligible to enter kindergarten, first ~~grade.~~grade, or second grade 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 of G.S. 115C-364(d) and those findings are submitted to the Authority with the child's application.

4. Is a child in foster care as defined in G.S. 131D-10.2(9).

5. Is a child whose adoption decree was entered not more than one year prior to submission of the scholarship grant application.

6. Is a child whose parent or legal guardian (i) is on full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et ~~seq.~~seq., or (ii) receives an honorable discharge as an active duty member from the uniformed service of the United States within 12 months prior to application.

7. Is a child who meets both of the following:

I. Was enrolled in a nonpublic school that meets the requirements of Part 1 and Part 2 of this Article during the spring semester prior to the school year for which the student is applying.

II. Was enrolled for the entire school year immediately prior to the school year in which the student enrolled in the nonpublic school in one of the following:

A. A North Carolina public school.

B. A Department of Defense Elementary and Secondary School established pursuant to 10 U.S.C. § 2164 and located in North Carolina.

a1. Has not enrolled in a postsecondary institution in a matriculated status eligible for enrollment for 12 hours of academic credit.

b. Meets one of the following criteria:

1. Resides in a household with an income level not in excess of one hundred ~~fifty~~ seventy-five percent ~~(150%)~~ (175%) of the amount required for the student to qualify for the federal free

or reduced-price lunch program. The Authority shall not count any distribution from the estate of a decedent in calculating the income level of the applicant's household for the purposes of determining eligibility for a scholarship under this ~~sub-subdivision.~~sub-sub-subdivision.

2. Is a child in foster care as defined in G.S. 131D-10.2. The Authority shall not consider the household income of the foster parent, as defined in G.S. 131D-10.2, in determining the eligibility of a foster care child.

(3c) Full-time student. – A student enrolled exclusively in a nonpublic school for elementary or secondary education whose parents have released the local school administrative unit the student is eligible to attend under G.S. 115C-366 of all obligations to educate the eligible student while the eligible student is receiving a scholarship grant under this Part.

(4) Local school administrative unit. – A local school administrative unit, charter school, or regional school.

(5) Nonpublic school. – A school that meets the requirements of Part 1 or Part 2 of this Article as identified by the Division.

(5c) Part-time student. – A student enrolled part time in a public school and part time in a nonpublic school.

~~(5a)~~(5e) Reserve. – The Opportunity Scholarship Grant Fund Reserve established under G.S. 115C-562.8.

(6) Scholarship grants. – Grants awarded annually by the Authority to eligible students."

SECTION 8A.3.(d) G.S. 115C-562.2(b) reads as rewritten:

"(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 for amounts of up to four thousand two hundred dollars ($4,200) per year.~~ 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 four thousand two hundred dollars ($4,200)~~ 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."

SECTION 8A.3.(e) G.S. 115C-562.2(b1) is repealed.

SECTION 8A.3.(f) G.S. 115C-562.3 reads as rewritten:

"**§ 115C-562.3. Verification of ~~eligibility.~~eligibility; information from other State agencies.**

…

(b) Household members of applicants for scholarship grants shall authorize the Authority to access information needed for verification efforts 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)."

SECTION 8A.3.(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.

…

(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) may be used by the Authority to contract with a nonprofit corporation 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."

SECTION 8A.3.(h) Article 39 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 4A. Information for Parents and Students on Nonpublic School Scholarship Programs.

"**§ 115C-567.1. Outreach and assistance for parents and students.**

(a) The State Education Assistance Authority, in its administration of scholarship programs for eligible students pursuant to Part 2A of this Article, Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter may contract with a nonprofit corporation representing parents and families for outreach and scholarship education, program promotion, and application assistance for parents and students. The Authority shall issue a request for proposals in order to enter into a contract with a nonprofit corporation that meets the following requirements during the term of the contract:

(1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General Statutes and comply at all times with the provisions of section 501(c)(3) of the Internal Revenue Code.

(2) Employ sufficient staff who have demonstrated a capacity of direct parent and family outreach, program promotion, and procedural knowledge to assist

parents through scholarship application processes and provide guidance on the scholarship grant program, including by doing the following:

a. One-on-one parent and family engagement.

b. Scholarship education and public awareness.

(3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.

(4) Have no State officer or employee serving on the board of the nonprofit.

(5) Conduct at least quarterly meetings of the board of directors of the nonprofit at the call of its chair.

(b) The terms of the contract between the Authority and a nonprofit corporation shall require that the nonprofit (i) maintain the confidentiality of any information provided by the Authority for parents and students as directed by the Authority and (ii) not disseminate information to third parties without written parental consent. During the term of the contract provided for in this section, the Authority shall include on scholarship applications a statement for parents to indicate nonconsent for sharing information with a nonprofit corporation.

(c) Notwithstanding any other provision of law, during the term of the contract provided for in this section, the Authority may share the name, address, email, and telephone number of the parent of any student applicant, unless the parent indicates that the information should not be shared."

SECTION 8A.3.(i) G.S. 115C-562.8(b) reads as rewritten:

"(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 ~~of at least ten million dollars ($10,000,000) each fiscal year~~ for ~~10~~ 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**
…	
2023-2024	~~$104,840,000~~$120,540,000
2024-2025	~~$114,840,000~~$135,540,000
2025-2026	~~$124,840,000~~$150,540,000
2026-2027	~~$134,840,000~~$165,540,000
2027-2028	$180,540,000
2028-2029	$195,540,000
2029-2030	$210,540,000
2030-2031	$225,540,000
2031-2032	$240,540,000

For the ~~2027-2028~~ 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~one hundred forty-four million eight hundred forty thousand dollars ($144,840,000)~~ two hundred fifty-five million five hundred forty thousand dollars ($255,540,000) 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."

SECTION 8A.3.(j) G.S. 115C-562.8(c) reads as rewritten:

"(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain ~~the lesser of~~ up to ~~four percent (4%)~~ two and one-half percent (2.5%) of the funds appropriated ~~or one million five hundred thousand dollars ($1,500,000)~~ each fiscal year for administrative costs associated with the scholarship grant program."

SECTION 8A.3.(k) For scholarship grants awarded for under the Personal Education Savings Accounts and the Special Education Scholarship for Children with

Disabilities programs, notwithstanding G.S. 115C-112.6(a), (b), or (b1), any rules adopted pursuant to G.S. 115C-112.6(d), 115C-592(a) through (b), 115C-594, and any rules adopted pursuant to G.S. 115C-597(a), the State Education Assistance Authority may make necessary administrative modifications to facilitate the award of scholarship grants for students who:

(1) Had applied for scholarship funds for the 2021-2022 school year within the application deadlines established by the Authority.

(2) Qualified as an eligible student for the 2021 fall semester.

(3) Had not been awarded scholarship funds beginning with the fall semester of the 2021-2022 school year.

SECTION 8A.3.(*l*) Personal Education Student Accounts for Children with Disabilities. – Article 41 of Chapter 115C of the General Statutes reads as rewritten:

"Article 41.

"Personal Education ~~Savings Accounts.~~Student Accounts for Children with Disabilities.

"**§ 115C-590. North Carolina Personal Education ~~Savings Account~~ Student Accounts for Children with Disabilities Program established.**

There is established the North Carolina Personal Education ~~Savings~~ Student Accounts for Children with Disabilities Program to provide the option for a parent to better meet the individual educational needs of the parent's child.

"**§ 115C-591. Definitions.**

The following definitions apply in this Article:

(1) Authority. – Defined in G.S. 116-201.

(2) Division. – The Division of Nonpublic Education, Department of Administration.

(2a) Educational technology. – As defined annually by the Authority, an item, piece of equipment, material, product, or system which may be purchased commercially off the shelf, modified, or customized and that is used primarily for educational purposes for a child with a disability.

(3) 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 ~~G.S. 115C-366.~~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 of G.S. 115C-364(d) and those findings are submitted to the Authority with the child's application.

b. Has not been enrolled in a postsecondary institution ~~in a matriculated status eligible for enrollment for~~ as a full-time student taking at least 12 hours of academic credit.

c. Is a child with a disability, as defined in ~~G.S. 115C-106.3(1), including, for example, intellectual disability, hearing impairment, speech or language impairment, visual impairment, serious emotional disturbance, orthopedic impairment, autism, traumatic brain injury, other health impairments, specific learning disability, or disability as may be required to be included under IDEA.~~G.S. 115C-106.3(1).

d. Has not been placed in a nonpublic school or facility by a public agency at public expense.

(3a) G.S. 115C-562.5 compliant school. – A Part 1 or 2 nonpublic school that consents to comply with the requirements of G.S. 115C-562.5.

(4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter, as identified by the Division.

(5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.

(5a) Part 1 or 2 nonpublic school. – A nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter, as identified by and deemed eligible by the Division.

~~(5a)~~(5b) Part-time student. – A child enrolled part time in a public school and part time in a nonpublic ~~school that exclusively provides services for children with disabilities.~~school.

(6) Personal Education ~~Savings~~ Student Account or PESA. – ~~A bank~~ An electronic account provided to a parent for the purpose of holding scholarship funds awarded by the Authority for an eligible student to be used for qualifying education expenses under G.S. 115C-595.

"**§ 115C-592. Award of scholarship funds for a personal education ~~savings~~ student account.**

(a) Application Selection. – The Authority shall make available no later than February 1 of each year applications to eligible students for the award of scholarship funds for a personal education ~~savings~~ student account to be used for qualifying education expenses to attend a nonpublic school. Information about scholarship funds and the application process shall be made available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning March 15, the~~ The Authority shall ~~begin selecting recipients for~~ award scholarships according to the following ~~criteria:~~criteria for applications received by March 1 of each year:

(1) First priority shall be given to eligible students who were awarded scholarship funds for a PESA during the previous school ~~year if those students have applied by March 1.~~year.

(2) After funds have been awarded to prior recipients as provided in subdivision (1) of this subsection, any remaining funds shall be used to award scholarship funds for a PESA for all other eligible students.

(b) Scholarship Awards. – ~~Scholarships~~ Except for eligible students who qualify for scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each year for an amount not to exceed (i) nine thousand dollars ($9,000) per eligible student for the ~~fiscal~~ school year ~~in~~ for which the application is ~~received, except~~ received or (ii) for eligible part-time ~~students, who shall be awarded scholarships each year for an amount not to exceed~~ students, four thousand five hundred dollars ($4,500) per eligible student for the ~~fiscal~~ school year ~~in~~ for which the application is received. Any funds remaining in an electronic account provided under subsection (b2) of this section at the end of a school year for eligible students who qualify only under this subsection shall be returned to the Authority.

(b1) Scholarship Awards for Students with Certain Disabilities. – An eligible student may be awarded scholarship funds in an amount of up to seventeen thousand dollars ($17,000) for each school year only if the student has been determined to have one or more of the following disabilities as a primary or secondary disability at the time of application for scholarship funds:

(1) Autism.

(2) Hearing impairment.

(3) Moderate or severe intellectual or developmental disability.

(4) Multiple, permanent orthopedic impairments.

(5) Visual impairment.

For eligible students who qualify for scholarship funds under this subsection, no more than four thousand five hundred dollars ($4,500) of funds remaining in an electronic account at the end of a school year shall be carried forward until expended for each school year upon renewal of the account under subsection (b2) of this section. In no event shall the total amount of funds carried forward for an eligible student in a personal education student account exceed thirty

thousand dollars ($30,000). Any funds remaining in the electronic account if an agreement is not renewed under G.S. 115C-595 shall be returned to the Authority.

(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 ~~deposited~~ in two equal ~~amounts to a PESA in~~ amounts, one-half in each ~~quarter~~ semester of the ~~fiscal~~ 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 ~~a debit card or~~ an electronic account with the prepaid funds loaded ~~on the card or~~ in the electronic account at the beginning of the ~~fiscal~~ school year. After the initial disbursement of funds, each subsequent, ~~quarterly~~ 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 ~~35~~ 70 days of the applicable ~~quarter.~~ semester. The ~~debit card or 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 ~~fiscal~~ school years. ~~Any funds remaining on the card or in the electronic account at the end of the fiscal year may be carried forward to the next fiscal year if the card or electronic account is renewed. Any funds remaining on the card or in the electronic account if an agreement is not renewed shall be returned to the Authority.~~

(c) ~~Eligibility for the other scholarship programs is provided for as follows:~~Eligibility for Other Scholarship Programs. –

~~(1)~~ An eligible student under this Article may receive, in addition to a PESA, a scholarship under Part 2A of Article 39 of this Chapter.

~~(2) An eligible student under this Article may receive, in addition to a PESA and a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under the special education scholarship program for children with disabilities pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or more of the following disabilities:~~

~~a. Autism.~~

~~b. Developmental disability.~~

~~c. Hearing impairment.~~

~~d. Moderate or severe intellectual disability.~~

~~e. Multiple, permanent orthopedic impairments.~~

~~f. Visual impairment.~~

(d) Applications Not Public Records. – Applications for scholarship funds and personally identifiable information related to eligible students receiving funds shall not be a public record under Chapter 132 of the General Statutes. For the purposes of this section, personally identifiable information means any information directly related to a student or members of a student's household, including the name, birthdate, address, Social Security number, telephone number, e-mail address, or any other information or identification number that would provide information about a specific student or members of a specific student's household.

(e) Establishment of Initial Eligibility. – An applicant may demonstrate for initial eligibility that the applicant is a child with a disability, as required by G.S. 115C-591(3)c., ~~in either of the following ways:~~

~~(1)~~ ~~The~~ by having the child ~~has been~~ assessed by a local education agency and ~~determined~~ the local education agency determining the child to be a child with a disability ~~and~~ with that outcome ~~is~~ verified by the local education agency on a form provided to the Authority.

~~(2) The child was initially assessed by a local education agency and determined to be a child with a disability and, following receipt of a scholarship awarded pursuant to Part 1H of Article 9 of this Chapter, was determined to have~~

~~continuing eligibility, as provided in G.S. 115C-112.6(c)(2), by the assessing psychologist or psychiatrist. Both the initial verification from the local education agency and the continuing verification by the assessing psychologist or psychiatrist shall be provided on a form to the Authority.~~

"**§ 115C-593. Student continuing eligibility.**

After the initial disbursement of funds, the Authority shall ensure that the student's continuing eligibility is assessed at least every three years. by one of the following:

(1) The local education agency. – The local education agency shall assess if the student continues to be a child with a disability and verify the outcome on a form to be provided to the Authority.

(2) A licensed psychologist with a school psychology focus or a psychiatrist. – The psychologist or psychiatrist shall assess, after review of appropriate medical and educational records, if the education and related services received by the student in the nonpublic school setting have improved the child's educational performance and if the student would continue to benefit from placement in the nonpublic school setting. The psychologist or psychiatrist shall verify the outcome of the assessment on a form to be provided to the Authority.

"**§ 115C-594. Verification of ~~eligibility.~~eligibility; information from other State agencies.**

(a) Verification of Information. – The Authority may seek verification of information on any application for the award of scholarship funds for a personal education ~~savings~~ student account. ~~The Authority shall select and verify six percent (6%) of applications annually, including those with apparent errors on the face of the application.~~ The Authority shall establish rules for the verification process. If a household fails to cooperate with verification efforts, the Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

(b) Access to Information. – ~~Household members of applicants~~ Applicants for the award of scholarship funds for a PESA shall authorize the Authority to access information needed for verification efforts held by other State agencies, including the Department of Health and Human Services and the Department of Public Instruction.

"**§ 115C-595. Parental agreement; use of funds.**

(a) Parental Agreement. – The Authority shall provide the parent of a scholarship recipient with a written agreement, applicable for each year the eligible student receives scholarship funds under this Article, to be signed and returned to the Authority prior to receiving the scholarship funds. The agreement shall be submitted to the Authority electronically. The parent shall not designate any entity or individual to execute the agreement on the parent's behalf. A parent or eligible student's failure to comply with this section shall result in a forfeit of scholarship funds and those funds may be awarded to another eligible student. The parent shall agree to the following conditions in order to receive scholarship funds under this Article:

(1) Use at least a portion of the scholarship funds to provide an education to the eligible student in, at a minimum, the subjects of English language arts, mathematics, social studies, and science.

(2) Unless the student is a part-time eligible student, release a local education agency in which the student is eligible to attend under G.S. 115C-366 of all obligations to educate the eligible student while the eligible student is receiving scholarship funds under this Article. A parent of a student, other than a part-time eligible student, who decides to enroll the student into the local education agency or other North Carolina public school during the term of the agreement shall notify the Authority to request a release from the agreement and shall return any unexpended funds to the Authority.

(3) Use the scholarship funds deposited into a personal education ~~savings~~ student account only for the following qualifying education expenses of the eligible student:

a. Tuition and fees for a ~~nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter and is subject to the requirements of G.S. 115C-562.5.~~G.S. 115C-562.5 compliant school, disbursed as provided in subdivision (1) of subsection (a1) of this section.

b. Textbooks required by a nonpublic school.

c. Tutoring and teaching services provided by an individual or facility accredited by a State, regional, or national accrediting organization.

d. Curricula.

e. Fees for nationally standardized norm-referenced achievement tests, advanced placement tests, or nationally recognized college entrance exams.

f. Fees charged to the account holder for the management of the PESA.

g. Fees for services provided by a public school, including individual classes and extracurricular programs.

h. Premiums charged to the account holder for any insurance or surety bonds required by the Authority.

i. Educational therapies from a licensed or accredited practitioner or provider.

j. Educational technology defined by the Authority as approved for use pursuant to ~~Part 1H of Article 9 of this Chapter.~~G.S. 115C-591(2a).

k. Student transportation, pursuant to a contract with an entity that regularly provides student transportation, to and from (i) a provider of education or related services or (ii) an education activity.

l. Transaction or merchant fees charged to the account holder, not to exceed two and one-half percent (2.5%) of the cost of the item or service.

(3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible student may pay tuition to Part 1 or 2 nonpublic schools that are not G.S. 115C-562.5 compliant schools with funds other than funds available in the personal education student account and then request reimbursement from the Authority from scholarship funds if the parent complies with the provisions of subdivision (2) of subsection (a1) of this section.

(4) Not use scholarship funds for any of the following purposes:

a. Computer hardware or other technological devices not defined by the Authority as educational technology approved for use pursuant to ~~Part 1H of Article 9 of this Chapter.~~G.S. 115C-591(2a).

b. Consumable educational supplies, including paper, pen, or markers.

c. Tuition and fees at an institution of higher education, as defined in G.S. 116-143.1, or a private postsecondary institution.

d. Tuition and fees for a nonpublic school that meets the requirements of Part 3 of Article 39 of this Chapter.

(a1) Disbursement of Funds for Tuition. – The method by which the Authority shall disburse scholarship funds awarded to eligible students for tuition at a nonpublic school shall be based upon whether the nonpublic school is a G.S. 115C-562.5 compliant school. Scholarship funds for tuition shall be disbursed as follows:

(1) Scholarship endorsement for tuition. – The Authority shall remit, at least two times each school year, scholarship funds from the personal education student account for eligible students who attend G.S. 115C-562.5 compliant schools. The funds shall be remitted to the G.S. 115C-562.5 compliant school for endorsement by at least one of the student's parents. The parent shall restrictively endorse the scholarship funds awarded to the eligible student for deposit into the account of the G.S. 115C-562.5 compliant school to the credit of the eligible student. The parent shall not designate any entity or individual associated with the school as the parent's attorney-in-fact to endorse the scholarship funds. A parent's failure to comply with this subdivision shall result in forfeiture of the scholarship funds for tuition. Scholarship funds forfeited for failure to comply with this subdivision shall be returned to the Authority to be awarded to another student.

(2) Reimbursement for tuition. – The parent of an eligible student who enrolls in a school that is (i) a North Carolina public school other than the public school to which that student would have been assigned as provided in G.S. 115C-366 or (ii) a Part 1 or 2 nonpublic school that is not a G.S. 115C-562.5 compliant school may pay tuition directly to the school with funds other than scholarship funds and request reimbursement with funds available in the personal education student account under subdivision (3a) of subsection (a) of this section. However, the Authority shall not reimburse the parent prior to the midpoint of each semester. A parent may only receive reimbursement for tuition if the parent provides documentation to the Authority that the student is enrolled in the school.

(b) No Refunds to an Account Holder. – A nonpublic school or a provider of services purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to a parent or eligible student in any manner. The parent shall notify the Authority if such a refund is required.

(c) Repealed by Session Laws 2018-5, s. 38.10(m), effective for taxable years beginning on or after January 1, 2018.

"**§ 115C-596. Identification of nonpublic schools and distribution of personal education ~~savings~~ student account information.**

(a) List of Nonpublic Schools. – The Division shall provide annually by February 1 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.

(b) Information on PESAs to the Division. – The Authority shall provide information about personal education ~~savings~~ student accounts to the Division. The Division shall provide information about PESAs to all qualified nonpublic schools on an annual basis.

"**§ 115C-597. Administration.**

(a) Rules and Regulations. – The Authority shall establish rules and regulations for the administration of the program, including the following:

(1) The administration and awarding of scholarship funds, including a lottery process for the selection of recipients within the criteria established by G.S. 115C-592(a), if necessary.

(2) Requiring a surety bond or insurance to be held by account holders.

(3) Use of the funds and the reporting of expenditures.

(4) Monitoring and control of spending scholarship funds deposited in a personal education savings account.

The Authority shall provide recipients of scholarship funds with the annual list of defined educational technology for which scholarship funds may be used.

(b) Contract for Management of PESAs. – The Authority may contract with a private financial management firm or institution to manage PESAs in accordance with this Article.

(c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit a random sampling of PESAs as needed to ensure compliance with the requirements of this Article. The Authority may contract with an independent entity to conduct these audits. The Authority may remove a parent or eligible student from the program and close a personal education ~~savings~~ student account for failure to comply with the terms of the parental agreement, for failure to comply with applicable laws, or because the student is no longer an eligible student.

(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship funds under this Article, the Authority may retain ~~up to two hundred fifty thousand dollars ($250,000)~~ the lesser of four percent (4%) of the funds appropriated or two million dollars ($2,000,000) each fiscal year for administrative costs associated with the program, including contracting with non-State entities for administration of certain components of the program.

"**§ 115C-598. Reporting requirements.**

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.

"**§ 115C-599. Duties of State agencies.**

(a) The State Board, as part of its duty to monitor all local education agencies to determine compliance with this Article and the Individuals with Disabilities Education Act (IDEA), 20 U.S.C. § 1400, et seq., (2004), as amended, and federal regulations adopted under that act, as provided in G.S. 115C-107.4, shall ensure that local education agencies do the following:

(1) Conduct evaluations requested by a child's parent of suspected children with disabilities, as defined in G.S. 115C-107.3, in a timely manner as required by IDEA.

(2) Provide assessments for continuing eligibility to identified children with disabilities receiving scholarship funds at the request of the parent to ensure compliance with G.S. 115C-593.

(b) The Authority shall analyze, in conjunction with the Department of Public Instruction, past trends in scholarship data on an annual basis to ensure that the amount of funds transferred each fiscal year by the Authority to the Department for reevaluations by local school administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual annual cost requirements.

"**§ 115C-600. Funds for Personal Education Student Accounts.**

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	$32,643,166
2024-2025	$33,643,166
2025-2026	$34,643,166
2026-2027	$35,643,166
2027-2028	$36,643,166
2028-2029	$37,643,166
2029-2030	$38,643,166
2030-2031	$39,643,166
2031-2032	$40,643,166
2032-2033 and each subsequent fiscal year thereafter	$41,643,166

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."

SECTION 8A.3.(m) It is the intent of the General Assembly to move the Special Education Scholarships for Children with Disabilities and the Personal Education Savings Account program funding to the Personal Education Student Accounts for Children with Disabilities Program, in addition to any other funds appropriated by the General Assembly for that Program, so that funds appropriated for scholarships are awarded to students for that school year.

SECTION 8A.3.(n) Notwithstanding G.S. 115C-592, as amended by this section, a student who was awarded scholarship funds for a Personal Education Savings Account (PESA) pursuant to Article 41 of Chapter 115C of the General Statutes for the 2021-2022 school year or a student who received a scholarship pursuant to Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2021-2022 school year shall receive priority in the award of scholarship funds under G.S. 115C-592 for a personal education student account for the 2022-2023 school year if the student applies by March 1, 2022.

SECTION 8A.3.(o) Part 1H of Article 9 of Chapter 115C of the General Statutes is repealed.

SECTION 8A.3.(p) G.S. 115C-555(4) reads as rewritten:

"(4) It receives no funding from the State of North Carolina. For the purposes of this Article, scholarship funds awarded pursuant to Part 2A of this ~~Article,~~ Article or Article 41 of this ~~Chapter, or Part 1H of Article 9 of this~~ Chapter to eligible students attending a nonpublic school shall not be considered funding from the State of North Carolina."

SECTION 8A.3.(q) G.S. 115C-567.1(a), as enacted by subsection (h) of this section, reads as rewritten:

"(a) The State Education Assistance Authority, in its administration of scholarship programs for eligible students pursuant to Part 2A of this ~~Article,~~ Article and Article 41 of this ~~Chapter, and Part 1H of Article 9 of this~~ Chapter may contract with a nonprofit corporation representing parents and families, for outreach and scholarship education, program promotion, and application assistance for parents and students. The Authority shall issue a request for proposals in order to enter into a contract with a nonprofit corporation that meets the following requirements during the term of the contract:

(1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General Statutes and comply at all times with the provisions of section 501(c)(3) of the Internal Revenue Code.

(2) Employ sufficient staff who have demonstrated a capacity of direct parent and family outreach, program promotion, procedural knowledge to assist parents through scholarship application process and provide guidance on the scholarship grant program, including by doing the following:

a. One-on-one parent and family engagement.
b. Scholarship education and public awareness.

(3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.

(4) Have no State officer or employee serving on the board of the nonprofit.

(5) Conduct at least quarterly meetings of the board of directors of the nonprofit at the call of its chair."

SECTION 8A.3.(r) Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

SECTION 8A.3.(s) G.S. 105-153.5(b)(12) reads as rewritten:

"(12) The amount deposited during the taxable year to a personal education ~~savings~~ student account under Article 41 of Chapter 115C of the General Statutes."

SECTION 8A.3.(t) This section does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended by this section before the effective date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued under the amended statute before the effective date of its amendment.

SECTION 8A.3.(u) Notwithstanding G.S. 115C-592(e), as amended by this section, and the repeal of Part 1H of Article 9 of Chapter 115C of the General Statutes, effective July 1, 2022, as provided by this section, for the 2022-2023 school year only, the State Education Assistance Authority shall have flexibility in implementing application requirements for the Personal Education Student Accounts for Children with Disabilities Program to award scholarship funds under that program for the 2022-2023 school year.

SECTION 8A.3.(v) Subsections (a) and (b) of this section apply to applications and awards of scholarship funds for the 2021-2022 school year only. Subsections (c) through (f) of this section apply beginning with applications for scholarship funds for the 2022-2023 school year. Subsections (g) and (h) of this section are effective June 30, 2021. Subsection (k) of this section applies to applications and awards of scholarship funds for the 2021-2022 school year only. Subsection (*l*) of this section applies to applications for scholarship funds beginning with the 2022-2023 school year. Subsections (o) through (r) of this section become effective July 1, 2022. Subsection (s) of this section applies to taxable years beginning on or after January 1, 2022.

SEAA GOVERNANCE STRUCTURE MODIFICATIONS/BUDGET CODE CHANGES

SECTION 8A.4.(a) G.S. 116-203 reads as rewritten:

"**§ 116-203. Authority created as subdivision of State; appointment, terms and removal of board of directors; officers; quorum; expenses and compensation of directors.**

(a) Authority Created. – There is created and constituted a political subdivision of the State to be known as the "State Education Assistance ~~Authority."~~ Authority" (Authority) to be housed administratively within The University of North Carolina System Office for organizational, staffing, and budgetary purposes. The exercise by the Authority of the powers conferred by this Article shall be deemed and held to be the performance of an essential governmental ~~function.~~function in administering a system of financial assistance to qualified students of the State. The Authority shall exercise its statutory powers independently from the System Office and the Board of Governors of The University of North Carolina.

(b) Membership. – The Authority shall be governed by a board of directors consisting of nine members, seven of whom shall be appointed ~~by the Governor~~ and two of whom shall be ex ~~officio. The members shall be~~ officio as follows:

(1) Seven members appointed ~~by the Governor, three of whom~~ according to the following:

a. The Board of Governors of The University of North Carolina shall appoint the following members:

1. One member who shall have expertise in secondary or higher ~~education, two of whom~~ education.
2. One member who shall be a chief financial officer or chief administrative officer from a nonpublic school that enrolls students receiving scholarship funds pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes.
3. One member who shall have expertise in ~~finance, one of whom~~ finance.

b. The Governor shall appoint the following members:
1. One member who shall have expertise in finance.
2. One member who shall have expertise in secondary or higher education.
3. One member who shall be a member of the public at large with an interest in higher ~~education, and one of whom~~ education.
4. One member who shall be a chief financial officer from a college or university that is a member of North Carolina Independent Colleges and Universities, Inc., appointed upon the recommendation of North Carolina Independent Colleges and Universities, Inc.

(2) The chief financial officer of The University of North Carolina shall serve as an ex officio member.

(3) The chief financial officer of the North Carolina Community College System shall serve as an ex officio member.

(c) Terms. – Members appointed ~~by the Governor~~ pursuant to subdivision (1) of subsection (b) of this section shall serve for a term of four years and until their successors are appointed and duly qualified. Immediately after appointment, the directors shall enter upon the performance of their duties.

(d) Vacancies. – A vacancy in an appointment ~~made by the Governor~~ shall be filled by the ~~Governor~~ appointing authority in the same manner as the original appointment for the remainder of the unexpired term.

(e) Removal. – The ~~Governor~~ appointing authority may remove any member of the board of directors appointed by ~~the Governor~~ that authority for misfeasance, malfeasance, or nonfeasance.

(f) Officers. – The board shall annually elect one of its members as chair and another as ~~vice-chair and shall also elect annually a secretary, or a secretary-treasurer, who may or may not be a member of the board.~~ vice-chair. The chair, or in the chair's absence, the vice-chair, shall preside at all meetings of the board. In the absence of both the chair and vice-chair, the board shall appoint a chair pro tempore, who shall preside at such meetings.

(f1) Executive Director. – The President of The University of North Carolina shall appoint the Executive Director of the Authority, who shall be the Authority's principal executive officer, and the Executive Director shall be responsible to the President. The Executive Director shall serve as secretary to the board of directors.

(g) Quorum. – Five directors shall constitute a quorum for the transaction of the business of the Authority, and no vacancy in the membership of the board shall impair the right of a quorum to exercise all the rights and perform all the duties of the Authority. The favorable vote of at least a majority of the members of the board present at any meeting is required for the adoption of any resolution or motion or for other official action.

(h) Expenses. – The members of the board shall receive per diem and allowances as provided in G.S. 138-5 and G.S. 138-6. These expenses and compensation shall be paid from funds provided under this Article, or as otherwise provided."

SECTION 8A.4.(b) G.S. 116-204 reads as rewritten:

"**§ 116-204. Powers of Authority.**

The Authority is hereby authorized and empowered:

(1) To fix and revise from time to time and charge and collect fees for its acts and ~~undertakings;~~undertakings.

(2) To establish rules and regulations concerning its acts and ~~undertakings;~~undertakings.

(3) To acquire, hold and dispose of personal property in the exercise of its powers and the performance of its ~~duties;~~duties.

(4) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this ~~Article;~~Article.

(5) To employ, ~~in its discretion,~~ upon approval by the President of The University of North Carolina or his or her designee, consultants, attorneys, ~~accountants, and financial experts, superintendents, managers~~ financial professionals, liaison personnel, clerical staff, and ~~such~~ other employees and agents as may be necessary ~~in its judgment,~~ and to fix their compensation ~~to be payable from funds made available to the Authority by law;~~from any funds made available to the Authority through appropriations by the General Assembly, the availability of receipts, or both.

(6) To receive and accept from any federal or private agency, corporation, association or person grants to be expended in accomplishing the objectives of the Authority, and to receive and accept from the State, from any municipality, county or other political subdivision thereof and from any other source aid or contributions of either money, property, or other things of value, to be held, used and applied only for the purposes for which such grants and contributions may be ~~made;~~made.

(7) To sue and to be sued; to have a seal and to alter the same at its pleasure; and to make and from time to time amend and repeal bylaws, rules and regulations not inconsistent with law to carry into effect the powers and purposes of the ~~Authority;~~Authority.

(8) To do all other acts and things necessary or convenient to carry out the powers expressly granted in this Article; provided, however, that nothing in this Article shall be construed to empower the Authority to engage in the business of banking or insurance.

(9) To collect loan repayments for loans awarded under the Teaching Fellows Program pursuant to G.S. 115C-363.23A if the loan repayment is outstanding for more than 30 days.

(10) To collect loan repayments for loans awarded from the Scholarship Loan Fund for Prospective Teachers pursuant to Article 32A of Chapter 115C of the General Statutes if the loan repayment is outstanding for more than 30 days.

(11) To administer the awarding of scholarship grants to students attending nonpublic schools as provided in Part 2A of Article 39 of Chapter 115C of the General Statutes.

(12) To administer the coordinated and centralized process for determining residency for tuition and State-funded financial aid purposes that is jointly developed and implemented by The University of North Carolina, the North Carolina Community College System, and the Authority, in consultation with the North Carolina Independent Colleges and Universities.

(13) To collect loan repayments for scholarship loans awarded under the former Principal Fellows Program pursuant to Article 5C of this Chapter if the loan repayment is outstanding for more than 30 days."

SECTION 8A.4.(c) G.S. 116-205 reads as rewritten:

"**§ 116-205. Title to property; use of State lands; offices.**

(a) Title to any property acquired by the Authority shall be taken in the name of the Authority.

(b) The State hereby consents, subject to the approval of the ~~Governor~~ Governor, the Board of Governors of The University of North Carolina, and Council of State, to the use of any other lands or property owned by the State, which are deemed by the Authority to be necessary for its purposes.

(c) ~~The~~ Upon approval by The University of North Carolina System Office, the Authority may establish such offices in ~~state-owned~~ State-owned or rented structures as it deems appropriate for its purposes."

SECTION 8A.4.(d) G.S. 116-209.14 reads as rewritten:

"**§ 116-209.14. Annual reports.**

The Authority shall, following the close of each fiscal year, publish an annual report of its activities for the preceding year to the ~~Governor~~ Board of Governors of The University of North Carolina, the Governor, and the General Assembly. Each report shall set forth a complete operating and financial statement covering the operations of the Authority during the year. The operations of the Authority shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes."

SECTION 8A.4.(e) G.S. 116-209.21 is repealed.

SECTION 8A.4.(f) Notwithstanding any other provision of law to the contrary, the Director of the Budget shall, in consultation with The University of North Carolina and the North Carolina State Education Assistance Authority, make necessary permanent adjustments to The University of North Carolina's certified budget for the 2021-2022 fiscal year to ensure that State appropriations for programs administered by the State Education Assistance Authority are clearly identified in a separate budget code or budget codes from the funds for the programs and for the support of the operations of The University of North Carolina System Office. The budget code changes authorized by this section are effective from July 1, 2021, and shall be reflected in the base budget for the 2023-2025 fiscal biennium.

SECTION 8A.4.(g) For the board of directors of the State Education Assistance Authority, subsection (a) of this section applies to the appointment of seats expiring or the appointment to fill vacancies in seats occurring on or after the date this act becomes law. Notwithstanding G.S. 116-203, as amended by this act, upon the next vacancies for seats for (i) a member who has expertise in finance and (ii) a member who has expertise in secondary or higher education, the Board of Governors of The University of North Carolina shall appoint the member to fill that vacant seat in accordance with G.S. 116-203(b)(1).

SECTION 8A.4.(h) Except as otherwise provided, this section is effective the date this act becomes law.

LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT

SECTION 8A.5.(a) Program Established. – Of the funds appropriated in this act to the Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority from the State Fiscal Recovery Fund, the Authority shall administer the Longleaf Commitment Grant Program (Program) to award grants to eligible students graduating from high school at the end of the 2021-2022 school year to cover tuition and fees at a community college for up to two years. The goal of the Longleaf Commitment Grant Program is to help students who graduated from a North Carolina high school during the COVID-19 pandemic recover learning and persist through to degree attainment.

SECTION 8A.5.(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 2021-2022 school year or receives a high school equivalency diploma during the 2021-2022 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 2022-2023 academic year and, if applicable, renews the FAFSA for the 2023-2024 academic year.
(4) Has an Expected Family Contribution (EFC) below fifteen thousand dollars ($15,000).
(5) Enrolls in the Fall 2022 semester and maintains enrollment in at least six credit hours per semester in curriculum courses at a community college.

SECTION 8A.5.(c) Award Amounts; Administration. – 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.

The Authority may adopt rules for the administration of the Program. The Authority may use up to one percent (1%) of the funds appropriated for the Program for administrative costs.

SECTION 8A.5.(d) Support Services from Community Colleges. – The Community Colleges System Office shall administer a matching grant program for community colleges to provide student support services under the Program in accordance with Section 6.11 of this act.

SECTION 8A.5.(e) Report. – The Authority shall submit an initial report by September 1, 2023, and a final report by September 1, 2024, to the Joint Legislative Education Oversight Committee on the implementation of the Program. The report shall contain, for each academic year, the amount of grant funds disbursed and the number of eligible students receiving funds.

WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM

SECTION 8A.8.(a) Scholarship Program Established. – Of the funds appropriated by this act for the 2021-2022 fiscal year 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 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 may apply to the Authority for a grant to cover costs related to the internship program in an amount of up to seven thousand dollars ($7,000). The Authority shall award grants to students in the order in which applications are received.

SECTION 8A.8.(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.8(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.8.(d) 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.8.(e) Reporting. – By March 1, 2023, the Authority, in consultation with the Washington Center, shall report to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Committee on Education, 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 by constituent institution.

SECTION 8A.8.(f) This section applies beginning with the award of scholarship grants for the 2022 spring academic semester.

PRIVATE COLLEGES AND UNIVERSITIES/SUPPORT FOR RESPONSES TO THE COVID-19 PANDEMIC

SECTION 8A.9.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority (Authority) from the State Fiscal Recovery Fund, the Authority shall provide funds to eligible private postsecondary institutions, as defined in G.S. 116-280(3), by apportioning the funds to those institutions according to the following:

(1) The Authority shall first distribute funds to each eligible private postsecondary institution on the basis of one thousand two hundred fifty dollars ($1,250) per student who received a scholarship pursuant to Article 34 of Chapter 116 of the General Statutes in the 2019-2020 academic year, excluding the following:
   a. Institutions that had fewer than 10 students receive a scholarship pursuant to Article 34 of Chapter 116 of the General Statutes in the 2019-2020 academic year.
   b. Four-year institutions that had less than ten percent (10%) of the degree-seeking undergraduate student population receive a scholarship pursuant to Article 34 of Chapter 116 of the General Statutes in the 2019-2020 academic year.

(2) After the Authority distributes funds to eligible private postsecondary institutions pursuant to subdivision (1) of this section, the Authority shall distribute any remaining funds to eligible private postsecondary institutions that qualified to receive federal funds pursuant to section 314(a)(2) of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021, P.L. 116-260, under one of the following programs:
   a. Historically Black Colleges and Universities (HBCUs).
   b. Minority Serving Institutions (MSIs).
   c. Strengthening Institutions Program (SIPs).

   Funds under this subdivision shall be distributed to an eligible private postsecondary institution in an amount proportional to the amount of federal

funds the institution qualified for under the programs listed in sub-subdivisions a. through c. of this subdivision relative to the total amount of federal funds from the programs listed in sub-subdivisions a. through c. of this subdivision that were allocated to all of the qualifying eligible private postsecondary institutions.

SECTION 8A.9.(b) In applying the allocation methods set forth in subsection (a) of this section, the Authority shall distribute a total amount of funds to eligible private postsecondary institutions based on the following estimated schedule, provided funds may be subject to adjustment as the Authority deems necessary:

Institution	**Amount of Funds**
Barton College	$774,908
Belmont Abbey College	$571,250
Bennett College	$1,589,942
Brevard College	$417,061
Cabarrus College of Health Sciences	$248,750
Campbell University	$1,788,750
Carolinas College of Health Sciences	$53,750
Catawba College	$762,500
Chowan University	$1,128,408
Gardner-Webb University	$1,269,331
Greensboro College	$613,040
Guilford College	$964,118
Johnson & Wales University-Charlotte	$572,500
Johnson C. Smith University	$7,543,584
Lees-McRae College	$628,102
Lenoir-Rhyne University	$1,314,510
Livingstone College	$6,634,494
Louisburg College	$689,768
Mars Hill University	$899,059
Meredith College	$871,250
Methodist University	$974,428
Mid-Atlantic Christian University	$128,984
Montreat College	$434,448
North Carolina Wesleyan College	$1,745,398
Pfeiffer University	$860,215
Queens University of Charlotte	$590,000
Salem College	$484,246
Shaw University	$6,251,815
Southeastern Baptist Theological Seminary	$165,000
St. Andrews University	$251,250
St. Augustine's University	$4,273,138
University of Mount Olive	$1,699,352
Warren Wilson College	$252,500
William Peace University	$661,799
Wingate University	$1,892,352

SECTION 8A.9.(c) The funds distributed to eligible private postsecondary institutions under this section shall be used to mitigate losses in revenue and to respond to the negative impacts of the COVID-19 pandemic for any permissible uses allowed under federal law and guidance, including, but not limited to, financial assistance for students, COVID-19 testing, cleaning costs, personal protective equipment and any other necessary equipment, and ventilation improvements for congregate settings.

SECTION 8A.9.(d) Notwithstanding subsection (a) of this section, of the funds appropriated by this act to the Board of Governors of The University of North Carolina to be allocated to the Authority from the State Fiscal Recovery Fund, the Authority shall provide funds to High Point University totaling one million dollars ($1,000,000) to be used consistent with subsection (c) of this section.

PART IX. HEALTH AND HUMAN SERVICES

PART IX-A. AGING AND ADULT SERVICES

STATE-COUNTY SPECIAL ASSISTANCE RATES

SECTION 9A.1.(a) For each year of the 2021-2023 fiscal biennium, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred eighty-two dollars ($1,182) per month per resident.

SECTION 9A.1.(b) For each year of the 2021-2023 fiscal biennium, the maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five hundred fifteen dollars ($1,515) per month per resident.

INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS ALLOWANCE

SECTION 9A.2.(a) Effective January 1, 2022, the Department of Health and Human Services, Division of Aging and Adult Services, shall increase the personal needs allowance under the State-County Special Assistance program from forty-six dollars ($46.00) per month per recipient to seventy dollars ($70.00) per month per recipient.

SECTION 9A.2.(b) Effective January 1, 2022, and notwithstanding the increase in the personal needs allowance authorized by subsection (a) of this section or any other provision of law to the contrary, the following limits are applicable for determining financial eligibility for State-County Special Assistance:

(1) The total countable monthly income for individuals residing in adult care home facilities shall not exceed one thousand two hundred twenty-eight dollars ($1,228) per month.

(2) The total countable monthly income for individuals residing in Alzheimer's/Dementia special care units shall not exceed one thousand five hundred sixty-one dollars ($1,561) per month.

REMOVAL OF THE CAP ON THE NUMBER OF ALLOWABLE STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS

SECTION 9A.3. G.S. 108A-47.1(a) reads as rewritten:

"(a) The Department of Health and Human Services may use funds from the existing State-County Special Assistance budget to provide Special Assistance payments to eligible individuals 18 years of age or older in in-home living arrangements. ~~These payments may be made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~ The standard monthly payment to individuals enrolled in the Special Assistance in-home program shall be one hundred percent (100%) of the monthly payment the individual would receive if the individual resided in an adult care home and qualified for Special Assistance, except if a lesser payment amount is appropriate for the individual as determined by the local case manager. The Department shall implement Special Assistance in-home eligibility policies and procedures to assure that in-home program participants are those individuals who need and, but for the in-home program, would seek placement in an adult care home facility. The Department's policies and procedures shall include the use of a functional assessment."

STATE-COUNTY SPECIAL ASSISTANCE PROGRAM CHANGES

SECTION 9A.3A.(a) It is the intent of the General Assembly to provide greater parity among individuals receiving benefits under the State-County Special Assistance Program authorized under G.S. 108A-40 regardless if they elect to reside in an adult care home, a special care unit, or an in-home living arrangement. To that end, no later than 30 days after the effective date of this subsection, the Department of Health and Human Services, Division of Aging and Adult Services, shall apply to the federal Social Security Administration (SSA) for approval to allow eligible individuals residing in in-home living arrangements to qualify for State-County Special Assistance under the Social Security Optional State Supplement Program in the same manner as individuals residing in adult care homes or special care units. Additionally, no later than 30 days after the effective date of this subsection, the Department of Health and Human Services, Division of Health Benefits, shall submit a State Plan amendment to the Centers for Medicare and Medicaid Services (CMS) for approval to add Medicaid coverage for individuals residing in in-home living arrangements who qualify for State-County Special Assistance under the Social Security Optional State Supplement Program. It is the further intent of the General Assembly to appropriate sufficient funds in future fiscal years to support annual adjustment of the State-County Special Assistance Program payment rates using the federally approved Social Security cost-of-living adjustment. This subsection is effective when it becomes law.

SECTION 9A.3A.(b) Part 3 of Article 2 of Chapter 108A of the General Statutes, as amended by Section 9A.3 of this act, reads as rewritten:

"Part 3. State-County Special Assistance.

"**§ 108A-40. Authorization of State-County Special Assistance Program.**

The Department is authorized to establish and supervise a State-County Special Assistance Program. ~~This program is to be administered by county~~ County departments of social services shall administer this program under rules and regulations of the Social Services Commission.

"**§ 108A-41. ~~(See Editor's note)~~ Eligibility.**

(a) ~~Assistance shall be granted~~ The Department shall grant assistance under this Part to all persons residing in adult care ~~homes~~ homes, special care units, and in-home living arrangements for care found to be essential in accordance with the rules and regulations adopted by the Social Services Commission and prescribed by G.S. 108A-42(b). As used in this Part, the term "adult care home" includes a supervised living facility for adults with intellectual and developmental disabilities licensed under Article 2 of Chapter 122C of the General Statutes.

(b) ~~Assistance shall be granted~~ The Department shall grant assistance to any person described in subsection (a) of this section who meets all of the following criteria:

(1) Meets one of the following:
  a. Is 65 years of age or older.
  b. Is between the ages of 18 and 65, and is permanently and totally disabled or is legally blind pursuant to G.S. 111-11.

(1a) Needs placement in an adult care home or special care unit and either resides in an adult care home or special care unit or would seek placement in an adult care home or special care unit if not for the State-County Special Assistance Program.

(2) ~~**(Effective until contingency met – see Editor's note)**~~ Has insufficient income or other resources to provide a reasonable subsistence compatible with decency and health as determined by the rules and regulations of the Social Services ~~Commission; and.~~Commission. The following income limits are applicable for determining financial eligibility for State-County Special Assistance:
  a. The total countable monthly income for individuals residing in adult care home facilities or in-home living arrangements without a diagnosis of Alzheimer's disease or dementia shall not exceed the basic

rate established in subsection (a) of G.S. 108A-42.1 plus a personal needs allowance in an amount determined by the General Assembly.

b. The total countable monthly income for individuals residing in special care units or in-home living arrangements with a diagnosis of Alzheimer's disease or dementia shall not exceed the enhanced rate established in subsection (b) of G.S. 108A-42.1 plus a personal needs allowance in an amount determined by the General Assembly.

~~(2) **(For contingent effective date, see Editor's note)** Has both (i) income at or below one hundred percent (100%) of the federal poverty level guidelines published by the United States Department of Health and Human Services and (ii) insufficient income or other resources to provide a reasonable subsistence compatible with decency and health as determined by the rules and regulations of the Social Services Commission.~~

(3) Is one of the following:

a. A resident of North Carolina for at least 90 days immediately prior to receiving this assistance.

b. Repealed by Session Laws 2014-100, s. 12D.1(c), effective November 1, 2014.

c. A person discharged from a State facility who was a patient in the facility as a result of an interstate mental health compact that requires the State to continue treating the person within the State. As used in this sub-subdivision the term State facility is a facility listed under G.S. 122C-181.

(c) When determining whether a person has insufficient resources to provide a reasonable subsistence compatible with decency and health, there shall be excluded from consideration the person's primary place of residence and the land on which it is situated, and in addition there shall be excluded real property contiguous with the person's primary place of residence in which the property tax value is less than twelve thousand dollars ($12,000).

(d) The county shall also have the option of granting assistance to Certain Disabled persons as defined in the rules and regulations adopted by the Social Services Commission. Nothing in this Part should be interpreted so as to preclude any individual county from operating any program of financial assistance using only county funds.

…

"**§ 108A-42.1. State-County Special Assistance Program payment rates.**

(a) Basic Rate. – The maximum monthly rate for State-County Special Assistance recipients residing in adult care homes or in-home living arrangements without a diagnosis of Alzheimer's disease or dementia shall be one thousand one hundred eighty-two dollars ($1,182) per month per resident. This rate shall be adjusted on January 1, 2024, and each January 1 thereafter, using the federally approved Social Security cost-of-living adjustment effective for the applicable year.

(b) Enhanced Rate. – The maximum monthly rate for State-County Special Assistance recipients residing in special care units or in-home living arrangements with a diagnosis of Alzheimer's disease or dementia shall be one thousand five hundred fifteen dollars ($1,515) per month per resident. This rate shall be adjusted on January 1, 2024, and each January 1 thereafter, using the federally approved Social Security cost-of-living adjustment effective for the applicable year.

…

"~~**§ 108A-47.1. Special Assistance in-home payments.**~~

~~(a) The Department of Health and Human Services may use funds from the existing State-County Special Assistance budget to provide Special Assistance payments to eligible individuals 18 years of age or older in in-home living arrangements. The standard monthly~~

~~payment to individuals enrolled in the Special Assistance in-home program shall be one hundred percent (100%) of the monthly payment the individual would receive if the individual resided in an adult care home and qualified for Special Assistance, except if a lesser payment amount is appropriate for the individual as determined by the local case manager. The Department shall implement Special Assistance in-home eligibility policies and procedures to assure that in-home program participants are those individuals who need and, but for the in-home program, would seek placement in an adult care home facility. The Department's policies and procedures shall include the use of a functional assessment.~~

~~(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.~~

…."

SECTION 9A.3A.(c) G.S. 143B-139.5 reads as rewritten:

"**§ 143B-139.5. Department of Health and Human Services; adult care State/county share of costs for State-County Special Assistance programs.**

State funds available to the Department of Health and Human Services shall pay fifty percent (50%), and the counties shall pay fifty percent (50%) of the authorized rates for care in adult care homes including area mental health agency-operated or contracted-group ~~homes.~~ homes, special care units, and in-home living arrangements. The Department shall use the State's appropriation to the State-County Special Assistance program for this ~~program, for the State-County Special Assistance in-home program,~~ program and for rental assistance. Each county shall use county funds budgeted for the State-County Special Assistance program for this ~~program, for the State-County Special Assistance in-home program,~~ program and for rental assistance."

SECTION 9A.3A.(d) Subsections (b), (c), and (e) of this section become effective on July 1, 2022, or 30 days after the date that all of the following have occurred, whichever is later:

(1) Both the SSA and CMS have approved the applications submitted by the Department of Health and Human Services pursuant to subsection (a) of this section.

(2) CMS has approved the use of savings arising from the enhanced federal medical assistance percentage (FMAP) for home and community-based services available to the State under section 9817(a) of the American Rescue Plan Act of 2021 (ARPA), P.L. 117-2, for both of the expenditures identified in subsection (e) of this section.

The Secretary of the Department of Health and Human Services shall report to the Revisor of Statutes when both the SSA and CMS approvals are obtained and the date of the approval. Subsections (b), (c), and (e) of this section shall not become effective if either the SSA or CMS disapproves the applications submitted by the Department of Health and Human Services pursuant to subsection (a) of this section or if CMS disapproves the use of the savings arising from the enhanced FMAP for home and community-based services under ARPA for either of the expenditures identified in subsection (e) of this section. If, by June 30, 2023, the Department of Health and Human Services has not received (i) notification of application approval from both the SSA and CMS pursuant to subsection (a) of this section and (ii) notification from CMS of approval for the use of the savings from the enhanced FMAP for either of the expenditures identified in subsection (e) of this section, then subsections (b), (c), and (e) of this section shall expire. This subsection is effective when it becomes law.

SECTION 9A.3A.(e) The Department of Health and Human Services shall use savings arising from the enhanced FMAP for home and community-based services available to the State under section 9817(a) of ARPA to fund both of the following:

(1) NC Medicaid program costs associated with beneficiaries residing in an in-home living arrangement who are eligible for the State-County Special Assistance Program due to the changes to the program required by this section.

(2) The State share of the monthly State-County Special Assistance payments associated with individuals residing in an in-home living arrangement who are eligible for the State-County Special Assistance Program due to the changes to the program required by this section.

The Department of Health and Human Services shall continue to fund the expenditures identified under subdivisions (1) and (2) of this subsection utilizing funds from the HCBS Fund established in Section 9D.8A of this act, so long as funds remain available in the HCBS Fund.

SECTION 9A.3A.(f) Section 9A.1 and Section 9A.2(b) of this act are repealed on the date subsections (b), (c), and (e) of this section become effective. This subsection is effective when it becomes law.

AUTHORIZATION FOR LOCAL ENTITIES TO SET REIMBURSEMENT RATES FOR ADULT DAY CARE, ADULT DAY HEALTH, AND ASSOCIATED TRANSPORTATION SERVICES FUNDED BY THE HOME AND COMMUNITY CARE BLOCK GRANT AND THE STATE ADULT DAY CARE FUND

SECTION 9A.3B.(a) G.S. 143B-181.1 reads as rewritten:

"**§ 143B-181.1. Division of Aging – creation, powers and duties.**

(a) There is hereby created within the office of the Secretary of the Department of Health and Human Services a Division of Aging, which shall have the following functions and duties:

…

(11) To administer a Home and Community Care Block Grant for older adults, effective July 1, 1992. The Home and Community Care Block Grant shall be comprised of applicable Older Americans Act funds, Social Services Block Grant funding in support of the Respite Care Program (G.S. 143B-181.10), State funds for home and community care services administered by the Division of Aging, portions of the State In-Home and Adult Day Care funds (Chapter 1048, 1981 Session Laws) administered by the Division of Social Services which support services to older adults, and other funds appropriated by the General Assembly as part of the Home and Community Care Block Grant. Funding currently administered by the Division of Social Services to be included in the block grant will be based on the expenditures for older adults at a point in time to be mutually determined by the Divisions of Social Services and Aging. Reimbursement rates for adult day care services, adult day health services, and associated transportation services paid under the Home and Community Care Block Grant and the State Adult Day Care Fund shall be established at the local level. These rates shall reflect geographical differences, the availability of services, the cost to provide services, and other local variables. The total amount of Older Americans Act funds to be included in the Home and Community Care Block Grant and the matching rates for the block grant shall be established by the Department of Health and Human Services, Division of Aging. Allocations made to counties in support of older adults shall not be less than resources made available for the period July 1, 1990, through June 30, 1991, contingent upon availability of current State and federal funding; and

…

(c) The Secretary of Health and Human Services shall adopt rules to implement this Part and Title 42, Chapter 35, of the United States Code, entitled Programs for Older Americans."

SECTION 9A.3B.(b) G.S. 143B-153 reads as rewritten:

"**§ 143B-153. Social Services Commission – creation, powers and duties.**

There is hereby created the Social Services Commission of the Department of Health and Human Services with the power and duty to adopt rules and regulations to be followed in the conduct of the State's social service programs with the power and duty to adopt, amend, and rescind rules and regulations under and not inconsistent with the laws of the State necessary to carry out the provisions and purposes of this Article. Provided, however, the Department of Health and Human Services shall have the power and duty to adopt rules and regulations to be followed in the conduct of the State's medical assistance program. [The Commission has the following powers and duties:]

…

(2a) The Social Services Commission shall have the power and duty to establish standards and adopt rules and regulations:

a. For social services programs established by federal legislation and by Article 3 of G.S. Chapter ~~108A;~~108A.

b. For implementation of Title XX of the Social Security Act, except for Title XX services provided solely through the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, by promulgating rules and regulations in the following areas:

1. Eligibility for all services established under a Comprehensive Annual Services Plan, as required by federal ~~law;~~law.
2. Standards to implement all services established under the Comprehensive Annual Services ~~Plan;~~Plan.
3. Maximum rates of payment for the provision of social ~~services;~~services, except there shall be no maximum statewide reimbursement rate for adult day care services, adult day health services, and the associated transportation services, as these reimbursement rates shall be determined at the local level to allow flexibility in responding to local variables.
4. Fees for services to be paid by recipients of social ~~services;~~services.
5. Designation of certain mandated services, from among the services established by the Secretary ~~below,~~ in accordance with sub-subdivision c. of this subdivision which shall be provided in each county of the ~~State; and~~State.
6. Title XX services for the blind, after consultation with the Commission for the Blind.

c. Provided, that the Secretary is authorized to promulgate all other rules in at least the following areas:

1. Establishment, identification, and definition of all services offered under the Comprehensive Annual Services ~~Plan;~~Plan.
2. Policies governing the allocation, budgeting, and expenditures of funds administered by the ~~Department;~~Department.
3. Contracting for and purchasing ~~services; and~~services
4. Monitoring for effectiveness and compliance with State and federal law and regulations.

…."

SECTION 9A.3B.(c) The Department of Health and Human Services, Division of Aging and Adult Services, Division of Social Services, and the Social Services Commission shall amend or repeal any rules requiring a maximum statewide reimbursement rate for adult day care and adult day health services paid under the Home and Community Care Block Grant and the State Adult Day Care Fund. Rules shall be promulgated to allow the reimbursement rates for adult day care services, adult day health services, and associated transportation services to be set by each county lead agency for planning and coordination. The rates shall reflect geographical differences, the availability of services, the cost to provide services, and other local variables.

SECTION 9A.3B.(d) This section is effective when it becomes law.

RAPID REHOUSING FOR INDIVIDUALS AND FAMILIES AT RISK OF HOMELESSNESS

SECTION 9A.4. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Aging and Adult Services, the sum of fifteen million dollars ($15,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated for rapid rehousing services to assist individuals and families at risk of homelessness due to the COVID-19 public health emergency with obtaining safe housing. The funds allocated under this section shall remain available until depleted or on the date federal law requires the funds to be fully expended, whichever is earlier. These funds shall be used to supplement and not supplant existing funds for homelessness prevention activities and may be used to provide financial assistance to eligible individuals and families to cover the cost of acute needs such as the following:

(1) Security deposits and rental assistance for a period not to exceed 12 months per individual or family.
(2) Utility deposits and utility assistance for a period not to exceed 12 months per individual or family.
(3) Temporary hotel stays while awaiting more permanent housing.
(4) Housing navigation services.
(5) Case management services related to the rapid attainment of safe housing.
(6) Activities to increase local capacity for housing services and other related services to prevent homelessness, such as the evidenced-based coordinated entry system.
(7) Home improvements and home repairs to support vulnerable seniors age 60 and older to remain in in-home living arrangements rather than congregate care settings during the COVID-19 public health emergency.

NUTRITION SERVICES FOR OLDER ADULTS

SECTION 9A.5. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Aging and Adult Services, the sum of three million five hundred eighty-five thousand dollars ($3,585,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to address food insecurity among older adults due to the COVID-19 pandemic through the following activities:

(1) Providing two meals per week or twenty dollars ($20.00) per week in groceries to eligible older adults who are frail or functionally impaired.
(2) Providing two weeks of meals to eligible high-risk older adults after a hospital discharge.
(3) Expanding the North Carolina Senior Farmers' Market Nutrition Program across the State to eligible low-income older adults.

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT

REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS

SECTION 9B.1. Any non-State entity, as defined in G.S. 143C-1-1, that is a recipient of nonrecurring funds allocated in Part IX of this act as a directed grant shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division as follows:

(1) By July 1, 2022, on the use of directed grant funds received under Part IX of this act for the 2021-2022 fiscal year.

(2) By July 1, 2023, on the use of directed grant funds received under Part IX of this act for the 2022-2023 fiscal year.

FUNDS FOR THE NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST) SYSTEM

SECTION 9B.2.(a) The State Controller shall transfer the sum of thirty-nine million six hundred sixty-three thousand three hundred seventeen dollars ($39,663,317) in nonrecurring funds for the 2021-2022 fiscal year and the sum of thirty-eight million three hundred fifty-five thousand six hundred forty dollars ($38,355,640) in nonrecurring funds for the 2022-2023 fiscal year from funds available in the Medicaid Transformation Reserve in the General Fund to the Department of Health and Human Services, Division of Central Management and Support, to be used as follows:

(1) Twenty-six million three hundred nineteen thousand five hundred dollars ($26,319,500) in nonrecurring funds for the 2021-2022 fiscal year and twenty-seven million three hundred twenty-two thousand six hundred seventy-five dollars ($27,322,675) in nonrecurring funds for the 2022-2023 fiscal year shall be used to fund deployment of the child welfare case management component of the NC FAST system, as provided in Section 9I.15 of this act, and to match federal funds to expedite deployment of this functionality.

(2) Ten million six hundred five thousand nine hundred eighty-eight dollars ($10,605,988) in nonrecurring funds for the 2021-2022 fiscal year and five million eight hundred seventy-six thousand eight hundred six dollars ($5,876,806) in nonrecurring funds for the 2022-2023 fiscal year shall be used to match federal funds to expedite development and implementation of the following within the NC FAST system: (i) updates and changes with respect to Medicaid Transformation, (ii) document management, and (iii) independent verification and validation support.

(3) Two million seven hundred thirty-seven thousand eight hundred twenty-nine dollars ($2,737,829) in nonrecurring funds for the 2021-2022 fiscal year and five million one hundred fifty-six thousand one hundred fifty-nine dollars ($5,156,159) in nonrecurring funds for the 2022-2023 fiscal year for infrastructure modernization.

Funds transferred under this subsection are appropriated for the purposes set forth in this subsection.

SECTION 9B.2.(b) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, Division of Central Management and Support, the sum of nineteen million nine hundred ninety-four thousand four hundred forty-seven dollars ($19,994,447) in recurring funds for the 2021-2022 fiscal year and the sum of nineteen million nine hundred ninety-four thousand four hundred forty-seven dollars ($19,994,447) in recurring funds for the 2022-2023 fiscal year shall be used for operations and maintenance expenses for the North Carolina Families Accessing Services Through Technology (NC FAST) system.

SECTION 9B.2.(c) The Department of Health and Human Services, Division of Central Management and Support, shall report any change in approved federal funding or federal

match rates within 30 days after the change to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

SECTION 9B.2.(d) Departmental receipts appropriated in this act in the amount of seventy-six million nine hundred eighteen thousand seven hundred seventy-eight dollars ($76,918,778) for the 2021-2022 fiscal year and in the amount of seventy-five million one hundred ninety-nine thousand four hundred thirteen dollars ($75,199,413) for the 2022-2023 fiscal year shall be used for the purposes described in this section.

MEDICAID TRANSFORMATION RESERVE FUNDS FOR INFORMATION TECHNOLOGY DIVISION SUPPORT OF MEDICAID APPLICATIONS

SECTION 9B.2A.(a) The State Controller shall transfer the sum of two million seven hundred thousand dollars ($2,700,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of two million five hundred thousand dollars ($2,500,000) in nonrecurring funds for the 2022-2023 fiscal year from funds available in the Medicaid Transformation Reserve in the General Fund to the Department of Health and Human Services, Division of Central Management and Support, Information Technology Division, to be used for information technology support of Medicaid applications. Funds transferred under this subsection are appropriated for the purposes set forth in this section.

SECTION 9B.2A.(b) Departmental receipts appropriated in this act in the amount of two million seven hundred thousand dollars ($2,700,000) for the 2021-2022 fiscal year and in the amount of two million five hundred thousand dollars ($2,500,000) for the 2022-2023 fiscal year shall be used for the purposes described in subsection (a) of this section.

COMMUNITY HEALTH GRANT PROGRAM

SECTION 9B.3.(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 2021-2023 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.3.(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.3.(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.3.(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 2021-2023 fiscal biennium for administrative purposes.

SECTION 9B.3.(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.

SECTION 9B.3.(f) By February 1, 2022, the Office of Rural Health shall report to the Joint Legislative Oversight Committee on Health and Human Services on the implementation status of the following Community Health Grant Program requirements enacted by Section 11A.8 of S.L. 2017-57:

(1) Establishment of a Primary Care Advisory Committee and that Committee's development of an objective and equitable process for grading applications for grants funded under the Community Health Grant Program.
(2) Development of a standardized method for grant recipients to report objective, measurable quality health outcomes.

ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND ACCOUNTABILITY

SECTION 9B.4.(a) The Office of Program Evaluation Reporting and Accountability within the Department of Health and Human Services is eliminated.

SECTION 9B.4.(b) Part 31A of Article 3 of Chapter 143B of the General Statutes is repealed.

SECTION 9B.4.(c) G.S. 126-5(c1)(31) is repealed.

VETERANS HEALTH CARE PILOT PROGRAM

SECTION 9B.5.(a) Pilot Program. – 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 four hundred thousand dollars ($400,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of three hundred fifty thousand dollars ($350,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used to support the development and implementation of a two-year pilot program to provide health care services to veterans. The Department of Health and Human Services and the Department of Military and Veterans Affairs, in coordination with Community Care of North Carolina and Maxim Healthcare Services, shall develop and implement the pilot program in Cumberland County. The pilot program shall consist of the following initiatives:

(1) A health care initiative to provide to veterans increased access to health care resources through the care coordination efforts of community health workers.
(2) A workforce initiative to recruit and train unemployed and underemployed veterans as community health workers for the health care initiative described in subdivision (1) of this subsection.

SECTION 9B.5.(b) Administrative Costs. – No more than fifteen percent (15%) of the funds allocated for the purposes of this section shall be used for administrative purposes.

SECTION 9B.5.(c) Termination. – The pilot program authorized by this section shall terminate on June 30, 2023.

SECTION 9B.5.(d) Evaluation. – By February 1, 2024, the Department of Health and Human Services shall conduct and submit to the Joint Legislative Oversight Committee on Health and Human Services a comprehensive evaluation of the pilot program authorized by this section. The comprehensive evaluation shall include at least all of the following:

(1) A detailed breakdown of expenditures for the pilot program.

(2) The specific ways in which the health care initiative provided to veterans increased access to health care resources.

(3) The total number of unemployed and underemployed veterans who were recruited and trained as community health workers under the pilot program's workforce initiative.

FUNDS FOR NC DENTAL SOCIETY FOUNDATION'S MISSIONS OF MERCY DENTAL CLINICS

SECTION 9B.6. Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for allocation 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 funds may be spent for administrative purposes.

FUNDS FOR LOCAL START DENTAL, INC.

SECTION 9B.7. Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for allocation to the nonprofit corporation known as Local Start Dental, Inc., shall not be spent for any purpose other than to (i) provide direct services to patients and (ii) purchase necessary dental supplies, necessary dental equipment, or a combination of these. None of these funds may be spent for administrative purposes.

FUNDS FOR THE STATEWIDE TELEPSYCHIATRY PROGRAM

SECTION 9B.8.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a grant to the East Carolina University Center for Telepsychiatry and e-Behavioral Health for the statewide telepsychiatry program established under G.S. 143B-139.4B, known as NC-STeP. These grant funds shall be used to respond to the COVID-19 public health emergency by providing virtual psychiatric assessments and consultations to patients utilizing telepsychiatry, as defined in G.S. 143B-139.4B.

SECTION 9B.8.(b) By July 1, 2022, the East Carolina University Center for Telepsychiatry and e-Behavioral Health shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of the grant funds allocated by subsection (a) of this section.

VIRTUAL BEHAVIORAL HEALTH SERVICES GRANT PROGRAM

SECTION 9B.8A.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to award competitive grants to hospitals to fund expanded telepsychiatry capabilities to respond to the COVID-19 public health emergency by allowing patients being served in primary care settings to access hospital-based virtual psychiatric assessments and consultations. At a minimum, the expanded telepsychiatry capabilities must facilitate patient access to hospital-based virtual telepsychiatry services from a

primary care provider's office, from home, or from another nonhospital setting. The Office of Rural Health shall establish the procedures and criteria for awarding grants under this section and make the final decision about grant awards, subject to the following limitations:

(1) The size of a single grant award may not exceed one million five hundred thousand dollars ($1,500,000).
(2) An applicant may not receive more than one grant.
(3) In awarding grants under this section, the Department shall select applicants located in multiple geographic areas of the State.

SECTION 9B.8A.(b) By May 1, 2022, the Department of Health and Human Services shall announce the recipients of the competitive grant awards authorized under subsection (a) of this section and report to the Joint Legislative Oversight Committee on Health and Human Services on the following:

(1) The amount awarded to each grantee.
(2) The anticipated number of persons to be served by each grantee.
(3) The geographic area to be served as a result of each grantee's expanded telepsychiatry services.

SCHOOL-BASED VIRTUAL CARE PILOT PROGRAM TO ADDRESS HEALTH DISPARITIES IN HISTORICALLY UNDERSERVED AREAS DISPROPORTIONATELY IMPACTED BY THE COVID-19 PUBLIC HEALTH EMERGENCY

SECTION 9B.8B. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, the sum of one million dollars ($1,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to Atrium Health, Inc., a nonprofit corporation. Atrium Health, Inc., shall use these funds to support the development and implementation of a school-based virtual care pilot program to address health disparities in historically underserved areas disproportionately impacted by the COVID-19 public health emergency. The pilot program shall utilize telehealth services to facilitate student access to health care services and resources that improve health outcomes through the care coordination efforts of local providers. The funds allocated under this section shall be distributed equally among 10 participating pilot program sites. The pilot program sites shall be located at four elementary schools in Anson County and six elementary schools in Forsyth County where at least ninety percent (90%) of the students are eligible for free or reduced lunch.

FUNDS FOR THE CREATION OF A CONTINUING MEDICAL EDUCATION PROGRAM ON PANS/PANDAS

SECTION 9B.8C. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds shall be allocated as a directed grant to the North Carolina Medical Society, a nonprofit corporation. The North Carolina Medical Society shall use these funds to award a grant to the Foundation for Children with Neuroimmune Disorders for the creation of a continuing medical education program for North Carolina physicians on Pediatric Acute-Onset Neuropsychiatric Syndrome (PANS) and Pediatric Autoimmune Neuropsychiatric Disorders Associated with Streptococcal Infections (PANDAS). The program shall include the following components:

(1) A PANS/PANDAS awareness campaign for North Carolina physicians.
(2) The provision of continuing medical education classes within the PANS/PANDAS program for North Carolina physicians, at no charge.
(3) Development of a North Carolina PANS/PANDAS fellowship program.

COMPETITIVE GRANT/NONPROFIT ORGANIZATIONS

SECTION 9B.9.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for each year of the 2021-2023 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit organizations:

(1) The sum of ten million six hundred fifty-three thousand nine hundred eleven dollars ($10,653,911) in recurring funds for each year of the 2021-2023 fiscal biennium.

(2) The sum of seven hundred thousand dollars ($700,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium to assist with funding for purposes described in subdivision (e)(4) of this section.

(3) The sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars ($4,774,525) for each year of the 2021-2023 fiscal biennium appropriated in Section 9L.1 of this act in Social Services Block Grant funds.

(4) The sum of one million six hundred thousand dollars ($1,600,000) for each year of the 2021-2023 fiscal biennium appropriated in Section 9L.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds.

SECTION 9B.9.(b) The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

(1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis. The Department shall require nonprofits 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 nonprofits match a minimum of fifteen percent (15%) of the total amount of the grant award.

(3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.

(4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:

a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.

b. A system of residential supports for those afflicted with substance abuse addiction.

c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.

d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.

e. A food distribution system for needy individuals.

f. The provision and coordination of services for the homeless.

g. The provision of services for individuals aging out of foster care.

h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.

i. The provision of services and screening for blindness.

j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.

k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.

l. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.

m. A program providing short-term or long-term residential substance abuse services. For purposes of this sub-subdivision, "long-term" means a minimum of 12 months.

n. A program that provides year-round sports training and athletic competition for children and adults with disabilities.

It is the intent of the General Assembly that annually the Secretary evaluate and prioritize the categories of health and wellness initiatives described under this subdivision to determine the best use of these funds in making grant awards, exclusive of direct allocations made by the General Assembly.

(5) A process that ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.

(6) A process that allows grants to be awarded to nonprofits for up to two years.

(7) A requirement that initial disbursement of the grants be awarded no later than 30 days after certification of the State budget for the respective fiscal year.

(8) A requirement that nonprofits awarded grants use no more than fifteen percent (15%) of their total proposed expenditures for administrative costs, unless otherwise required by law.

SECTION 9B.9.(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 pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, by September 1 of each year, 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 9B.9.(d) No later than December 1 of each fiscal year, each nonprofit organization receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Central Management and Support 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) The entity's mission, purpose, and governance structure.

(2) A description of the types of programs, services, and activities funded by State appropriations.

(3) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.

(4) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.

(5) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

SECTION 9B.9.(e) For the 2021-2023 fiscal biennium only, from the funds identified in subsection (a) of this section, the Department shall make the following allocations,

provided that each nonprofit organization receiving funds pursuant to this subsection shall be required to seek future funding through the competitive grants process in accordance with subsection (b) of this section:

(1) The sum of three hundred fifty thousand dollars ($350,000) in each year of the 2021-2023 fiscal biennium to provide grants to Big Brothers Big Sisters.

(2) The sum of one million six hundred twenty-five thousand dollars ($1,625,000) for each year of the 2021-2023 fiscal biennium and one million six hundred thousand dollars ($1,600,000) appropriated in Section 9L.1(a) of this act in Substance Abuse Prevention and Treatment Block Grant funds in each year of the 2021-2023 fiscal biennium to Triangle Residential Options for Substance Abusers, Inc., (TROSA) for the purpose of assisting individuals with substance abuse addiction.

(3) The sum of two million seven hundred fifty thousand dollars ($2,750,000) in each year of the 2021-2023 fiscal biennium to provide grants to Boys & Girls Clubs across the State to implement (i) programs that improve the motivation, performance, and self-esteem of youth and (ii) other initiatives that would be expected to reduce gang participation, school dropout, and teen pregnancy rates.

(4) The sum of two hundred fifty thousand dollars ($250,000) in each year of the 2021-2023 fiscal biennium to Cross Trail Outfitters for purposes of promoting wellness and physical activity for youth 7 to 20 years of age.

(5) The sum of two hundred fifty thousand dollars ($250,000) in each year of the 2021-2023 fiscal biennium to the North Carolina Senior Games for purposes of promoting health and education for North Carolinians 50 years of age and better.

(6) The sum of two hundred fifty thousand dollars ($250,000) in each year of the 2021-2023 fiscal biennium to Special Olympics North Carolina to promote training and athletic competition for children and adults with intellectual disabilities.

PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION

NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR-RATED FACILITIES

SECTION 9C.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 9C.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 9C.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 9C.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 9C.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 9C.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 9C.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).

RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS

SECTION 9C.3. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to raise the base reimbursement rates for child care centers participating in the North Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over 2020-2021 fiscal year rates for the 2021-2022 fiscal year and by an additional two percent (2%) over the 2021-2022 rates for the 2022-2023 fiscal year. It is the intent of the General Assembly that funds allocated pursuant to this section be used to increase the salaries of teachers working in child care centers as a means to address disparities in teacher salaries among teachers working in child care centers versus those working in public schools or Head Start centers.

CHILD CARE SUBSIDY RATES

SECTION 9C.4.(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 9C.4.(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 9C.4.(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, whichever is lower, 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 or the rate they charge privately paying parents, whichever is lower, 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 9C.4.(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 9C.4.(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 9C.4.(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 9C.4.(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 9C.4.(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 9C.4.(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 9C.4.(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 9C.4.(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 9C.5.(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 9C.4(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 2021-2023 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 9C.5.(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 9C.5.(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 calculating 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 9C.6.(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 9C.6.(b) Administration. – Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) 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 9C.6.(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 9C.6.(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 2021-2023 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 2021-2023 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 2021-2023 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 9C.6.(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 9C.6.(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 9C.6.(g) Performance-Based Evaluation. – The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 9C.6.(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 2021-2023 fiscal biennium shall be administered and distributed in the following manner:

(1) Capital expenditures are prohibited for the 2021-2023 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 2021-2023 fiscal biennium.

For the 2021-2023 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 9C.6.(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 9C.7.(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 9C.7.(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 9C.6(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 9C.6(d) of this act.

FLEXIBILITY IN USE OF ADDITIONAL SMART START FUNDS/EXEMPTION FROM CERTAIN REQUIREMENTS

SECTION 9C.8. Additional recurring funds allocated in this act to the North Carolina Partnership for Children, Inc., (Smart Start) from the Department of Health and Human Services, Division of Child Development and Early Education, for each year of the 2021-2023 fiscal biennium may be used for any of Smart Start's programs and are not subject to the administrative cost requirements under Section 9C.6(b) of this act, 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 match requirements under Section 9C.6(d) of this act.

GRANTS FOR CHILD CARE FACILITIES AND NC PRE-K CLASSROOMS/ARPA FUNDS

SECTION 9C.9. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Child Development and Early Education (Division), the sum of twenty million dollars ($20,000,000) in nonrecurring funds shall be used to provide grants for child care facilities and North Carolina prekindergarten (NC Pre-K) classrooms in response to the COVID-19 pandemic, particularly those located in child care deserts and low-performing and high-poverty districts. The Division shall award grants under this section pursuant to criteria established by the Division in accordance with federal law and guidance. These grants shall be one-time awards to assist with new or expanded high-quality child care initiatives as follows:

(1) Start-up costs associated with establishing a new NC Pre-K classroom or child care facility.
(2) Quality improvements for existing NC Pre-K classrooms or child care facilities that increase the classroom or facility's capacity or upgrade its star rating.
(3) Capital improvements or renovations, including adding or upgrading outdoor play and learning environments, or increasing a facility's total capacity.

PART IX-D. HEALTH BENEFITS

CONTINUE MEDICAID ANNUAL REPORT

SECTION 9D.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 9D.3. 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 AND NC HEALTH CHOICE PROGRAM MODIFICATIONS

SECTION 9D.4. Except for statutory changes or where otherwise specified, the Department of Health and Human Services shall not be required to maintain, after June 30, 2023, any modifications to the Medicaid and NC Health Choice programs required by this Subpart.

ADMINISTRATIVE HEARINGS FUNDING

SECTION 9D.5. 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 2021-2022 fiscal year and the sum of one million dollars ($1,000,000) for the 2022-2023 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. The MOA will facilitate DHHS's ability to draw down federal Medicaid funds to support this administrative function. 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 9D.6.(a) The Department of Health and Human Services, Division of Health Benefits, receivables reserved at the end of the 2021-2022 and 2022-2023 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 9D.6.(b) For the 2021-2022 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred forty-six million seven hundred five thousand five hundred eighty-four dollars ($146,705,584) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2022-2023 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred fifty-three million eight hundred five thousand five hundred eighty-four dollars ($153,805,584) 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 2021-2022 fiscal year, the amount of thirty-one million three hundred five thousand five hundred eighty-four dollars ($31,305,584).
   b. For the 2022-2023 fiscal year, the amount of thirty-one million three hundred five thousand five hundred eighty-four dollars ($31,305,584).

(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 the Department of Health and Human Services, Division of Health Benefits, for uncompensated care.

LME/MCO INTERGOVERNMENTAL TRANSFERS

SECTION 9D.7.(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 2021-2022 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars ($18,028,217) for the 2022-2023 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:

	2021-2022	**2022-2023**
Alliance Behavioral Healthcare	$2,858,418	$2,856,834
Cardinal Innovations Healthcare	$4,751,262	$4,645,652
Eastpointe	$1,664,172	$1,663,249
Partners Health Management	$2,637,754	$2,749,261
Sandhills Center	$1,879,510	$1,878,469
Trillium Health Resources	$2,656,332	$2,654,860
Vaya Health	$1,580,769	$1,579,892

SECTION 9D.7.(b) In the event that a county other than Cabarrus County or Union County disengages from an LME/MCO and realigns with another LME/MCO during the 2021-2023 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.

DSH RECEIPTS FOR USE BY THE MEDICAID PROGRAM

SECTION 9D.8. Of the federal disproportionate share adjustment receipts arising from certified public expenditures for the 2021-2022 fiscal year and the 2022-2023 fiscal year, forty-three million dollars ($43,000,000) in each fiscal year 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.

CREATION OF THE HCBS FUND

SECTION 9D.8A.(a) The HCBS Fund is established as a nonreverting special fund in the Department of Health and Human Services, Division of Health Benefits (DHB). The HCBS Fund shall consist of the savings realized by DHB as a result of federal receipts arising from the enhanced federal medical assistance percentage (FMAP) for home and community-based services (HCBS) available to the State under section 9817(a) of the American Rescue Plan Act of 2021, P.L. 117-2 (ARPA). Upon receipt by DHB of those federal receipts arising from the enhanced FMAP for HCBS, DHB is directed to deposit the savings associated with those receipts into the HCBS Fund.

SECTION 9D.8A.(b) DHHS shall utilize the HCBS Fund established under subsection (a) of this section to fund the following:

(1) Additional slots for Medicaid home and community-based waiver programs, including the increase in the CAP/DA waiver slots required under Section 9D.11 of this act and the increase in the North Carolina Innovations waiver slots required under Section 9D.12 of this act.

(2) Medicaid HCBS provider rate increases to be used to increase direct care worker wages as required under Section 9D.15A of this act.

(3) The increase to the private duty nursing Medicaid rate required under Section 9D.15B of this act.

(4) To the extent directed by Section 9A.3A(e) of this act, expenses related to the State-County Special Assistance program.

(5) Medicaid home and community-based services that support beneficiaries with mental illness in transitioning from institutions under the Transitions to Community Living Initiative (TCLI).

(6) Any other project to enhance, expand, or strengthen HCBS, in accordance with section 9817 of ARPA, so long as that project would not (i) result in recurring State funding or (ii) need to be accounted for in any future annual rebase of the NC Medicaid program upon implementation.

To the extent that any funds are utilized by DHHS under this section, the funds are appropriated for the purpose set forth in this section.

SECTION 9D.8A.(c) DHB shall ensure that a minimum of ninety-seven million six hundred thousand dollars ($97,600,000) is remaining in the HCBS Fund at the end of the 2021-2023 fiscal biennium for use by DHB in the 2023-2025 fiscal biennium for activities authorized under this section.

SECTION 9D.8A.(d) This section expires June 30, 2025.

WAIVE MEDICAID PROVIDER ENROLLMENT AND REVALIDATION FEES

SECTION 9D.9.(a) Notwithstanding G.S. 108C-2.1, providers revalidating enrollment or enrolling in the North Carolina Medicaid program or the NC Health Choice program shall not be charged the fee of one hundred dollars ($100.00) above the federally required fee for the enrollment or revalidation. Providers shall continue to be required to timely submit all other required application and enrollment or revalidation materials.

SECTION 9D.9.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits, the sum of one million six hundred thousand

dollars ($1,600,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of two million six hundred fifty thousand dollars ($2,650,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used to pay administrative costs related to Medicaid and NC Health Choice provider enrollment and revalidation.

SECTION 9D.9.(c) Subsection (a) of this section is effective when it becomes law and applies to enrollment applications or revalidations occurring on and after that date.

SECTION 9D.9.(d) Subsection (a) of this section expires June 30, 2023.

COPAYMENTS FOR MEDICAID SERVICES

SECTION 9D.10.(a) Beginning July 1, 2022, the copayments for Medicaid services shall be increased to four dollars ($4.00). This section does not apply to services provided under sections 1905(a)(1) through 1905(a)(5) and under section 1905(a)(7) of the Social Security Act or to recipients prohibited by federal law from cost-sharing requirements.

SECTION 9D.10.(b) The Department of Health and Human Services, Division of Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare and Medicaid Services to implement this section.

EXPAND COMMUNITY ALTERNATIVES PROGRAM FOR DISABLED ADULTS (CAP/DA) WAIVER SLOTS

SECTION 9D.11. The Department of Health and Human Services, Division of Health Benefits, shall increase the number of Community Alternatives Program for Disabled Adults (CAP/DA) waiver slots. A minimum of 114 slots shall be made available as soon as practicable, but no later than June 30, 2022.

EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS

SECTION 9D.12.(a) The Department of Health and Human Services, Division of Health Benefits (DHB), shall amend the North Carolina Innovations waiver to increase the number of slots by 1,000 in the following manner:

(1) Three hundred twenty slots to be made available no later than March 1, 2022, and to be distributed using the allocation formula currently in place as of the effective date of this section.

(2) Eighty slots to be distributed in accordance with subsection (b) of this section and to be made available no later than March 1, 2022, unless the distribution method in subsection (b) of this section requires approval by the Centers for Medicare and Medicaid Services (CMS). If CMS approval is required, then the following shall apply:
   a. These slots shall be made available March 1, 2022, or the date that CMS grants or denies approval, whichever is later.
   b. If CMS does not approve the distribution method in subsection (b) of this section, then these slots shall be distributed using the allocation formula currently in place as of the effective date of this section.
   c. If CMS has not made any determination by June 1, 2022, then these slots shall be distributed using the allocation formula currently in place as of the effective date of this section on that date.

(3) Four hundred eighty slots to be made available no later than July 1, 2022, and to be distributed using the allocation formula currently in place as of the effective date of this section.

(4) One hundred twenty slots to be distributed in accordance with subsection (b) of this section and to be made available no later than July 1, 2022, unless the distribution method in subsection (b) of this section requires approval by CMS

not previously granted under subdivision (2) of this subsection. If CMS approval not previously granted is required, then the following shall apply:

a. These slots shall be made available July 1, 2022, or the date that CMS grants or denies approval, whichever is later.
b. If CMS does not approve the distribution method in subsection (b) of this section, then these slots shall be distributed using the allocation formula currently in place as of the effective date of this section.
c. If CMS has not made any determination by October 1, 2022, then these slots shall be distributed using the allocation formula currently in place as of the effective date of this section on that date.

SECTION 9D.12.(b) DHB shall distribute the slots identified under subdivisions (2) and (4) of subsection (a) of this section to the local management entities/managed care organizations (LME/MCOs) based on a per capita basis calculated as the number of slots multiplied by the population in each LME/MCO's catchment area divided by the population of the State. Once distributed to each LME/MCO, the additional slots shall be made available to the counties on a per capita basis calculated as the number of slots multiplied by the population of the county divided by the population in the LME/MCO's catchment area. Within each county, the slots shall be filled on a first-come, first-served basis determined by the length of time an individual has been on the waiting list.

SECTION 9D.12.(c) In order to serve the maximum possible number of individuals that are on the State's registry of unmet needs (registry) in the future, DHB is authorized to pursue any amendment or change to the current North Carolina Innovations waiver or any additional 1915(c) waivers. This includes pursuing a tiered waiver system in which individuals on the registry with lower acuity needs are still served at an appropriate level but in a tier with a lower spending cap than the one allowed by the current waiver. In designing these changes, DHB shall make every effort to allow for a seamless transition between tiers, or between waivers, for individuals whose level of need increases or decreases. DHB shall provide flexibility for LME/MCOs to determine how best to distribute funding in order to serve a greater number of individuals on the registry. Notwithstanding subsection (a) of this section, DHB is authorized to utilize any funds currently attributed to the North Carolina Innovations waiver on any waiver under this subsection approved by CMS, so long as the number of individuals served is increased.

SECTION 9D.12.(d) This section is effective when it becomes law.

PLAN FOR ADEQUATE PROVIDER SUPPLY FOR SERVICES PROVIDED THROUGH THE INNOVATIONS WAIVER

SECTION 9D.12A. The Department of Health and Human Services, Division of Health Benefits (DHB), shall begin to plan for additional North Carolina Innovations waiver slots that could be added in the future. No later than March 1, 2022, DHB shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice that outlines the plans for adding a minimum of 1,000 waiver slots in the 2023-2025 fiscal biennium and that contains recommendations for ensuring that there would be adequate health care providers to support the needs of the additional individuals served under the waiver should the number of slots be increased in the future.

CONTINUE MEDICAID COVERAGE FOR PREGNANT WOMEN FOR TWELVE MONTHS POSTPARTUM

SECTION 9D.13.(a) G.S. 108A-54.3A(10) reads as rewritten:

"(10) Pregnant women with incomes equal to or less than one hundred ninety-six percent (196%) of the federal poverty guidelines. ~~Coverage for pregnant women eligible under this subdivision include only services related to pregnancy and to other conditions determined by the Department as~~

~~conditions that may complicate pregnancy.~~Pregnant women shall remain eligible for coverage for 12 months postpartum."

SECTION 9D.13.(b) This section becomes effective April 1, 2022.

SECTION 9D.13.(c) This section shall expire March 31, 2027.

MODERNIZED HOSPITAL ASSESSMENTS ADDITIONAL COMPONENTS AND TECHNICAL CORRECTIONS

SECTION 9D.13A.(a) G.S. 108A-145.3, as enacted by Section 2 of S.L. 2021-61, is amended by adding a new subdivision to read:

"(12a) Medicare Economic Index. – The index published by the Medicare Economic Index Technical Advisory Panel established by the Secretary of the United States Department of Health and Human Services, under the authority in 42 U.S.C. § 217a, and in effect on March 1 of the previous State fiscal year."

SECTION 9D.13A.(b) G.S. 108A-146.5, as enacted by Section 2 of S.L. 2021-61, reads as rewritten:

"**§ 108A-146.5. Aggregate assessment collection amount.**

The aggregate assessment collection amount is an amount of money that is calculated by ~~adding (i) the managed care component under G.S. 108A-146.7, (ii) the fee-for-service component under G.S. 108A-146.9, (iii) the GME component under G.S. 108A-146.11, and (iv) one-fourth of the State's annual Medicaid payment, and then subtracting the intergovernmental transfer adjustment component under G.S. 108A-146.13.~~subtracting the intergovernmental transfer adjustment component under G.S. 108A-146.13 from the sum of all of the following:

(1) One-fourth of the State's annual Medicaid payment.

(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 GME component under G.S. 108A-146.11.

(5) Beginning April 1, 2022, and ending March 31, 2027, the postpartum coverage component under G.S. 108A-146.12.

(6) Beginning April 1, 2024, the home and community-based services component under G.S. 108A-146.12A."

SECTION 9D.13A.(c) Part 2 of Article 7B of Chapter 108A of the General Statutes, as enacted by Section 2 of S.L. 2021-61, is amended by adding the following new sections to read:

"**§ 108A-146.12. Postpartum coverage component.**

The postpartum coverage component is twelve million five hundred thousand dollars ($12,500,000) for each quarter of the 2021-2022 State fiscal year. For each subsequent State fiscal year, the postpartum coverage component shall be increased over the prior year's quarterly amount by the Medicare Economic Index.

"**§ 108A-146.12A. Home and community-based services component.**

The home and community-based services component is thirty-five million five hundred thousand dollars ($35,500,000) for each quarter of the 2023-2024 State fiscal year. For each subsequent State fiscal year, the postpartum coverage component shall be increased over the prior year's quarterly amount by the Medicare Economic Index."

SECTION 9D.13A.(d) G.S. 108A-146.13, as enacted by Section 2 of S.L. 2021-61, reads as rewritten:

"**§ 108A-146.13. Intergovernmental transfer adjustment component.**

(a) The intergovernmental transfer adjustment component is ~~forty million nine hundred forty-seven thousand six hundred thirty-three dollars ($40,947,633) for each quarter of the 2021-2022 State fiscal year. For each subsequent State fiscal year, the intergovernmental transfer adjustment component shall be increased over the prior year's quarterly payment by the market basket percentage.~~the sum of all of the following subcomponents:

(1) The historical subcomponent is forty-one million two hundred twenty-seven thousand three hundred twenty-one dollars ($41,227,321) for each quarter of the 2021-2022 State fiscal year. For each subsequent State fiscal year, the historical subcomponent shall be increased over the prior year's quarterly amount by the market basket percentage.

(2) The postpartum subcomponent applies to the assessments under this Part only during the period of April 1, 2022, through March 31, 2027, and is two million nine hundred sixty-two thousand five hundred dollars ($2,962,500) for each quarter of the 2021-2022 State fiscal year. For each subsequent State fiscal year, the postpartum subcomponent shall be increased over the prior year's quarterly amount by the Medicare Economic Index.

(3) The home and community-based services subcomponent applies to the assessments under this Part beginning April 1, 2024, and is eight million four hundred thirteen thousand five hundred dollars ($8,413,500) for each quarter of the 2023-2024 State fiscal year. For each subsequent State fiscal year, the home and community-based services subcomponent shall be increased over the prior year's quarterly amount by the Medicare Economic Index.

…."

SECTION 9D.13A.(e) Notwithstanding G.S. 108A-146.12A and G.S. 108A-146.13(3), for the assessment quarter that begins on April 1, 2024, the home and community-based services component is forty million three hundred fifty thousand dollars ($40,350,000) and the home and community-based services subcomponent is nine million five hundred sixty-three thousand dollars ($9,563,000).

SECTION 9D.13A.(f) It is the intent of the General Assembly to consult with stakeholders and the Division of Health Benefits of the Department of Health and Human Services prior to its 2022 Regular Session in order to consider any necessary refinements to the postpartum coverage subcomponent and the home and community-based services component of the modernized hospital assessments enacted by this section.

SECTION 9D.13A.(g) G.S. 108A-145.3(19), as enacted by Section 2 of S.L. 2021-61, reads as rewritten:

"(19) Private hospital historical assessment share. – ~~Eighty and eight hundredths percent (80.08%),~~ Eighty and twenty-five hundredths percent (80.25%), expressed as a decimal."

SECTION 9D.13A.(h) G.S. 108A-145.3(21), as enacted by Section 2 of S.L. 2021-61, reads as rewritten:

"(21) Public hospital historical assessment share. – ~~Nineteen and ninety-two hundredths percent (19.92%),~~ Nineteen and seventy-five hundredths percent (19.75%), expressed as a decimal."

SECTION 9D.13A.(i) This section becomes effective January 1, 2022, and applies to modernized hospital assessments imposed under Part 2 of Article 7A of Chapter 108A of the General Statutes on or after that date.

ALLOW A PARENT TO RETAIN MEDICAID ELIGIBILITY WHILE A CHILD IS TEMPORARILY SERVED BY THE FOSTER CARE SYSTEM

SECTION 9D.14.(a) Section 9A of S.L. 2015-245, as amended by Section 2(e1) of S.L. 2016-121, reads as rewritten:

"**SECTION 9A.** Eligibility for Parents of Children in Foster Care. – DHHS is ~~authorized~~ directed to seek approval from CMS through either the 1115 waiver required by subdivision (1) of Section 5 of this act or another federal authority to allow ~~parents~~ a parent to retain Medicaid eligibility ~~while their child is being served temporarily by the foster care program. It is the intent of the General Assembly to expand Medicaid eligibility to cover this population upon~~

~~implementation of the 1115 waiver, if CMS approves this coverage in the waiver.~~when (i) the parent has lost custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes, (ii) the child is being served temporarily by the foster care system, regardless of the type of out-of-home placement, and (iii) the parent is making reasonable efforts to comply with a court-ordered plan of reunification, as determined by DHHS."

SECTION 9D.14.(b) G.S. 108A-54.3A is amended by adding a new subdivision to read:

"(2a) A parent who has qualified under subdivisions (1) and (2) of this section shall retain eligibility for Medicaid under this section so long as all of the following criteria are met:

a. The parent has lost legal custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes.

b. A child of the parent is temporarily in the legal custody of State-sponsored foster care or temporarily receiving foster care assistance under Title IV-E of the Social Security Act.

c. The parent is making reasonable efforts to comply with a court-ordered plan of reunification, as determined by the Department.

d. The parent continues to meet the family income requirements under subdivision (1) or (2) of this section."

SECTION 9D.14.(c) Subsection (b) of this section is effective upon the approval by the Centers for Medicare and Medicaid Services (CMS) of the request submitted in accordance with Section 9A of S.L. 2015-245, as amended by Section 2(e1) of S.L. 2016-121 and subsection (a) of this section, and on the effective date of the coverage allowed by CMS. The Secretary of the Department of Health and Human Services shall notify the Revisor of Statutes of the effective date allowed by CMS upon receipt of this approval. If the approval is not granted by CMS prior to June 30, 2023, then this section shall expire on that date.

INCREASE RATES TO ICFS FOR DIRECT CARE WORKER WAGE INCREASES

SECTION 9D.15.(a) It is the intent of the General Assembly to assist in increasing the hourly wages of direct care workers in this State to a minimum of fifteen dollars ($15.00) per hour. To that end, the Department of Health and Human Services, Division of Health Benefits (DHB), shall provide a rate increase to intermediate care facilities for individuals with intellectual disabilities (ICF/IIDs), including ICF/IID-level group homes, enrolled in the Medicaid or NC Health Choice program. This rate increase shall be effective on the date approved by the Centers for Medicare and Medicaid Services. Any provider receiving a rate increase under this section shall be required to use at least eighty percent (80%) of the funding that results from that rate increase to increase the rate of pay paid to its direct care employees. This wage increase shall be provided in addition to the rate of pay each employee was receiving as of October 1, 2021. DHB shall determine the amount of the rate increase under this section and the definition of direct care worker to be applied.

SECTION 9D.15.(b) Upon implementation of the rate increase under subsection (a) of this section, DHB shall adjust the per member per month (PMPM) capitation amount paid to local management entities/managed care organizations (LME/MCOs) and to prepaid health plans (PHPs), as defined under G.S. 108D-1. These capitation rate adjustments shall include amounts sufficient to implement the same rate increase for providers paid by the LME/MCO or PHP as paid to providers under the Medicaid fee-for-service program, and all LME/MCOs and PHPs shall be required to implement that rate increase. Providers receiving a rate increase under this section shall be subject to the requirements of this section whether paid by an LME/MCO, PHP, or DHB.

SECTION 9D.15.(c) Prior to receiving the rate increase under this section, all ICF/IID providers shall attest and provide verification to DHB, or to the relevant LME/MCO or

PHP, that at least eighty percent (80%) of the funding that results from that rate increase is being used to increase the rate of pay paid to its direct care employees. DHB shall set the standards for documentation that shall be required as verification that the provider used the rate increase in the manner required by this section, and LME/MCOs and PHPs shall use these same standards at a minimum. DHB, LME/MCOs, and PHPs may 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 or PHP.

SECTION 9D.15.(d) In addition to other allowable reasons for recoupment of funds, DHB may 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 at least eighty percent (80%) of the funding that results from that rate increase to increase the rate of pay paid to its direct care employees.

SECTION 9D.15.(e) This section is effective when it becomes law.

INCREASE RATES TO HCBS PROVIDERS TO INCREASE DIRECT CARE WORKER WAGES

SECTION 9D.15A.(a) It is the intent of the General Assembly to assist in increasing the hourly wages of direct care workers in this State to a minimum of fifteen dollars ($15.00) per hour. To that end, the Department of Health and Human Services, Division of Health Benefits (DHB), shall provide a rate increase to home and community-based providers enrolled in the Medicaid or NC Health Choice program.

This rate increase shall be effective on the date approved by the Centers for Medicare and Medicaid Services. DHB shall determine (i) the amount of the rate increase under this section, (ii) the manner in which each provider is required to utilize that increased rate and to demonstrate compliance with those requirements, and (iii) the definition of direct care worker to be applied.

SECTION 9D.15A.(b) To the fullest extent possible, DHB shall use federal receipts arising from the enhanced federal medical assistance percentage (FMAP) for home and community-based services (HCBS) available to the State under section 9817(a) of the American Rescue Plan Act of 2021, P.L. 117-2, (ARP) to fund the provider rate increases required by this section.

SECTION 9D.15A.(c) Any increase in rates under this section to providers of private duty nursing services shall be in addition to the legislative rate increase required under Section 9D.15B of this act.

SECTION 9D.15A.(d) This section is effective when it becomes law.

INCREASE PRIVATE DUTY NURSING RATES

SECTION 9D.15B. Beginning January 1, 2022, the Department of Health and Human Services, Division of Health Benefits, shall increase to eleven dollars and twenty-five cents ($11.25) 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.

STUDY DIRECT CARE WORKERS SERVING INDIVIDUALS IN THE INNOVATIONS WAIVER PROGRAM AND DEVELOP A PLAN FOR ANY RECOMMENDED INCREASE IN THOSE WORKERS' WAGES

SECTION 9D.15C. No later than March 1, 2022, and annually thereafter for the next five years, the Department of Health and Human Services, Division of Health Benefits (DHB), shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice that contains all of the following information regarding direct care workers who

serve Medicaid beneficiaries receiving services through the North Carolina Innovations waiver program:

(1) Statewide data on the number of these licensed and non-licensed direct care workers by worker classification.
(2) Identification of providers that employ these direct care workers.
(3) The weekly average number of hours worked by individuals serving in these positions.
(4) The average and range of wages paid to these workers.
(5) The average length of employment of these workers by any one provider.
(6) An assessment of whether the wages of licensed direct care workers, non-licensed direct care workers, or both need to be increased. If DHB determines that there is a need for an increase in wages, then DHB shall develop a plan, or update to a previously submitted plan as applicable, for such increase.

USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID TRANSFORMATION NEEDS

SECTION 9D.16.(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 2021-2023 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 9D.16.(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 thirty-three million seventy-eight thousand dollars ($133,078,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one hundred nineteen million four thousand dollars ($119,004,000) in nonrecurring funds for the 2022-2023 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 2021-2023 fiscal biennium and need not be transferred in one lump sum.

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 9D.16.(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 2021-2023 fiscal biennium.

(2) The amount requested provides a State share that will not result in total requirements that exceed eight hundred million dollars ($800,000,000) in nonrecurring funds for the 2021-2023 fiscal biennium.

SECTION 9D.16.(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.

CHOICE IN ACCREDITATION FOR LME/MCOS OPERATING BH IDD TAILORED PLANS

SECTION 9D.17.(a) During the initial four-year contract term for Medicaid BH IDD tailored plans, as defined under G.S. 108D-1, the Department of Health and Human Services, Division of Health Benefits (DHB), shall not require, by contract or otherwise, any local management entity/managed care organization (LME/MCO) to be accredited by any one specific accreditation organization. DHB shall require each LME/MCO awarded a BH IDD tailored plan contract to be accredited by a nationally recognized accreditation organization that has been selected by the LME/MCO and approved by DHB. DHB shall create a process by which DHB approves the accreditation organization selected by the LME/MCO.

SECTION 9D.17.(b) No accreditation organization shall be approved by DHB for use by an LME/MCO under this section unless the accreditation organization meets, at a minimum, all of the following criteria:

(1) Prior experience conducting accreditation reviews for managed care organizations in at least five other states within the United States or in at least two regions that correspond to the areas covered by the regional office locations of the United States Department of Health and Human Services.

(2) A review program that includes, at a minimum, standards for the following aspects of operation of the LME/MCO:
   a. Quality assurance.
   b. Provider credentialing.
   c. Utilization review.
   d. Enrollee rights and responsibilities.
   e. Medical records.
   f. Governance of the LME/MCO.
   g. Preventative health services.

(3) Development of accreditation standards that include input from the medical, managed care organization, and health care consumer communities.

(4) Reviews of, and updates to, the standards listed under subdivision (3) of this subsection at regular intervals not exceeding two years.

(5) An internal quality assurance program that ensures the quality and continuity of its review program.

(6) No current involvement in the operation of the LME/MCO or the delivery of health services to any of its enrollees.

(7) No contract or consultations with the LME/MCO within the prior two years for any services other than accreditation.

SECTION 9D.17.(c) All accreditation organizations approved for use by an LME/MCO under this section shall be required to submit their standards for accreditation to DHB every three years to maintain approval for use by the LME/MCO.

EVALUATE DHB NEEDS IN MANAGED CARE ENVIRONMENT

SECTION 9D.18.(a) Evaluation. – The Department of Health and Human Services, Division of Health Benefits (DHB), shall conduct a two-part evaluation of the current staffing and administrative functions for the Medicaid and NC Health Choice programs and how those staffing needs and administrative functions will change as the Medicaid and NC Health Choice programs move further into a managed care service delivery environment. In conducting this evaluation, DHB shall do all of the following:

(1) Identify the changing administrative needs and required staff based upon the introduction of capitated contracts for standard benefit plans and BH IDD tailored benefit plans.

(2) Determine whether any administrative or staffing functions are duplicative of any functions carried out through vendor contracts, by local management entities/managed care organizations (LME/MCOs), or prepaid health plans (PHPs).

SECTION 9D.18.(b) Initial Report. – No later than March 1, 2022, DHB shall report to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division on the evaluation required by subsection (a) of this section as it pertains to the implementation of capitated contracts for standard benefit plans for PHPs. The report shall include planned staffing and administrative changes, including any changes to contractual agreements with vendors, to align more appropriately with a managed care delivery environment for the Medicaid and NC Health Choice programs. The report shall also include a detailed time line for making changes within DHB as managed care continues.

SECTION 9D.18.(c) Final Report. – No later than March 1, 2024, DHB shall report to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division on the evaluation required by subsection (a) of this section as it pertains to the implementation of capitated contracts for standard benefit plans operated by PHPs and the implementation of BH IDD tailored plans. The report shall include the staffing and administrative changes that have been made since the initial report required under subsection (b) of this section. The report shall also include any additional planned staffing and administrative changes and any planned changes to contractual agreements with vendors to continue to align DHB's functions more appropriately with a managed care delivery environment for the Medicaid and NC Health Choice programs. The report shall also include an updated detailed time line for making these changes within DHB, as well as an assessment of whether the goals of the time line submitted in the initial report were met.

REIMBURSE DME PRESCRIBED BY PODIATRISTS

SECTION 9D.19. No later than January 1, 2022, the Department of Health and Human Services, Division of Health Benefits, shall update the following Medicaid clinical coverage policies to provide Medicaid and NC Health Choice coverage for orthotic devices, prosthetic devices, and other durable medical equipment when there is a documented medical necessity for the equipment and the equipment is prescribed by a beneficiary's treating podiatrist acting within that podiatrist's scope of practice:

(1) Clinical Coverage Policy 5A-1: Physical Rehabilitation Equipment and Supplies.

(2) Clinical Coverage Policy 5B: Orthotics and Prosthetics.

PHPS/REIMBURSEMENT OF PRESCRIPTION DRUGS AT PHARMACIST'S COST

SECTION 9D.19A.(a) Notwithstanding G.S. 108D-65(6)b., for the prepaid health plan capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the reimbursement for the ingredient cost for prescription drugs and the prescription drug dispensing

fee shall be set at one hundred percent (100%) of the Medicaid fee-for-service reimbursement, pursuant to the Centers for Medicare and Medicaid Services' National Drug Acquisition Cost and the cost of the dispensing study conducted on behalf of the North Carolina Department of Health and Human Services, Division of Health Benefits.

SECTION 9D.19A.(b) This section is effective when it becomes law and expires June 30, 2023.

CHARTER SCHOOLS MEDICAID REIMBURSEMENT

SECTION 9D.21. G.S. 115C-218.105 is amended by adding a new subsection to read:

"(g) Notwithstanding G.S. 115C-218.15(b) and solely with respect to the North Carolina Medicaid program, a charter school that is approved by the State as a public school pursuant to this Article shall be deemed a local government entity that is responsible, or assumes responsibility, either directly or indirectly through an agency or other political subdivision, for the payment of the nonfederal share for reimbursable medical services, if any, provided by the charter school. The nonfederal share shall consist exclusively of public funds. For purposes of this subsection, "reimbursable medical services" means services, including administrative activities related to those services, that are medically necessary and for which federal payment is available under the North Carolina Medicaid Program established under Part 6 of Article 2 of Chapter 108A of the General Statutes. For the purposes of this subsection, "nonfederal share" means the share of expenditures for the reimbursable medical services that draws down federal financial participation."

REQUIRE LME/MCOS TO PAY FOR BEHAVIORAL HEALTH SERVICES PROVIDED TO BENEFICIARIES AWAITING HOSPITAL DISCHARGE

SECTION 9D.22.(a) Intent. – It is the intent of the General Assembly to provide funding to hospitals for behavioral health services provided to Medicaid beneficiaries while those beneficiaries await discharge to a more appropriate setting.

SECTION 9D.22.(b) Criteria for Coverage. – The Department of Health and Human Services, Division of Health Benefits (DHB), is directed to develop a clinical coverage policy, or amend an existing clinical coverage policy as applicable, assign a CPT code, and develop billing instructions for Medicaid coverage of the services described in subsection (c) of this section provided to a beneficiary who meets all of the following criteria:

(1) The beneficiary no longer meets criteria for observation under Section 3.2.1(b) of Medicaid Clinical Coverage Policy 2A-1: Acute Inpatient Hospital Services.

(2) The beneficiary is not currently receiving inpatient behavioral health services covered under Medicaid Clinical Coverage Policy 8B: Inpatient Behavioral Health Services.

(3) A physician, physician assistant, or nurse practitioner has determined that one of the following actions is appropriate for the beneficiary:
   a. Admission to an inpatient psychiatric or behavioral health facility.
   b. Admission to a facility, other than an inpatient facility, for care for psychiatric or behavioral health needs, such as a group home.
   c. Arrangement for community-based services or supports without which the beneficiary cannot be safely discharged to the beneficiary's home due to the beneficiary's psychiatric or behavioral health needs.

(4) The beneficiary has been in the care of the hospital for a minimum of 30 continuous hours.

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:

(1) Treatment, including assessment and medication management, of both psychiatric and behavioral health conditions and physical health conditions.
(2) Crisis stabilization and support.
(3) Ongoing monitoring of a beneficiary's medical status and medical clearance.
(4) Nursing services and support.
(5) Reasonable and appropriate efforts to maintain patient safety.
(6) Provision of community resource information and psychoeducation, including connections to the relevant local management entity/managed care organization (LME/MCO).
(7) Development of a safety plan, including any revisions to that plan.
(8) Coordination with the beneficiary or the beneficiary's legal representative and the LME/MCO to establish a safe discharge plan or transfer plan.

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.

SECTION 9D.22.(d) Reimbursement for Beneficiaries Enrolled in NC Medicaid Direct. – Services covered under the Medicaid clinical coverage policy developed in accordance with subsection (b) of this section and provided to beneficiaries enrolled in NC Medicaid Direct who are not also enrolled with an LME/MCO shall be reimbursed at a fee-for-service rate determined by DHB.

SECTION 9D.22.(e) Reimbursement for Beneficiaries Enrolled in an LME/MCO or a BH IDD Tailored Plan. – Services covered under the Medicaid clinical coverage policy developed in accordance with subsection (b) of this section shall be covered by LME/MCOs, including LME/MCOs operating BH IDD tailored plans. If a beneficiary who is an enrollee of an LME/MCO or a BH IDD tailored plan receives these services, then the applicable LME/MCO shall be responsible for making the reimbursement payment to the hospital billing for the services. The reimbursement amount shall be determined through negotiations between each hospital and LME/MCO. If an LME/MCO and any hospital are unable to negotiate a reimbursement amount for these services, then the reimbursement rate shall be the most prevalent semiprivate room rate at the applicable hospital.

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. The new Medicaid covered services and rates shall be implemented July 1, 2022. If approval from CMS is not granted by July 1, 2022, DHB shall retroactively implement services and rates upon approval from CMS to July 1, 2022. The new Medicaid covered services and rates shall only be implemented to the extent allowable by CMS.

SECTION 9D.22.(g) Capitation Rates. – It is the intent of the General Assembly that there will be no increase in the capitation rates paid to LME/MCOs for any services developed under this section. If an increase in capitation rates paid to LME/MCOs is necessary to maintain the actuarial soundness of those paid capitation rates, then DHB shall increase the capitation rates by the minimum amount necessary for federal approval of the rates.

SECTION 9D.22.(h) Effective Date. – This section is effective when it becomes law.

PART IX-E. HEALTH SERVICE REGULATION

ACCESS TO PATIENT DATA UNDER THE MEDICAL CARE DATA ACT

SECTION 9E.3.(a) Article 11A of Chapter 131E of the General Statutes is amended by adding a new section to read:

"**§ 131E-214.5. Department's duty to provide limited access to patient data.**

(a) The Department of Health and Human Services (Department) shall make available, at no charge and in a manner and format of its choosing, to any person or organization under contract with the Department to provide medical care quality improvement services, the minimum necessary data components of compiled patient data prepared for release or dissemination by a statewide data processor to the State Health Director pursuant to G.S. 131E-214.4(a)(7). The minimum necessary data components of compiled patient data shall be determined by the Department and are subject to any restrictions by the data owner. As used in this section, "medical care quality improvement services" means evaluation of medical quality of healthcare performance.

(b) Any person or organization that receives patient data pursuant to this section is subject to the following requirements and limitations:

(1) Is prohibited from using the patient data for any purpose other than to fulfill its performance under the terms of the contract with the Department.

(2) Shall maintain the confidentiality of the data.

(3) Shall not retain the data beyond the term of its contract with the Department."

SECTION 9E.3.(b) This section is effective when it becomes law.

MODIFICATION OF CERTIFICATE OF NEED EXEMPTION FOR LEGACY MEDICAL CARE FACILITIES

SECTION 9E.4. G.S. 131E-184(h) reads as rewritten:

"(h) The Department must exempt from certificate of need review the acquisition or reopening of a Legacy Medical Care Facility. The person seeking to operate a Legacy Medical Care Facility shall give the Department written notice of all of the following:

(1) Its intention to acquire or reopen a Legacy Medical Care Facility within the same county and the same service area as the facility that ceased continuous operations. If the Legacy Medical Care Facility will become operational in a new location within the same county and the same service area as the facility that ceased continuous operations, then the person responsible for giving the written notice required by this section shall notify the Department, as soon as reasonably practicable and prior to becoming operational, of the new location of the Legacy Medical Care Facility. For purposes of this subdivision, "service area" means the service area identified in the North Carolina State Medical Facilities Plan in effect at the time the written notice required by this section is given to the Department.

(2) That the facility will be operational within 36 months of the notice.

The Department shall extend the time by which a facility must be operational in order to be exempt from certificate of need review under this subsection by an additional 36-month period if the person seeking to reopen or acquire the Legacy Medical Care Facility gives the Department written notice of extension within 36 months of the original notice of intent to acquire or reopen the Legacy Medical Care Facility. The written notice of extension must notify the Department (i) that the person has undertaken all reasonable efforts to make the facility operational within 36 months of the notice of intent, (ii) that, despite these reasonable efforts, the person does not anticipate the facility will be operational within that time, and (iii) of its intention that the facility will be operational within 36 months of the notice of extension.

A person seeking to operate a Legacy Medical Care Facility located in a development tier one or tier two area, as defined in G.S. 143B-437.08, may request an additional extension of time

by which the facility must be operational in order to be exempt from certificate of need review under this subsection by providing an additional written notice of extension to the Department, delivered prior to the conclusion of the original 36-month extension period, affirming that the person has entered into a contract for the acquisition or reopening of the Legacy Medical Care Facility and that, pursuant to the terms of the contract, the facility will commence operations within 36 months of the conclusion of the original notice of extension. Upon receipt of this notice, the Department shall grant an extension of the time by which the facility must be operational that is sufficient to permit the acquisition or reopening of the Legacy Medical Care Facility as provided in the contract."

TEMPORARY CERTIFICATE OF NEED EXEMPTION

SECTION 9E.4A.(a) Notwithstanding G.S. 131E-184, or any provision of law to the contrary, the Department of Health and Human Services (Department) shall exempt from certificate of need review a new general acute hospital to be constructed in a county if the Department receives prior written notice from the entity proposing the new hospital, which notice (i) includes an explanation of why the new hospital is required and (ii) shows that the county where the new hospital will be located meets the requirements of subsection (b) of this section.

SECTION 9E.4A.(b) The exemption established by subsection (a) of this section applies only to construction and operation of a general acute care hospital to be located in any county that meets all of the following criteria:

(1) The county has a total population between 40,000 and 50,000, and a total land area under 460 square miles, according to the most recent federal decennial census.
(2) The county contains a portion of a city that is located in more than one county.
(3) The county is located along the State's border with another state.

SECTION 9E.4A.(c) This section is effective 30 days after this act becomes law, and expires December 31, 2024.

ADULT CARE HOME ACCREDITATION PILOT PROGRAM

SECTION 9E.6.(a) Definitions. – As used in this section, the following terms have the following meanings:

(1) Control group member. – A pilot ACH that (i) is selected to participate in the pilot program and (ii) has agreed to provide data to evaluate the effectiveness of the pilot program without participating in the accreditation process.
(2) Department. – The North Carolina Department of Health and Human Services.
(3) NCALA. – The North Carolina Assisted Living Association, a nonprofit corporation.
(4) NCSLA. – The North Carolina Senior Living Association, a nonprofit corporation.
(5) Pilot ACH. – A licensed adult care home selected to participate in the pilot program.
(6) Pilot program. – The two-year pilot program authorized by subsection (b) of this section for the purpose of comparing the impact of accreditation and licensure approaches on care and resident health and other outcomes.
(7) Pilot Program Accrediting Body. – The Accreditation Commission for Health Care, a nonprofit accreditation organization.
(8) Program participant. – A pilot ACH that (i) is selected to participate in the pilot program and (ii) has agreed to provide data to evaluate the effectiveness of the pilot program and to participate in the accreditation process.

(9) Sheps Center. – The Program on Aging, Disability, and Long-Term Care within the Cecil G. Sheps Center for Health Services Research located at the University of North Carolina at Chapel Hill.

(10) Stakeholder Advisory Group. – The advisory group appointed under subsection (c) of this section.

SECTION 9E.6.(b) Pilot Program. – The Sheps Center shall oversee the administration of a two-year pilot program to be conducted by the Pilot Program Accrediting Body and the Sheps Center to evaluate the effectiveness of an accreditation process for adult care homes that would deem adult care homes eligible for ongoing licensure and exempt accredited adult care homes from routine inspections if they meet required standards and requirements. The goal of the pilot program is to study the effectiveness of accreditation through an evaluation of quality outcome measures to be developed by the Sheps Center for the purpose of determining whether accreditation achieves compliance with licensure requirements and improves or maintains quality of care compared with a control group. In conducting the pilot program, the Sheps Center shall collaborate with the Pilot Program Accrediting Body, the Department, the NCSLA, the NCALA, the Stakeholder Advisory Group appointed under subsection (c) of this section, and any other qualified entity or State agency that may be of assistance in accomplishing the objectives of the pilot program.

SECTION 9E.6.(c) Stakeholder Advisory Group. – The Department shall appoint a Stakeholder Advisory Group representing other interested parties not already involved in the pilot program authorized by subsection (b) of this section, which shall be composed of, at minimum, at least one member representing Friends of Residents in Long Term Care, the North Carolina Ombudsman Association, AARP North Carolina, directors of county departments of social services, and the Department. The Sheps Center shall keep the Stakeholder Advisory Group informed of the progress of study design and operation of the pilot program and shall offer the Stakeholder Advisory Group an opportunity to periodically offer recommendations on study design, pilot program operation, and ultimate implementation of the accreditation process for program participants.

SECTION 9E.6.(d) Pilot Accrediting Body Reporting. – As a condition of participating in the pilot program authorized by this section, the Pilot Program Accrediting Body must agree to submit the following reports to the Sheps Center:

(1) Monthly survey schedules which document the surveys that were completed for the previous month and those scheduled for the current and the following month.

(2) Documentation of surveys for the preceding month, including documentation of investigations, noncompliance, correction of noncompliance, and survey outcomes.

(3) Facility notification letters for all accreditation program actions and any follow-up communication associated with those facility notification letters.

SECTION 9E.6.(e) Adult Care Home Accreditation Grant Program. – As part of the pilot program, the NCSLA and the NCALA, in consultation with the Sheps Center, the Pilot Program Accrediting Body, and the Stakeholder Advisory Group, shall jointly establish and operate a grant program that provides grant awards to a maximum of 150 Pilot ACHs located in this State to cover the cost of accreditation for up to 75 Pilot ACHs and the cost of serving as a control group member and providing outcome data for up to 75 Pilot ACHs. The Sheps Center shall establish, in consultation with the Pilot Program Accrediting Body, the NCSLA, the NCALA, and the Stakeholder Advisory Group, criteria to be utilized for selecting adult care homes to participate in the adult care home accreditation grant program authorized by this section. The established criteria must ensure that a diverse group of Pilot ACHs are selected to participate as control group members or program participants in the grant program. Pilot ACHs shall not use their grant awards for any purpose other than to contract with the Pilot Program

Accrediting Body or otherwise defray the expenses of serving as either a program participant or control group member of the pilot program.

SECTION 9E.6.(f) Selection of Participating Pilot ACHs. – No later than 120 days after the effective date of this section, the Sheps Center, NCSLA, and NCALA shall develop a methodology for selecting program participants and control group members for the pilot program. The methodology must ensure that program participants and control group members selected for the pilot program represent diverse payor sources, star ratings, and related characteristics and must ensure that the number of program participants and the number of control group members are equivalent.

SECTION 9E.6.(g) Pilot ACH Reports. – No later than 150 days after the effective date of this section, the Sheps Center, NCSLA, and NCALA shall develop a standardized methodology for the collection of information from the program participants and control group members of the pilot program for the purpose of comparing and contrasting the quality of care and the outcomes in accredited and nonaccredited facilities. As a condition of participating in the pilot program authorized by this section, the pilot ACHs must agree to follow this standardized methodology for (i) collecting information about the residents and the facility and (ii) quarterly reporting that information to the Sheps Center. The Sheps Center shall maintain the original data provided by facilities for data verification purposes. The quarterly reports shall include, but not be limited to, the following categories and types of information in the format prescribed by the Sheps Center:

(1) Function, specifically falls with injury.
(2) Health, specifically emergency department visits, hospitalization, and flu immunization.
(3) Cognition, specifically discharge due to behaviors.
(4) Quality of dying, specifically hospice use.
(5) Quality of life, specifically resident satisfaction and family satisfaction reported annually.
(6) Staffing, specifically turnover and satisfaction (satisfaction reported annually).

SECTION 9E.6.(h) Evaluation of Quality Outcome Measures. – Using quality outcome measures established by the Sheps Center, the Sheps Center shall compare outcomes between the program participants and control group members for a period of two years from the onset of the pilot program. The Pilot Program Accrediting Body, program participants, and control group members shall cooperate with the Sheps Center in its efforts to gather and report data necessary to measure and compare care and resident outcomes as required by this subsection. The Sheps Center shall submit the following reports to the Joint Legislative Oversight Committee on Health and Human Services, the Department, and to the Stakeholder Advisory Group:

(1) On or before April 30, 2023, an interim report on its findings and determinations with respect to the comparisons conducted in accordance with this subsection.
(2) On or before July 31, 2024, a final report on its findings and determinations with respect to the comparisons conducted in accordance with this subsection.

SECTION 9E.6.(i) Evaluation of Pilot Program. – The pilot program shall terminate no later than August 1, 2024. No later than 90 days after the submission of its final report under subdivision (h)(2) of this section, the Sheps Center shall conduct and submit to the Joint Legislative Oversight Committee on Health and Human Services and the Department an evaluation of the effectiveness of the pilot program for a licensure accreditation process for adult care homes that could inform future changes to the licensure process and requirements. The evaluation shall include, but not be limited to, an assessment of the following information from the pilot program:

(1) A determination by the Sheps Center that a sufficient number of pilot ACHs and control group member AHCs participated and provided data over a sufficient period of time to enable a reliable evaluation of the pilot program.
(2) The determination of the Sheps Center on the impact accreditation has on adult care home resident outcomes, or whether it demonstrably improves or at least maintains resident outcomes, based on the quality measures established by the Sheps Center.
(3) The completion of unannounced surveys by the Pilot Program Accrediting Body within 12 months from the prior accreditation effective date.
(4) The timely notification to surveyed facilities of identified deficiencies with the accreditation program's standards.
(5) The monitoring of the correction of identified deficiencies at the facility with the program standards of the pilot accrediting body.
(6) Other relevant factors identified during the pilot program.

SECTION 9E.6.(j) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated to the NCSLA and the NCALA. The NCSLA and the NCALA shall use these funds to jointly administer the grant program authorized by subsection (e) of this section. Up to ten percent (10%) of these allocated funds may be used for administrative costs incurred by NCSLA and NCALA in administering the grant program component of the pilot program.

SECTION 9E.6.(k) Of the funds appropriated in this act to the Department of Health and Human Services, one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be transferred to the Board of Governors of The University of North Carolina System to be allocated to the University of North Carolina at Chapel Hill for the Program on Aging, Disability, and Long-Term Care within the Cecil G. Sheps Center for Health Services Research to cover the cost of participation in the pilot program authorized by subsection (b) of this section. These funds shall be expended over the period beginning with the effective date of the pilot program and ending with the submission to the Joint Legislative Oversight Committee on Health and Human Services and the Department of an evaluation of the effectiveness of this pilot program for a licensure accreditation process for adult care homes that could inform future changes to the licensure process and requirements. The Sheps Center shall use these funds to do the following:

(1) To develop a recommended list of criteria, data collection, and methodology necessary for measuring care and resident outcomes in adult care homes. These criteria shall relate to, at a minimum, the following:
    a. Function, specifically falls with injury.
    b. Health, specifically emergency department visits, hospitalization, and flu immunization.
    c. Cognition, specifically discharge due to behaviors.
    d. Quality of dying, specifically hospice use.
    e. Quality of life, specifically resident satisfaction and family satisfaction reported annually.
    f. Staffing, specifically turnover and satisfaction (satisfaction reported annually).
(2) To solicit the program participants, obtain the relevant data, validate select data, enter and clean the data, and generate reports.
(3) To ensure pilot ACHs compile the information related to quality outcome measures in a standardized manner, obtain that information, and compare the quality outcome measures prescribed by the Sheps Center in program participants and control group members. The methodology used in

comparison of quality outcome measures shall be substantially similar to the methodology used in the Centers for Medicare and Medicaid Services' Nursing Home Compare Quality Measures Technical Specifications, specifically utilizing comparisons based upon per 1,000 resident days.

(4) To prepare the reports required by subsections (h) and (i) of this section.

ADULT CARE HOME INFECTION PREVENTION REQUIREMENTS

SECTION 9E.7.(a) G.S. 131D-4.4A reads as rewritten:

"**§ 131D-4.4A. Adult care home infection prevention requirements.**

(a) As used in this section, "adult care home staff" means any employee of an adult care home involved in direct resident care.

(b) In order to prevent transmission of ~~HIV, hepatitis B, hepatitis C, and other bloodborne pathogens,~~ infectious diseases, each adult care home shall do all of the ~~following, beginning January 1, 2012:~~following:

(1) Implement a written infection prevention and control policy consistent with ~~the federal Centers for Disease Control and Prevention guidelines~~ accepted national standards on infection ~~control that addresses at least all of~~ control, which shall be maintained in the facility and accessible to staff working at the facility. The policy shall address the following:

a. Proper disposal of single-use equipment used to puncture skin, mucous membranes, and other tissues, and proper disinfection of reusable ~~patient~~ resident care items that are used for multiple residents.

b. Sanitation of rooms and equipment, including cleaning procedures, agents, and schedules.

c. Accessibility of infection control devices and supplies.

d. Blood and bodily fluid precautions.

e. Procedures to be followed when adult care home staff is exposed to blood or other body fluids of another person in a manner that poses a significant risk of transmission of HIV, hepatitis B, hepatitis C, or other bloodborne pathogens.

f. Procedures to prohibit adult care home staff with exudative lesions or weeping dermatitis from engaging in direct resident care that involves the potential for contact between the resident, equipment, or devices and the lesion or dermatitis until the condition resolves.

g. Standard and transmission-based precautions, including the following:

1. Respiratory hygiene and cough etiquette.
2. Environmental cleaning and disinfection.
3. Reprocessing and disinfection of reusable resident devices.
4. Hand hygiene.
5. Accessibility and proper use of personal protective equipment.
6. Types of transmission-based precautions and when each type is indicated, including contact precautions, droplet precautions, and airborne precautions.

h. When and how to report to the local health department a suspected or confirmed, reportable communicable disease case or condition, or a communicable disease outbreak.

i. Measures the facility should consider for specific types of communicable disease outbreaks in order to prevent the spread of illness, such as:

1. Isolating infected residents.
2. Limiting or stopping group activities and communal dining.

3. Limiting or restricting outside visitation to the facility.
4. Screening staff, residents, and visitors for signs of illness.
5. Using source control as tolerated by the residents.

j. Strategies for addressing potential staffing issues and ensuring adequate staffing is available to meet the needs of the residents during a communicable disease outbreak.

(2) Require and monitor compliance with the facility's infection prevention and control policy.

(3) Update the infection prevention and control policy as necessary to ~~prevent the transmission of HIV, hepatitis B, hepatitis C, and other bloodborne pathogens.~~maintain consistency with the guidelines included in the course developed by the Department pursuant to G.S. 131D-4.5C.

(4) Designate one on-site staff member for each noncontiguous facility who is knowledgeable about the federal Centers for Disease Control and Prevention guidelines on infection control to direct the facility's infection control activities and ensure that all adult care staff is trained in the facility's written infection prevention and control ~~policy. Beginning October 1, 2013, any~~ policy developed pursuant to subdivision (b)(1) of this section within 30 days after hire and annually thereafter. Any nonsupervisory staff member designated to direct the facility's infection control activities shall complete the infection control course developed by the Department pursuant to G.S. 131D-4.5C.

(5) When a communicable disease outbreak has been identified at a facility or there is an emerging infectious disease threat, the facility shall ensure implementation of the facility's infection control and prevention policy developed pursuant to subdivision (b)(1) of this section and related policies and procedures; provided, however, that if guidance or directives specific to a communicable disease outbreak or emerging infectious disease threat have been issued in writing by the Department or local health department, the Department's or local health department's specific guidance or directives shall be implemented by the facility."

SECTION 9E.7.(b) This section becomes effective January 1, 2022.

PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE ABUSE SERVICES

USE OF OPIOID SETTLEMENT FUNDS

SECTION 9F.1.(a) The Opioid Abatement Reserve (Reserve) is established in the General Fund to maintain funds received by the State as a beneficiary of the final consent judgment resolving the case, *State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v. McKinsey and Company, Inc.*, in the General Court of Justice, Superior Court Division, Wake County and any other funds received by the State as a result of a settlement, as defined in G.S. 114-2.4A, relating to claims regarding the manufacturing, marketing, distribution, dispensing, or sale of opioids.

Monies in the Reserve shall be made available to (i) cover the costs incurred by the State in investigating and pursuing these claims and (ii) abate and remediate the harms caused to North Carolina and its citizens by the opioid epidemic. Funds from the Reserve may be allocated or expended only by an act of appropriation by the General Assembly.

The Opioid Abatement Fund (Fund) is created in the Department of Health and Human Services (Department) as a special fund consisting of all interest and investment earnings received on monies in the Fund. The State Controller shall transfer from the Reserve to the Fund

the sum of fifteen million seven hundred thirty-five thousand four hundred ninety-six dollars ($15,735,496) for the 2021-2022 fiscal year and the sum of eight hundred twelve thousand two hundred fifty dollars ($812,250) for the 2022-2023 fiscal year. These funds are appropriated to the Department to be used and allocated as set forth in subsection (b) of this section.

SECTION 9F.1.(b) During the 2021-2023 fiscal biennium, the funds appropriated by subsection (a) of this section shall be used to respond to the negative impacts of the opioid epidemic within the State of North Carolina, as follows:

(1) To expand employment and transportation supports through innovative pilot programs in industries in North Carolina that suffered the greatest job losses during the COVID-19 pandemic and are most relied upon by individuals recovering from opioid use disorders to reenter the workforce, such as the food service industry, the hotel and lodging industry, and the entertainment industry. These funds may be used to support all of the following:
   a. Employment support services for individuals in recovery from opioid use disorder, such as job application support and placement with partnering employers, with emphasis on supporting innovative pilot programs to develop a more robust workforce in rural areas of the State.
   b. Training and development funding to encourage a consortium of public and private employers, workforce development boards, and vocational services providers to develop workplace recovery friendly ecosystems.
   c. Transportation support services to enable individuals recovering from opioid use disorder to travel to their places of treatment and their places of employment.

(2) To support individuals with opioid use disorder who are involved in the criminal justice system through programs and initiatives designed to accomplish any one or more of the following:
   a. Establishment or expansion of existing prearrest and postarrest diversion programs. This includes prearrest diversion, postarrest diversion, and court-based diversion through treatment or recovery courts.
   b. Establishment, expansion, or sustainment of medication-assisted treatment programs that provide to individuals who are incarcerated any medication approved by the United States Food and Drug Administration for opioid use disorder. Programs authorized under this sub-subdivision that are funded in whole or in part by the Opioid Abatement Fund shall be made available to individuals who were already participating in a medication-assisted treatment program prior to being incarcerated, as well as to individuals who initiate medication-assisted treatment during their incarceration to address an opioid use disorder.
   c. Creation or expansion of reentry programs to connect individuals exiting incarceration with harm reduction, treatment, and recovery supports.

(3) To expand evidence-based treatment supports and to improve connections to care, especially for individuals hospitalized for overdose who are uninsured or underinsured, through the following activities or initiatives:
   a. Evidence-based addiction treatment, including medication-assisted treatment provided by inpatient or outpatient opioid treatment programs.

b. Expanded access to cost-effective, low-cost, or no-cost medication-assisted treatment in community-based settings.

c. Expanded care management services, including the use of peer support specialists and care navigators in local health departments, detention facilities, local departments of social services, and community-based settings. Any funding provided pursuant to this sub-subdivision shall be used to provide care management services involving outreach to, engagement with, and coordination for individuals to assist them with accessing opioid use disorder treatment.

(4) To develop evidence-based supportive housing services, such as Housing First, that are inclusive of individuals with substance use disorders. Qualifying services that may be funded under this subdivision include the following:

a. Providing a move-in deposit, rental or utility assistance, or all of these for individuals with substance use disorders who are in recovery or transitioning from residential treatment or incarceration.

b. Providing community training sessions on tenancy rights and responsibilities.

c. Establishing relationships with landlords to encourage the elimination of preconditions for housing and to reduce potential incidences of evictions due to substance misuse.

d. Providing other housing-related supports such as tents, sleeping bags, or other supplies for outdoor living.

e. Funding or otherwise supporting recovery supported housing that accepts individuals who are utilizing any medication approved by the United States Food and Drug Administration for the treatment of opioid use disorder.

CONTRACT TO IMPLEMENT ELECTRONIC HEALTH RECORDS AT STATE PSYCHIATRIC HOSPITALS

SECTION 9F.2. By six months after the effective date of this section, the Department of Health and Human Services, in coordination with the Department of Information Technology, is directed to execute a contract that provides for the following:

(1) Within 18 months after contract execution, full implementation of a standard, uniform platform for electronic health records that most closely resembles the electronic health records platform utilized by The University of North Carolina System within each of the State psychiatric hospitals under the jurisdiction of the Secretary of the Department of Health and Human Services pursuant to G.S. 122C-181.

(2) Training of the State's psychiatric hospitals' staff on the use of the electronic health records system.

SINGLE-STREAM FUNDING FOR DMH/DD/SAS COMMUNITY SERVICES

SECTION 9F.3.(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 Abuse Services (DMH/DD/SAS), 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/SAS 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 9F.3.(b) During each year of the 2021-2023 fiscal biennium, DMH/DD/SAS shall ensure that LME/MCOs fund, in total, at least ninety percent (90%) of the level of single-stream services provided across the State during the 2014-2015 fiscal year. No LME/MCO shall reduce funding for (i) home and community-based services or (ii) services paid for with single-stream funding that support the 2012 settlement agreement entered into between the United States Department of Justice and the State of North Carolina to ensure that the State will willingly meet the requirements of the Americans with Disabilities Act of 1990, section 504 of the Rehabilitation Act of 1973, and the United States Supreme Court decision in Olmstead v. L.C., 527 U.S. 581 (1999). This subsection shall not be construed to require an LME/MCO to authorize or maintain the same level of services for any specific individual whose services were paid for with single-stream funding. This subsection shall not be construed to create a private right of action for any person or entity against the State of North Carolina or the Department of Health and Human Services or any of its divisions, agents, or contractors and shall not be used as authority in any contested case brought pursuant to Chapter 108C of the General Statutes or Chapter 108D of the General Statutes.

SECTION 9F.3.(c) If, on or after June 1, 2021, the Office of State Budget and Management (OSBM) certifies a Medicaid and NC Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for the 2020-2021 fiscal year, then the Department of Health and Human Services, Division of Health Benefits (DHB), shall transfer to the DMH/DD/SAS 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.

SECTION 9F.3.(d) If, on or after June 1, 2022, OSBM certifies a Medicaid and NC Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for the 2021-2022 fiscal year, then DHB shall transfer to DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars ($30,000,000), whichever is less.

SECTION 9F.3.(e) If, on or after June 1, 2023, OSBM certifies a Medicaid and NC Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for the 2022-2023 fiscal year, then DHB shall transfer to DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars ($30,000,000), whichever is less.

SECTION 9F.3.(f) Subsection (c) of this section is retroactively effective on June 30, 2021.

ADDICTION TREATMENT FUNDS

SECTION 9F.3A. Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated to Partners Health Management, a local management entity/managed care organization (LME/MCO), to be used to address the needs of individuals in Surry County that have a substance use disorder or are otherwise struggling with addiction.

LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

SECTION 9F.4.(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 Abuse 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 abuse services may be used to purchase additional local inpatient psychiatric beds or bed days.

SECTION 9F.4.(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 Abuse 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 9F.4.(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 Abuse 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 9F.4.(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 9F.4.(e) Reporting by LME/MCOs. – LME/MCOs shall be required to report to DHHS regarding the utilization of these beds or bed days.

SECTION 9F.4.(f) Reporting by DHHS. – By no later than December 1, 2022, and by no later than December 1, 2023, 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.

FUNDS FOR OVERDOSE MEDICATIONS

SECTION 9F.5. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred thousand dollars ($100,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists, as defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

(1) Seventy-five thousand dollars ($75,000) in recurring funds for each year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to the North Carolina Harm Reduction Coalition to serve individuals at risk of experiencing an opioid-related drug overdose or to the friends and family members of an at-risk individual.

(2) Twenty-five thousand dollars ($25,000) in recurring funds for each year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to North Carolina law enforcement agencies.

YOUTH TOBACCO ENFORCEMENT FUNDING

SECTION 9F.6. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of three hundred thousand dollars ($300,000) in recurring funds for each year of the 2021-2023 fiscal biennium shall be transferred to the Alcohol Law Enforcement Division of the Department of Public Safety. The Alcohol Law Enforcement Division shall allocate these funds for the performance of statewide compliance checks to enforce G.S. 14-313, the State's youth tobacco access law.

RESUME FUNDING FOR THE ADULT AND PEDIATRIC TRAUMATIC BRAIN INJURY PILOT PROGRAM

SECTION 9F.7.(a) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall resume the adult and pediatric traumatic brain injury pilot program (TBI pilot program) authorized under Section 11F.9 of S.L. 2017-57, as amended by Section 3.3 of S.L. 2017-212.

SECTION 9F.7.(b) Of the funds appropriated to DMH/DD/SAS in this act, the sum of six hundred thousand dollars ($600,000) in nonrecurring funds for the 2021-2022 fiscal year to be used to pay the contracted vendor for currently unfunded costs accrued by that vendor's continuation of the TBI pilot program during the 2019-2021 biennium. Of the funds appropriated to DMH/DD/SAS in this act, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds for the 2021-2022 fiscal year and three hundred thousand dollars ($300,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used for the TBI pilot program.

SECTION 9F.7.(c) No later than April 1, 2022, DMH/DD/SAS shall submit a report on the TBI pilot program to the Joint Legislative Oversight Committee on Health and Human

Services and the Fiscal Research Division. At a minimum, the report shall include all of the following:

(1) The number and outcome of patients served at each program site, broken down by patient age and county of origin.
(2) A breakdown of expenditures at each program site by type of service.
(3) An estimate of the cost to expand the program incrementally and statewide.
(4) An estimate of any potential savings of State funds associated with expansion of the program.
(5) If expansion of the TBI pilot program is recommended, a time line and plan for expanding the program.

INCREASE FUNDING FOR TRAUMATIC BRAIN INJURY SERVICES

SECTION 9F.7A. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for traumatic brain injury (TBI) services, the sum of three million nine hundred seventy-three thousand eighty-six dollars ($3,973,086) in recurring funds for each year of the 2021-2023 fiscal biennium shall be used exclusively to support TBI services as follows:

(1) The sum of five hundred fifty-nine thousand two hundred eighteen dollars ($559,218) in recurring funds for each year of the fiscal biennium shall be used to fund contracts with the Brain Injury Association of North Carolina, Carolinas Rehabilitation, or appropriate service providers to assist families in accessing the continuum of care and to provide educational programs on brain injury prevention, intervention, and care.
(2) The sum of three million four hundred thirteen thousand eight hundred sixty-eight dollars ($3,413,868) in recurring funds for each year of the fiscal biennium shall be used to provide TBI services and supports established by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services in its operating processes, including residential services, day programs, transportation, respite services, and home modification, to individuals with TBI statewide.

FUNDS FOR STUDENT ATHLETE CONCUSSION AND TRAUMATIC BRAIN INJURY PREVENTION AND CARE

SECTION 9F.8. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, one hundred thousand dollars ($100,000) in nonrecurring funds for the 2021-2022 fiscal year and one hundred thousand dollars ($100,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated to Mt. Olive Family Medicine Center, Inc., a nonprofit corporation, to be used to support its Concussion Clinic and provide concussion education, baseline testing, and postconcussion assessment and care to schools and adolescent athletes in eastern North Carolina.

USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR NEW LICENSED INPATIENT BEHAVIORAL HEALTH BEDS

SECTION 9F.9.(a) Funds for the Purchase of Additional Beds. – It is the intent of the General Assembly to increase inpatient behavioral health bed capacity in rural areas of the State with the highest need. To that end, of the funds appropriated in this act from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of four million two hundred sixty-one thousand four hundred forty-four dollars ($4,261,444) in nonrecurring funds for the 2021-2022 fiscal year shall be used to pay for

any renovation or building costs associated with (i) the construction of new licensed inpatient behavioral health beds, (ii) the conversion of existing inpatient acute care beds into licensed inpatient behavioral health beds, or (iii) a combination of these options as follows:

(1) One million four hundred twenty thousand four hundred eighty-one dollars ($1,420,481) in nonrecurring funds shall be used to pay for the construction of new licensed inpatient behavioral health beds at Good Hope Hospital in Harnett County.

(2) One million four hundred twenty thousand four hundred eighty-one dollars ($1,420,481) in nonrecurring funds shall be used to create a new behavioral health unit in Betsy Johnson Hospital, a part of Harnett County Health Systems, in Dunn, North Carolina. A minimum of 12 of the beds in the new unit shall be reserved for children under the age of 18.

(3) One million four hundred twenty thousand four hundred eighty-two dollars ($1,420,482) in nonrecurring funds shall be used to construct new licensed inpatient behavioral beds by Johnston Health Enterprises, Inc., in Johnston County.

SECTION 9F.9.(b) Certificate of Need Exemption for Certain Facilities. – Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General Statutes, or any other provision of law to the contrary, each facility that receives funds allocated under subsection (a) of this section is exempt from certificate of need review for the establishment or expansion of behavioral health services at the facility at which the constructed or converted beds will be brought into operation, including any combination of the following:

(1) The establishment or expansion of outpatient therapy services or substance use disorder treatment services, or both.

(2) The replacement or relocation of a behavioral health facility, defined as a psychiatric facility, a facility-based crisis center, or any facility that is primarily engaged in providing services for the diagnosis and treatment of behavioral health issues.

(3) Changes in inpatient behavioral health bed capacity.

SECTION 9F.9.(c) Applicability of Licensure Laws. – The establishment or expansion of behavioral health services, including any of the items described in subdivisions (1) through (3) of subsection (b) of this section, are subject to existing licensure laws and requirements.

DOROTHEA DIX HOSPITAL PROPERTY FUNDS REMAIN AVAILABLE FOR PROJECTS

SECTION 9F.10. Any funds allocated under Section 12F.4 of S.L. 2016-94, Section 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of S.L. 2018-5, or Section 9F.9 of this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund that are not expended or encumbered as of June 30, 2022, shall remain in the Dorothea Dix Hospital Property Fund until those funds are expended or encumbered for the purposes specified under Section 12F.4 of S.L. 2016-94, Section 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of S.L. 2018-5, and Section 9F.9 of this act, as applicable.

BEHAVIORAL HEALTH URGENT CARE PILOT PROGRAM

SECTION 9F.11.(a) BHUC Pilot Program. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the

2022-2023 fiscal year shall be allocated to Recovery Innovations, Inc., a nonprofit corporation, for the Dix Crisis Intervention Center (Dix Crisis Center) in Onslow County to be used for a behavioral health urgent care (BHUC) pilot program. The purpose of the BHUC pilot program is to serve individuals experiencing a mental health crisis episode anticipated to require a length of stay not to exceed 23 hours, while ensuring continuity of care for individuals who ultimately require a longer length of stay to fully address the crisis episode. The BHUC pilot program period shall end June 30, 2023.

SECTION 9F.11.(b) Service Definition. – Dix Crisis Center and Trillium Health Resources shall act in good faith to continue their contractual relationship. Trillium Health Resources, the local management entity/managed care organization (LME/MCO) for Onslow County, shall develop, and seek approval from the Department of Health and Human Services, Division of Health Benefits (DHB), for, a Medicaid "in lieu of" or other alternative service definition to ensure that services received by individuals under the BHUC pilot program are eligible to be reimbursed through the North Carolina Medicaid program. The State-funded behavioral health urgent care service definition shall be used as a model for the Medicaid service definition.

SECTION 9F.11.(c) Standard Benefit Plan Coverage. – Effective upon approval and on the date determined by DHB of the "in lieu of" or other alternative Medicaid service definition required by subsection (b) of this section, G.S. 108D-35 reads as rewritten:

"**§ 108D-35. Services covered by PHPs.**

Capitated PHP contracts shall cover all Medicaid and NC Health Choice services, including physical health services, prescription drugs, long-term services and supports, and behavioral health services for NC Health Choice recipients, except as otherwise provided in this section. The capitated contracts required by this section shall not cover:

(1) Medicaid services covered by the local management entities/managed care organizations (LME/MCOs) under the combined 1915(b) and (c) waivers shall not be covered under a standard benefit plan, except that all capitated PHP contracts shall cover the following services: ~~inpatient~~

a. Inpatient behavioral health ~~services, outpatient~~ services.

b. Outpatient behavioral health emergency room ~~services, outpatient~~ services.

c. Outpatient behavioral health services provided by direct-enrolled ~~providers, mobile~~ providers.

d. Mobile crisis management ~~services, facility-based~~ services.

e. Facility-based crisis services for children and ~~adolescents, professional~~ adolescents.

f. Professional treatment services in a facility-based crisis ~~program, outpatient~~ program.

g. Outpatient opioid treatment ~~services, ambulatory~~ services.

h. Ambulatory detoxification ~~services, nonhospital~~ services.

i. Nonhospital medical detoxification ~~services, partial hospitalization, medically~~ services.

j. Partial hospitalization.

k. Medically supervised or alcohol and drug abuse treatment center detoxification crisis ~~stabilization, research-based~~ stabilization.

l. Research-based intensive behavioral health ~~treatment, diagnostic~~ treatment.

m. Diagnostic assessment ~~services, and~~ services.

n. Early and Periodic Screening, Diagnosis, and Treatment services.

o. Behavioral health urgent care services.

In accordance with this subdivision, 1915(b)(3) services shall not be covered under a standard benefit plan.

…."

SECTION 9F.11.(d) Notification of Approval. – The Secretary of the Department of Health and Human Services shall notify the Revisor of Statutes of the approval and effective date of the "in lieu of" or other alternative Medicaid service definition by DHB, as required by subsection (b) of this section. If no approval has been given on or before June 30, 2023, then subsection (c) of this section shall expire on July 1, 2023.

SECTION 9F.11.(e) Additional Access to BHUC Services. – Dix Crisis Center shall make good-faith efforts to contract with commercial insurance carriers operating in this State, Tri-Care, and any other health benefit plan to the extent that the plan offers coverage for BHUC services.

SECTION 9F.11.(f) Dix Crisis Center Reporting. – By August 1, 2023, Dix Crisis Center shall submit to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), a written report of all BHUC services provided under the BHUC pilot program authorized by this section. The report shall include at least all of the following information:

(1) In aggregate, the number of individuals receiving behavioral health care services, the average length of stay in the BHUC unit, and the average number of repeat crisis episodes experienced by individuals receiving services at the Dix Crisis Center.

(2) A comparison of the average length of stay and average number of repeat crisis episodes experienced by individuals served by the BHUC unit and the facility-based crisis unit at Dix Crisis Center.

(3) The level of BHUC unit occupancy during the BHUC pilot program.

(4) Additional objective outcome measures that demonstrate the impact and effectiveness of the BHUC pilot program, including the number of individuals presenting to a hospital emergency room with a behavioral health crisis and time spent by county and municipal law enforcement in responding to behavioral health crises.

(5) A detailed budget and list of expenditures funded by State appropriations.

SECTION 9F.11.(g) DHHS Reporting. – By October 1, 2023, DMH/DD/SAS shall report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Committee on Medicaid and NC Health Choice, and the Fiscal Research Division on the BHUC pilot program authorized by this section. The report shall include, at a minimum, the information described in subdivisions (1) through (5) of subsection (f) of this section.

SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES

SECTION 9F.12.(a) As used in this section, "group home" means any facility that (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves minors or adults whose primary diagnosis is mental illness or a developmental disability but may also have other diagnoses.

SECTION 9F.12.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to provide temporary, short-term financial assistance in the form of a monthly payment to group homes on behalf of each resident who meets all of the following criteria:

(1) Was eligible for Medicaid-covered personal care services (PCS) prior to January 1, 2013, but was determined to be ineligible for PCS on or after

January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of S.L. 2012-145 and Section 70 of S.L. 2012-194.

(2) Has continuously resided in a group home since December 31, 2012.

SECTION 9F.12.(c) These monthly payments shall be subject to all of the following requirements and limitations:

(1) The amount of the monthly payments authorized by this section shall not exceed four hundred sixty-four dollars and thirty cents ($464.30) per month for each resident who meets all criteria specified in subsection (b) of this section.

(2) A group home that receives the monthly payments authorized by this section shall not, under any circumstances, use these payments for any purpose other than providing, as necessary, supervision and medication management for a resident who meets all criteria specified in subsection (b) of this section.

(3) The Department shall make monthly payments authorized by this section to a group home on behalf of each resident who meets all criteria specified in subsection (b) of this section only for the period commencing July 1, 2021, and ending June 30, 2022, or upon depletion of the one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group homes for the 2021-2022 fiscal year for the purpose of this section, whichever is earlier.

(4) The Department shall make monthly payments authorized by this section only to the extent sufficient funds are available from the one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group homes for the 2021-2022 fiscal year for the purpose of this section.

(5) The Department shall not make monthly payments authorized by this section to a group home on behalf of a resident during the pendency of an appeal by or on behalf of the resident under G.S. 108A-70.9A.

(6) The Department shall terminate all monthly payments pursuant to this section on June 30, 2022, or upon depletion of the one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group homes for the 2021-2022 fiscal year for the purpose of this section, whichever is earlier.

(7) Each group home that receives the monthly payments authorized by this section shall submit to the Department a list of all funding sources for the operational costs of the group home for the preceding two years, in accordance with the schedule and format prescribed by the Department.

SECTION 9F.12.(d) The Department shall use an existing mechanism to administer these funds in the least restrictive manner that ensures compliance with this section and timely and accurate payments to group homes. The Department shall not, under any circumstances, use any portion of the one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group homes for the 2021-2022 fiscal year for any other purpose than the purpose specified in this section.

SECTION 9F.12.(e) Nothing in this section shall be construed as an obligation by the General Assembly to appropriate funds for the purpose of this section or as an entitlement by any group home, resident of a group home, or other person to receive temporary, short-term financial assistance under this section.

SECTION 9F.12.(f) No later than January 15, 2022, DMH/DD/SAS shall provide to the Fiscal Research Division the number of group home residents that meet the criteria under subsection (b) of this section.

TEMPORARY ADDITIONAL FUNDING ASSISTANCE FOR INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES

SECTION 9F.13. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of twelve million six hundred thousand dollars ($12,600,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to distribute a one-time payment to each local management entity/managed care organization (LME/MCO) for the purposes of providing temporary additional funding assistance for intermediate care facilities for individuals with intellectual disabilities (ICF/IID) on a per diem basis to assist with additional costs to these facilities incurred due to the COVID-19 public health emergency.

GROUP HOME STABILIZATION AND TRANSITION INITIATIVE

SECTION 9F.14.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of ten million dollars ($10,000,000) in recurring funds for each year of the 2021-2023 fiscal biennium shall be used for the following purposes only:

(1) Incentivizing local management entities/managed care organizations (LME/MCOs) to develop and implement new "in-lieu-of" services, or other Medicaid-funded services, to support the residential needs of Medicaid recipients living in licensed, community-based group homes.

(2) Establishing new rate models and rate methodologies to replace the currently inadequate and insufficient State-funded rates supporting residents of licensed, community-based group homes. The Department of Health and Human Services (DHHS) shall identify any vacant beds and eligible individuals to fill those beds under the new rate models and rate methodologies and assist with the orderly transition of the eligible individuals into the vacant beds.

(3) Increasing the existing per member per month payments to LME/MCOs to quickly enable and facilitate the transition to a more appropriate and sustainable service-funding model for licensed, community-based group homes by July 1, 2022. Funds expended under this subdivision shall be allocated in per person amounts, to be determined by DHHS, to individuals with intellectual or other developmental disabilities who received State funding prior to July 1, 2022, and who reside in licensed, community-based group homes for eligible individuals with intellectual and other developmental disabilities.

(4) Continuing the existing rate structure at the per person amounts for the 2021-2023 biennium to offset the loss of bridge funds and maintain the current financial conditions of licensed, community-based group homes that serve children or adults whose primary diagnosis is mental illness or an intellectual or developmental disability.

Group homes with only residents who are supported by the North Carolina Innovations waiver are not eligible to receive any funding under this subsection.

SECTION 9F.14.(b) DHHS shall develop a more appropriate and sustainable service model for residents of licensed, community-based group homes. In developing this service model, DHHS shall do all of the following:

(1) In cooperation with stakeholders and LME/MCOs, develop actuarially sound, needs-based rate models and rate methodologies for new "in-lieu-of" services, or other Medicaid-funded services, that will be specific to the residential support services needed in group homes serving Medicaid recipients with intellectual or other developmental disabilities and to residential support services needed in group homes serving Medicaid recipients with a primary diagnosis of mental illness. The rate methodologies shall be comparable to, or a percentage of, existing rates for similar services currently provided through the North Carolina Innovations waiver. The new rate structures shall include wage and hour increases for direct support personnel working in these group homes.

(2) In cooperation with stakeholders and LME/MCOs, develop new model service definitions specific to the residential support services needed by Medicaid recipients with mental health needs living in licensed, community-based group homes. The new service definitions shall require the delivery of new habilitation or rehabilitation support services in the residential setting.

(3) Develop a process whereby all, or a portion of, the State funds used to support Medicaid recipients with mental illness or intellectual or other developmental disabilities living in licensed, community-based group homes prior to the implementation of the new rate structure are used for the new "in-lieu-of" services or other Medicaid services developed pursuant to this subsection. The policy shall ensure an orderly home-by-home transition process. The policy shall ensure that residents who are found to be ineligible for Medicaid services or who do not meet medical necessity criteria for the new "in-lieu-of" services, or other Medicaid-funded services, shall continue to be served using State funds at a need-based rate comparable to the North Carolina Innovations waiver rate. No resident shall be displaced as a result of being found ineligible for Medicaid services after the implementation of the new "in-lieu-of" services or other Medicaid-funded services. DHHS may use a regional phased-in approach to achieve the goals set forth in this subdivision.

(4) Include a plan to direct LME/MCOs to (i) implement "in-lieu-of" services or other Medicaid-funded services for all eligible residents with mental illness or intellectual or other developmental disabilities living in licensed, community-based group homes receiving State funds and (ii) transition eligible residents to these more sustainable and appropriate Medicaid services.

(5) No later than March 1, 2022, report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice on the service model for residents of licensed, community-based group homes that has been developed.

SECTION 9F.14.(c) The more appropriate and sustainable service model for residents of licensed, community-based group homes developed in accordance with subsection (b) of this section shall be implemented by July 1, 2022. Once the model is implemented, the State funds that were used to support residents of licensed, community-based group homes prior to implementation shall be reinvested in their entirety in both the new funding model and increased rates to support and equalize wages of direct support personnel serving the residents.

SUPPORT COUNTY CRISIS BEHAVIORAL HEALTH PROGRAM JOINT PARTNERSHIPS

SECTION 9F.15. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Mental Health,

Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of twenty-five million dollars ($25,000,000) in nonrecurring funds for the 2021-2022 fiscal year is to be allocated, in a manner determined by DMH/DD/SAS, to Forsyth and Mecklenburg Counties to be used for each county's crisis behavioral health program partnership with the applicable county's local hospital system, local behavioral health crisis centers, local emergency services providers, and the local management entities/managed care organizations (LME/MCOs) serving the county. These crisis behavioral health programs shall continue to aid in assisting individuals who are experiencing a behavioral health crisis by diverting the individuals from the local hospitals, which are under pressure from the COVID-19 pandemic, to more appropriate settings to address those individuals' needs.

EXEMPT CERTAIN EMPLOYEES OF THE DIVISION OF STATE OPERATED HEALTHCARE FACILITIES FROM MOST PROVISIONS OF THE NC HUMAN RESOURCES ACT

SECTION 9F.19.(a) G.S. 126-5(c1) reads as rewritten:

"(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

…

~~(34) Employees of the Division of Medical Assistance of the Department of Health and Human Services hired on or after October 1, 2015.~~

…

(37) Employees of the Division of State Operated Healthcare Facilities of the Department of Health and Human Services who are (i) health care professionals licensed under Chapter 90 or Chapter 90B of the General Statutes or (ii) engineers responsible for maintenance or buildings operations at one of the health care facilities operated by the Secretary of the Department of Health and Human Services under G.S. 122C-181."

SECTION 9F.19.(b) This section is effective 30 days after it becomes law.

PART IX-G. PUBLIC HEALTH

LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO IMPROVE MATERNAL AND CHILD HEALTH

SECTION 9G.1.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 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 9G.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 9G.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 pursuant to the amounts designated under subsection (a) of this section. 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 9G.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.

LIMITATION ON USE OF STATE FUNDS

SECTION 9G.2. The limitation on the use of State funds as stated in Section 12E.13 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and Human Services for each fiscal year of the 2021-2023 fiscal biennium.

REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG ASSISTANCE PROGRAM

SECTION 9G.3. 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.

CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS/GRANTS FOR SERVICES

SECTION 9G.4.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for Carolina Pregnancy Care Fellowship (CPCF), a nonprofit corporation, the sum of five hundred thousand dollars ($500,000) in recurring funds and one million two hundred three thousand four hundred thirty-seven dollars ($1,203,437) in nonrecurring funds for the 2021-2022 fiscal year and the sum of five hundred thousand dollars ($500,000) in recurring funds and two million four hundred seventy-nine thousand nine hundred four dollars ($2,479,904) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated to provide grants for services to pregnancy centers located in this State that apply to the CPCF.

SECTION 9G.4.(b) At least once during the 2021-2023 fiscal biennium, the CPCF shall contact every pregnancy center located in this State that is (i) part of the CPCF network or (ii) an affiliate of CareNet, Inc., a nonprofit corporation, to provide information about the availability of these grant funds and the grant application process.

SECTION 9G.4.(c) The CPCF may not use more than ten percent (10%) of these allocated funds during any year of the 2021-2023 fiscal biennium for administrative purposes. Funds allocated under this section shall be used for nonsectarian, nonreligious purposes only.

SECTION 9G.4.(d) The CPCF 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 as follows:

(1) By July 1, 2022, a list of the pregnancy centers contacted by the CPCF during the 2021-2022 fiscal year and a list of grantees with the amount of funds awarded to each grantee.

(2) By July 1, 2023, a list of the pregnancy centers contacted by the CPCF during the 2022-2023 fiscal year and a list of grantees with the amount of funds awarded to each grantee.

CAROLINA PREGNANCY CARE FELLOWSHIP/GRANTS FOR DURABLE MEDICAL EQUIPMENT AND TRAINING

SECTION 9G.4A.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for the Carolina Pregnancy Care Fellowship (CPCF), a nonprofit corporation, the sum of seven hundred fifty thousand dollars ($750,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of seven hundred fifty thousand dollars ($750,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated to provide the following to pregnancy centers located in this State that apply to the CPCF:

(1) Grants to purchase durable medical equipment.

(2) Grants to pay for training on the use of durable medical equipment.

SECTION 9G.4A.(b) At least once during the 2021-2023 fiscal biennium, the CPCF shall contact every pregnancy center located in this State that is (i) part of the CPCF network or (ii) an affiliate of CareNet, Inc., a nonprofit corporation, to provide information about the availability of these grant funds and the grant application process.

SECTION 9G.4A.(c) The CPCF may not use more than ten percent (10%) of these allocated funds during any year of the 2021-2023 fiscal biennium for administrative purposes. Funds allocated under this section shall be used for nonsectarian, nonreligious purposes only.

SECTION 9G.4A.(d) The CPCF 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 as follows:

(1) By July 1, 2022, a list of the pregnancy centers contacted by the CPCF during the 2021-2022 fiscal year and a list of grantees with the amount of funds awarded to each grantee.
(2) By July 1, 2023, a list of the pregnancy centers contacted by the CPCF during the 2022-2023 fiscal year and a list of grantees with the amount of funds awarded to each grantee.

MOUNTAIN AREA PREGNANCY SERVICES FUNDS

SECTION 9G.5. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Mountain Area Pregnancy Services, a nonprofit corporation, no more than fifteen percent (15%) of the funds allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for administrative purposes. The balance of these funds shall be used for direct services.

EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM INTO A STATEWIDE PROGRAM

SECTION 9G.6.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of three million two hundred thousand dollars ($3,200,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of three million two hundred thousand dollars ($3,200,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, as provided in subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes only.

SECTION 9G.6.(b) The Human Coalition shall use funds allocated pursuant to subsection (a) of this section to expand the continuum of care pilot program authorized by Section 11E.13(b) of S.L. 2017-57 into a statewide program. The purpose of the statewide continuum of care program includes expansion and operation of the Human Coalition Pregnancy Support Program to provide community outreach, consultations, and support and care coordination for women experiencing under-supported pregnancies. The program is designed to (i) encourage healthy childbirth, (ii) support childbirth as an alternative to abortion, (iii) promote family formation, (iv) assist in establishing successful parenting techniques, and (v) increase the economic self-sufficiency of families. The continuum of care program shall consist of existing locations of the pilot program authorized by Section 11E.13(b) of S.L. 2017-57 and other locations around the State to be determined by the Human Coalition. All providers rendering services under the program for which they are compensated with funds allocated pursuant to subsection (a) of this section shall be physically located in the State of North Carolina. The continuum of care program shall provide direct services, supports, social services case management, and referrals to biological parents of unborn children and biological or adoptive parents of children under the age of 2 and shall consist of at least all of the following components:

(1) Outreach to at-risk populations eligible for the program.
(2) The use of licensed nurses to perform the following functions:
    a. Assessment and evaluation of needs related to pregnancy or parenting.
    b. Provision of medically accurate, pregnancy-related medical information to program participants.
(3) The use of licensed social workers, or other individuals of equivalent experience, to perform the following functions:
    a. Development of a care plan, resources, and supports for program participants to address identified needs.
    b. Referrals to appropriate local resources, including State and federal benefits programs and local charitable organizations.
    c. Assistance in applying for State and federal benefits programs.

d. Assistance in accomplishing elements of the care plan.

SECTION 9G.6.(c) In order to be eligible to receive services under the continuum of care program, an individual shall, at the time of initial contact with the program, be (i) a resident of North Carolina and (ii) a biological parent of an unborn child or a biological or adoptive parent of a child under the age of 2. Participants of the original pilot program authorized under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible to continue to receive continuum of care program services for a period of six months from the date of termination of pregnancy.

SECTION 9G.6.(d) The Human Coalition may use up to ten percent (10%) of the funds allocated for each year of the 2021-2023 fiscal biennium for administrative purposes.

SECTION 9G.6.(e) By December 1, 2021, and every six months thereafter, the Human Coalition shall report to the Department of Health and Human Services on the status and operation of the continuum of care program authorized by subsection (b) of this section. 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 9G.6.(f) By April 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 status and operation of the continuum of care program.

TIMELY UPDATES TO NEWBORN SCREENING PROGRAM

SECTION 9G.6A.(a) G.S. 130A-125(b) reads as rewritten:

"(b) The Commission shall adopt rules necessary to implement the Newborn Screening Program. The rules shall include, but shall not be limited to, the conditions for which screening is required. The Commission shall amend the rules as necessary to ensure that each condition listed on the Recommended Uniform Screening Panel developed by the Secretary of the United States Department of Health and Human Services and the Advisory Committee on Heritable Disorders of Newborns and Children (the RUSP) is included in the Newborn Screening ~~Program,~~ Program within three years after being added to the RUSP, except that the Commission is exempt from rule making with respect to adding screening tests for Pompe disease, Mucopolysaccharidosis Type I (MPS I), and X-Linked Adrenoleukodystrophy (X-ALD). The Department of Health and Human Services shall provide a report to the Joint Legislative Oversight Committee on Health and Human Services 18 months after a condition is added to the RUSP. When a delay adding an RUSP-identified condition to the Newborn Screening Program exceeds three years, the Department shall provide a report on the status and reasons for the delay to the Joint Legislative Oversight Committee on Health and Human Services every six months following the three-year delay.

Screening is not required when the parents or the guardian of the infant object to such screening. If the parents or guardian object to the screening, the objection shall be presented in writing to the physician or other person responsible for administering the test, who shall place the written objection in the infant's medical record."

SECTION 9G.6A.(b) This section becomes effective January 1, 2022.

CONFORMING CHANGES RELATED TO THE TRANSFER OF THE WELL CONTRACTORS CERTIFICATION COMMISSION FROM THE DEPARTMENT OF ENVIRONMENTAL QUALITY TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION 9G.7.(a) G.S. 87-98.2 reads as rewritten:

"**§ 87-98.2. Definitions.**

The definitions in G.S. 87-85 and the following definitions apply in this Article:

(1) Commission. – The Well Contractors Certification ~~Commission, as established by G.S. 143B-301.11.~~Commission established in Article 7B of this Chapter.

(2) Department. – The Department of ~~Environmental Quality.~~Health and Human Services.

(3) Person. – A natural person.

(4) Secretary. – The Secretary of ~~Environmental Quality.~~Health and Human Services.

(5) Well contractor. – A person in trade or business who undertakes to perform a well contractor activity or who undertakes to personally supervise or personally manage the performance of a well contractor activity on the person's own behalf or for any person, firm, or corporation.

(6) Well contractor activity. – The construction, installation, repair, alteration, or abandonment of any well."

SECTION 9G.7.(b) Part 9A of Article 7 of Chapter 143B of the General Statutes (G.S. 143B-301.10 through G.S. 143B-301.12) is recodified as Article 7B of Chapter 87 of the General Statutes (G.S. 87-99 through G.S. 87-99.2) and reads as rewritten:

"Article 7B.

"Well Contractors Certification Commission.

"**§ 87-99. Definitions.**

~~The~~ Unless the context clearly requires otherwise, the definitions in G.S. 87-85 and G.S. 87-98.2 apply in this Part.

"**§ 87-99.1. Creation, powers, and duties of the Commission.**

(a) Creation and Duties. – ~~The~~ There is established within the Department of Health and Human Services, Division of Public Health, the Well Contractors Certification ~~Commission is created within the Department.~~ Commission. The Commission shall:

(1) Adopt rules with respect to the certification of well contractors as provided by Article 7A of Chapter 87 of the General Statutes.

(2) Exercise quasi-judicial powers in accordance with the provisions of Chapter 150B of the General Statutes. The Commission shall make the final agency decision on any matter involving the certification of well contractors pursuant to Article 7A of Chapter 87 of the General Statutes and on civil penalties assessed for violations of that Article or rules adopted pursuant to that Article.

(3) Adopt rules as may be required to secure a federal grant-in-aid for a program concerned with the certification of well contractors. This subdivision is to be liberally construed in order that the State and its citizens may benefit from federal grants-in-aid.

(b) Delegation. – The Commission may, by rule, delegate to the Secretary of Health and Human Services any of its powers, other than the power to adopt rules.

"**§ 87-99.2. Membership of Commission.**

(a) Appointments. – The Commission shall consist of seven members appointed as follows:

(1) One member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives who, at the time of appointment, is (i) engaged in well contractor activities, (ii) certified as a well contractor under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily in the construction, installation, repair, alteration, or abandonment of domestic water supply wells, and (iv) a resident of a county that is located east of or is traversed by Interstate 95.

(2) One member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives who, at the time of appointment, is (i) engaged in well contractor activities, (ii) certified as a well contractor under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily in the construction, installation, repair, alteration, or abandonment of domestic water supply wells, and (iv) a resident of a county that is located wholly west of Interstate 95.

(3) One member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate who, at the time of appointment, is (i) engaged in well contractor activities, (ii) certified as a well contractor under Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily in the construction, installation, repair, alteration, or abandonment of industrial, municipal, or other large capacity water supply wells.

(4) One member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate who, at the time of appointment, is (i) engaged in well contractor activities, (ii) certified as a well contractor under Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily in the construction, installation, repair, alteration, or abandonment of nonwater supply wells, such as monitoring or recovery wells.

(5) One member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives who, at the time of appointment, is (i) employed by a local county health department and (ii) actively engaged in well inspection and permitting.

(6) One member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate who, at the time of appointment, is (i) employed by a local county health department and (ii) actively engaged in well inspection and permitting.

(7) One member appointed by the Governor who is (i) appointed from the public at large, (ii) not engaged in well contractor activities, and (iii) not an employee of a firm or corporation engaged in well contractor activities or a State or county governmental agency.

(b) Additional Qualifications. – Appointment of members to fill positions (1), (2), (3), and (4) shall be made from among all those persons who are recommended for appointment to the Commission by any person who is engaged in well contractor activities and who is certified as a well contractor under Article 7A of Chapter 87 of the General Statutes. No person shall be appointed to the Commission who is a resident of, or has a principal place of business in, the same county as another member of the Commission.

(c) Terms. – Appointments to the Commission shall be for terms of three years. The terms of members appointed to fill positions (1), (2), and (7) shall expire on 30 June of years evenly divisible by three. The terms of members appointed to fill positions (3) and (4) shall expire on 30 June of years that follow by one year those years that are evenly divisible by three. The terms of members appointed to fill positions (5) and (6) shall expire on 30 June of years that precede by one year those years that are evenly divisible by three. Members shall serve until their successors are appointed and qualified. No member shall serve more than two consecutive terms.

(d) Officers. – The Commission shall elect a Chair and a Vice-Chair from among its members. These officers shall serve from the time of their election until 30 June of the following year, or until a successor is elected.

(e) Vacancies. – An appointment to fill a vacancy on the Commission created by the resignation, dismissal, disability, or death of a member shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be filled as provided in G.S. 120-122.

(f) Removal. – The Governor may remove any member of the Commission from office for misfeasance, malfeasance, or nonfeasance, as provided in G.S. 143B-13.

(g) Compensation. – 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.

(h) Quorum. – A majority of the membership of the Commission constitutes a quorum for the transaction of business.

(i) Services. – All clerical and other services required by the Commission shall be supplied by the Secretary.

"**§§ 87-99.3 through 87-99.9:** Reserved for future codification purposes."

SECTION 9G.7.(c) G.S. 93B-1(3) reads as rewritten:

"(3) State agency licensing board. – Any State agency staffed by full-time State employees, which as part of their regular functions issue licenses. This section does not apply to the North Carolina Criminal Justice Education and Training Standards Commission, the North Carolina Sheriffs' Education and Training Standards Commission, and the North Carolina Department of Revenue. The following is a nonexclusive list of State agency licensing boards and the profession or occupation for which the board, agency, or officer may issue licenses:

…

~~b. The Department of Environmental Quality.~~

~~1. Well Contractors Certification Commission.~~

~~I. Well Contractor. Article 7A of Chapter 87 of the General Statutes.~~

c. The Department of Health and Human Services.

1. North Carolina Medical Care Commission.

I. Ambulance Attendant, Emergency Medical Technician. Article 7 of Chapter 131E of the General Statutes.

2. Well Contractors Certification Commission.

I. Well Contractor. Article 7A of Chapter 87 of the General Statutes.

…."

SECTION 9G.7.(d) G.S. 143B-138.1(d) is amended by adding a new subdivision to read:

"(7) Well Contractors Certification Commission."

LEAD AND ASBESTOS REMEDIATION IN PUBLIC SCHOOL UNITS AND CHILD CARE FACILITIES

SECTION 9G.8.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Public Health, the sum of one hundred fifty million dollars ($150,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as follows for lead and asbestos remediation and abatement programs to benefit public school units and child care facilities:

(1) $32,812,500 in nonrecurring funds shall be used to fund a program for the testing and remediation of lead levels in drinking water at public school units and child care facilities. As part of this program, public school units shall be required to test for lead levels in drinking water at their facilities, to the extent feasible and practical, following the same model for testing conducted in child care facilities pursuant to 15A NCAC 18A .2816. In addition, the program shall include at least the following components:

a. The Department of Health and Human Services (DHHS) and the Department of Public Instruction (DPI) shall develop a mechanism for providing funding for the testing and mitigation of lead in drinking water that meets the lead poisoning hazard level, as set forth in G.S. 130A-131.7, that is identified in public school units and child care facilities, including the replacement of service lines, pipes, and fixtures, as needed, or for the installation of filters at affected faucets within public school units and child care facilities that test positive for lead in drinking water.

b. The Commission for Public Health, Child Care Commission, and State Board of Education shall adopt rules as necessary to implement this subdivision.

(2) $117,187,500 in nonrecurring funds shall be used to fund a program for lead paint abatement and asbestos abatement in public school units and child care facilities. As part of the program, public school units and child care facilities shall be required to conduct inspections for lead paint and asbestos hazards in their facilities. The program shall include at least the following components:

a. DHHS and DPI shall develop a mechanism for providing funding for lead paint abatement, asbestos inspection and abatement, or both in public school units and child care facilities; provided, however, that the following conditions are met:

1. A professional accredited in accordance with G.S. 130A-447 or certified in accordance with G.S. 130A-453.03 determines that action must be taken in response to an inspection report.

2. Lead paint, asbestos, or both are detected as part of an inspection or as part of a capital, renovation, or repair project that meets the lead-based paint hazard level, as set forth in G.S. 130A-131.7, or that meets the definition of asbestos containing material, as set forth in G.S. 130A-444. Capital projects may include HVAC, window, or other ventilation projects related to COVID-19 mitigation, or other capital, renovation, or repair projects undertaken during calendar years 2021 through 2024.

b. A requirement that public school unit recipients of funds allocated under this subdivision shall provide matching funds in the amount of one dollar ($1.00) of local funds for every two dollars ($2.00) of State funds.

c. The Commission for Public Health, Child Care Commission, and State Board of Education shall adopt rules as needed to implement this subdivision.

SECTION 9G.8.(b) The Department of Health and Human Services, Division of Public Health (DPH), shall serve as the lead agency responsible for administering the programs authorized by subsection (a) of this section. In serving in this capacity, the DPH shall collaborate with (i) the Department of Public Instruction regarding administration of these programs for the benefit of public school units and charter schools and (ii) its Division of Child Development and Early Education regarding administration of these programs for the benefit of child care facilities. The DPH shall transfer funds to the Department of Public Instruction and to the Division of Child Development and Early Education as necessary to accomplish the goals of these programs in an efficient and cost-effective manner.

SECTION 9G.8.(c) Not later than six months after all funds appropriated in this act for the purposes of this section have been expended, the Department of Health and Human

Services, Division of Public Health, and the Department of Public Instruction shall report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division on the following lead and asbestos remediation and abatement activities authorized by this section, broken down by county:

(1) The number of public school units and child care facilities tested for lead in drinking water, for lead paint or asbestos in the buildings or facilities, or a combination of these.

(2) The number of public school units and child care facilities determined to be in need of remediation for lead in drinking water, for lead paint or asbestos abatement, or a combination of these.

(3) The number of public school units and child care facilities that have requested assistance from the Department of Health and Human Services or the Department of Public Instruction with remediation for lead in drinking water, for lead paint or asbestos abatement, or for a combination of these.

(4) The number of remediation or abatement projects completed under the programs authorized by subsection (a) of this section and the total amount of funds expended for each project, broken down by each category of remediation and abatement.

SECTION 9G.8.(d) The funds allocated under this section shall remain available until depleted or on the date federal law requires the funds to be fully expended, whichever is earlier.

USE OF JUUL SETTLEMENT FUNDS

SECTION 9G.10.(a) The Youth Electronic Nicotine Dependence Abatement Fund (Fund) is created within the Department of Health and Human Services, Division of Public Health, as a nonreverting special fund. The Fund shall consist of (i) monies received by the State as a beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Attorney General v. Juul Labs, Inc., in the General Court of Justice, Superior Court Division, Durham County (JLI Case) and (ii) all interest and investment earnings received on monies in the Fund. Monies in the Fund shall be expended only by an act of appropriation by the General Assembly and in accordance with the final consent judgment resolving the JLI Case.

SECTION 9G.10.(b) There is appropriated from the Youth Electronic Nicotine Dependence Abatement Fund created in subsection (a) of this section to the Department of Health and Human Services, Division of Public Health, the sum of thirteen million dollars ($13,000,000) in nonrecurring funds for the 2021-2022 fiscal year to be used and allocated as follows:

(1) $2,000,000 shall be transferred to the Department of Justice to cover the costs of litigation incurred by the Office of the Attorney General with respect to the JLI Case.

(2) $4,400,000 shall be allocated for tobacco cessation media campaigns, resources, and programs to help both youth and young adults who have become addicted to nicotine using e-cigarettes and other tobacco/nicotine products quit.

(3) $3,300,000 shall be allocated for evidence-based media and education campaigns to prevent the initiation of tobacco use, especially with respect to e-cigarettes and other new and emerging tobacco/nicotine products.

(4) $1,100,000 shall be allocated for data monitoring to track tobacco/nicotine use and exposure among youth and young adults and populations at risk; and for independent evaluation of the reach and effectiveness of the State's tobacco prevention and cessation programs with respect to evidence-based programs designed to help youth addicted to nicotine through e-cigarettes and other new and emerging tobacco and nicotine products quit.

(5) $2,200,000 shall be allocated for staff, projects, and systems to educate partners and stakeholders about evidence-based policy, systems, and environmental change to help youth quit tobacco/nicotine products and prevent initiation of tobacco/nicotine products; and to track compliance with the conduct provisions set forth in Part III of the final consent judgment resolving the JLI Case.

SECTION 9G.10.(c) Annually on September 1, 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 Fund during the preceding fiscal year. The report shall identify each expenditure and shall indicate the authority under this section for the expenditure.

FUNDS TO EXPAND LOCAL COMMUNICABLE DISEASE PROGRAMS TO ADDRESS THE IMPACTS OF THE COVID-19 PUBLIC HEALTH EMERGENCY

SECTION 9G.11.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Public Health, the sum of thirty-six million dollars ($36,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated to local health departments to expand communicable disease surveillance, detection, control, and prevention activities to address the COVID-19 public health emergency and other communicable disease challenges impacted by the COVID-19 public health emergency. The Division of Public Health shall expend up to eighteen million dollars ($18,000,000) of these allocated funds during the 2021-2022 fiscal year and any remaining funds during the 2022-2023 fiscal year. In the distribution of these funds to local health departments under this section, for each year of the 2021-2023 fiscal biennium, the Division of Public Health shall divide nine million dollars ($9,000,000) equally among the local health departments based on the number of counties served by each local health department. The Division of Public Health shall distribute the remaining nine million dollars ($9,000,000) to local health departments based upon the percentage of the State population served by each of the local health departments. The Division shall begin distributing the funds allocated under this section no later than 60 days after this act becomes law. In utilizing these funds, local health departments shall comply with applicable federal rules and guidance governing the State Fiscal Recovery Fund.

SECTION 9G.11.(b) By February 1, 2022, the Department of Health and Human Services, Division of Public Health, shall report to the Joint Legislative Oversight Committee on Health and Human Services on the funding appropriated by this section. The report shall include the elements below:

(1) The amount of funding pursuant to this section that each county received for surveillance, detection, control, and prevention of communicable diseases.

(2) An explanation if the sum of the funding received by all counties under this section is not equivalent to the total funds appropriated each year.

(3) Information on how the local health departments plan to use and subsequently did use these funds to address surveillance, detection, control, and prevention of communicable diseases.

(4) Consistent with the supplement and not supplant intent of this section, the report shall delineate funds other than those distributed in accordance with this section that were received by each county to address surveillance, detection, control, and prevention of communicable diseases.

(5) Additional information as may be requested by the Joint Legislative Oversight Committee on Health and Human Services.

RESERVATION OF CDC COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE/PUBLIC HEALTH CRISIS RESPONSE/COVID-19 PUBLIC HEALTH

WORKFORCE SUPPLEMENTAL FUNDING RECEIVED PURSUANT TO THE AMERICAN RESCUE PLAN ACT FOR SCHOOL-BASED HEALTH SERVICES PERSONNEL

SECTION 9G.13. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, from the Centers for Disease Control and Prevention Cooperative Agreement for Emergency Response: Public Health Crisis Response, COVID-19 Public Health Workforce Supplemental Funding received pursuant to ARPA, at least twenty-five percent (25%) of these funds shall be reserved in accordance with federal guidance to provide funding for school-based health services personnel in response to the COVID-19 pandemic. For purposes of this section, school-based health services personnel includes school nurses, school psychologists, school counselors, and school social workers. These funds shall be used to supplement and not supplant other State, local, or federal funds appropriated or allocated for this purpose.

PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]

PART IX-I. SOCIAL SERVICES

TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT STATE-COUNTY SPECIAL ASSISTANCE

SECTION 9I.1.(a) The following definitions apply in this section:

(1) Facility licensed to accept State-County Special Assistance payments or facility. – Any residential care facility that is (i) licensed by the Department of Health and Human Services and (ii) authorized to accept State-County Special Assistance payments from its residents.

(2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

SECTION 9I.1.(b) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Social Services, the sum of forty-eight million dollars ($48,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated for facilities licensed to accept State-County Special Assistance. The Division of Social Services shall expend up to twenty-four million dollars ($24,000,000) of these allocated funds during the 2021-2022 fiscal year and any remaining funds during the 2022-2023 fiscal year to provide temporary financial assistance in the form of a monthly payment to these facilities to offset the increased costs of serving residents who are recipients of State-County Special Assistance during the public health emergency. For the period commencing July 1, 2021, and ending when the funds allocated under this section are depleted or on the date federal law requires these funds to be fully expended, whichever is earlier, the amount of the monthly payment authorized by this section shall be equal to one hundred twenty-five dollars ($125.00) per month for each resident of the facility as of the first day of the month who is a recipient of State-County Special Assistance. The DSS shall not make monthly payments authorized by this section to a facility on behalf of a resident whose eligibility determination for State-County Special Assistance is pending. The DSS shall terminate all monthly payments pursuant to this subsection when the funds allocated under this section are depleted or on the date federal law requires these funds to be fully expended, whichever is earlier. The counties are not responsible for paying any portion of these monthly payments. Nothing in this section shall be construed as an obligation by the General Assembly to appropriate funds for the purpose of this section or as an entitlement by any facility, resident of a facility, or other person to receive financial assistance under this section.

TANF BENEFIT IMPLEMENTATION

SECTION 9I.2.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022," 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 October 1, 2019, through September 30, 2022. 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 9I.2.(b) The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

SECTION 9I.2.(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 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2021. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2022.

SECTION 9I.2.(d) For each year of the 2021-2023 fiscal biennium, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the 2020-2021 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 9I.2.(e) In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the 2021-2022 fiscal year or the 2022-2023 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 9I.3.(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 9I.3.(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 9I.3.(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 9I.3.(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 9I.4. 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 OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM

SECTION 9I.5. 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 9I.6.(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 9I.6.(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 2021-2023 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 9I.6.(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 2021-2023 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 9I.6.(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 9I.7.(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 9I.7.(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 9I.7.(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 9I.7.(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 the 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 9I.8.(a) 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 2021-2023 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

SECTION 9I.9.(a) G.S. 131D-10.9B reads as rewritten:

"**§ 131D-10.9B. Permanency Innovation Initiative Fund.**

(a) There is created the Permanency Innovation Initiative Fund that will support a ~~demonstration~~ project with services provided by Children's Home Society of North Carolina to (i) improve permanency outcomes for children living in foster care through reunification with parents, providing placement or guardianship with other relatives, or adoption, (ii) improve engagement with biological relatives of children in or at risk of entering foster care, and (iii) reduce costs associated with maintaining children in foster care. In implementing these goals, the Permanency Innovation Initiative Fund shall support the following strategies:

…

(a1) No more than fifteen percent (15%) of the State funds appropriated for this program shall be used for administrative costs.

…."

SECTION 9I.9.(b) Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for each year of the 2021-2023 fiscal biennium for the Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available federal matching funds.

REPORT ON CERTAIN SNAP AND TANF EXPENDITURES

SECTION 9I.10.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (Division), for each year of the 2021-2023 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 9I.10.(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 9I.10.(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.

INCREASE FOSTER CARE AND ADOPTION ASSISTANCE RATES

SECTION 9I.11.(a) Effective January 1, 2022, G.S. 108A-49.1 reads as rewritten:

"**§ 108A-49.1. Foster care and adoption assistance payment rates.**

(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

(1) ~~$475.00~~ $514.00 per child per month for children from birth through five years of age.
(2) ~~$581.00~~ $654.00 per child per month for children six through 12 years of age.
(3) ~~$634.00~~ $698.00 per child per month for children at least 13 but less than 21 years of age.

(b) The maximum rates for the State adoption assistance program are established consistent with the foster care rates as follows:

(1) ~~$475.00~~ $514.00 per child per month for children from birth through five years of age.
(2) ~~$581.00~~ $654.00 per child per month for children six through 12 years of age.
(3) ~~$634.00~~ $698.00 per child per month for children at least 13 but less than 21 years of age.

…."

SECTION 9I.11.(a1) The revised foster care assistance rates set forth in G.S. 108A-49.1(a), as enacted in subsection (a) of this section, shall apply to family foster care homes, residential child care facilities, and Level 2 group homes.

SECTION 9I.11.(b) Notwithstanding G.S. 108A-49.1(d), for the 2021-2022 fiscal year only, the Department of Health and Human Services, Division of Social Services, shall use a portion of the funds allocated in this act for foster care and adoption assistance rate increases to cover the county share of the cost of care for the rate increases under this section.

CHILD WELFARE/BEHAVIORAL HEALTH PILOT PROJECT

SECTION 9I.12.(a) From funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for the 2021-2022 fiscal year, the Division of Social Services, in collaboration with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall establish a two-year child welfare and behavioral health pilot project that will provide easier access to comprehensive health services for children in foster care by (i) creating better continuity of care, (ii) providing an alternative to therapeutic foster care, and (iii) ensuring care and services are available without disruption to a child's foster care placement while accessing services needed to treat the child's trauma. Four counties shall participate in the pilot project, which shall include Davie, Forsyth, Rockingham, and Stokes.

SECTION 9I.12.(b) The purpose of the pilot project is to establish a trauma-informed integrated health foster care model to facilitate partnerships between county departments of social services and local management entities/managed care organizations (LME/MCOs) regarding children placed in foster care that will do each of the following:

(1) Address safety and health needs of children with the application of trauma-informed tools.
(2) Address appropriate preventive and medical care for children placed in foster care.
(3) Address other social determinants of health, specifically those related to education and social development.
(4) Meet the goals of Medicaid Transformation, Child Welfare Reform, and the federal Families First Prevention Services Act (Family First Act).
(5) Provide for collaboration across agencies, including private behavioral health providers, health systems, and agencies of social determinants of health.
(6) Allow for the development of alternative funding models and service definitions.
(7) Allow for behavioral health services in family foster homes augmented with mental health services.
(8) Allow for wraparound services for the child to support a singular, unified goal of children in foster care having a single placement.

(9) Assign dedicated care coordination to each county social services agency.

SECTION 9I.12.(c) The Division of Social Services and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall submit a progress report on the pilot project established under this section to the Joint Legislative Oversight Committee on Health and Human Services (Committee) by April 1, 2022, and submit a final report to the Committee by October 1, 2023, that, at a minimum, includes each of the following:

(1) The average cost of providing alternatives to therapeutic foster care.
(2) An outline of enhanced services offered and developed during the pilot project, including barriers and challenges.
(3) The outcomes achieved from the pilot project.
(4) A plan outlining the potential for replication across other counties, including cost-modeling recommendations.

REGIONAL SUPERVISION AND SUPPORT OF CHILD WELFARE SERVICES/CPS HOTLINE

SECTION 9I.13.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of nine hundred thousand dollars ($900,000) in recurring funds shall be used to establish up to 15 positions for the (i) regional supervision support model directed by S.L. 2017-41 (Rylan's Law) and (ii) statewide child protective services (CPS) hotline, pursuant to this section.

SECTION 9I.13.(a1) In accordance with the plan submitted by the Social Services Regional Supervision and Collaboration Working Group (SSWG) in its report on March 31, 2019, to the Joint Legislative Oversight Committee on Health and Human Services as required by Rylan's Law, the Department of Health and Human Services (Department) shall establish seven regions for regional supervision of child welfare and social services and begin providing oversight and support within those regions through State regional staff and the central office team by April 1, 2022. To that end, the Department shall continue, pursuant to existing authority, with (i) redeploying positions identified in the report to support regionalization and all managerial staff needed to support regionalization in the central office and (ii) repurposing corresponding operating expenses. The Department shall pursue procurement of physical offices within each of the seven regions beginning in March 2023 and shall prioritize staffing to improve the child welfare system. The Department shall move towards full implementation of a regional model, with offices, by March 1, 2024.

SECTION 9I.13.(b) The Division of Social Services (Division) and the North Carolina Association of Regional Councils of Governments (Councils of Governments) shall explore entering into a memorandum of agreement to (i) utilize Councils of Governments' physical office space and office-related needs for Division staff and (ii) facilitate cooperation between regions and evaluate the estimated costs by region for the office space and sample agreements between the Division and the Councils of Governments. The Division shall submit a report to the chairs of the Senate Appropriations Committee on Health and Human Services and the House Appropriations Committee on Health and Human Services by February 1, 2022, on the estimated costs, by region, for office space and sample agreements as described in this subsection.

SECTION 9I.13.(c) Section 3 of S.L. 2021-132 reads as rewritten:

"**SECTION 3.(a)** The Department of Health and Human Services shall develop ~~an operational plan to create~~ and implement a statewide child protective services (CPS) hotline. The Department shall establish a planning and evaluation team consisting of three child welfare staff representing at least three county departments of social services that will provide input on the ~~plan. The plan shall include,~~ hotline to include, at a minimum, all of the following:

(1) A fiscal analysis on the creation and implementation of a statewide CPS hotline.

(2) Quantify the total up-front, one-time costs to implement the statewide CPS hotline, including any State or county savings that would be incurred through the full implementation of and transition to a statewide CPS hotline.
(3) Recommendations on the operational needs for the statewide CPS hotline, including adequate staffing levels to ensure a responsive and timely system.
(4) Evaluation of whether a county may opt out of the statewide CPS hotline.
(5) Recommendations of defined measures, goals, and service level agreements to evaluate the performance of the hotline.
(6) A time line for implementation of the statewide CPS hotline that is aligned and coordinated with the Department of Health and Human Services, Division of Social Services, and local county departments of social services, including the implementation of intake and assessment technology as a precondition to the operation of a statewide CPS hotline.
(7) An assessment of the feasibility of an integrated statewide CPS hotline for both child protective services and adult protective services.

"**SECTION 3.(b)** The Department shall submit ~~the operational plan~~ a progress report on its development and implementation of the statewide CPS hotline required by this section to the Joint Legislative Oversight Committee on Health and Human Services no later than September 1, 2022."

DEPLOY CHILD WELFARE COMPONENT OF NC FAST

SECTION 9I.15.(a) Funds transferred from the Medicaid Transformation Reserve and allocated in Section 9B.2 of this act shall be used by the Department of Health and Human Services, Division of Social Services (Division), to resume deployment of the North Carolina Families Accessing Services through Technology (NC FAST) system as it relates to case management functionality for child welfare. The Division shall deploy the child welfare case management component of the NC FAST system statewide before October 1, 2022, as recommended in the Department of Health and Human Services' "Child Welfare Request for Information and Child Welfare Case Management Legislative Report," dated September 14, 2020, and the Program Evaluation Division's Report, "NC FAST Child Welfare Case Management Software Demonstrates Adequate Functionality but Poor Usability," dated June 12, 2020.

SECTION 9I.15.(b) The Division of Social Services (Division) shall release a request for proposal (RFP) for at least one significant augmentation to the child welfare component of the NC FAST system within 30 days from the date the Division receives federal approval of its procurement plan. The Division shall enter into a contract to augment and enhance the child welfare case management component of the NC FAST system within 150 days of releasing the RFP. The contract shall align with the recommendations developed by the Executive Advisory Committee within the Department, with consideration given to software currently deployed by county departments of social services.

SECTION 9I.15.(b1) Of the funds allocated in accordance with this section to the Division for the child welfare component of the NC FAST system, the sum of three million five hundred thousand dollars ($3,500,000) in nonrecurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to ensure that the child welfare case management component of the NC FAST system includes the capability to automate licensing and placements, including external portals for persons applying to be foster care families and for kinship navigator programs, to:

(1) Increase the number of foster families in North Carolina.
(2) Expedite the licensing process.
(3) Assist with meeting the requirements associated with the Family First Prevention Services Act.

The Division shall release an RFP to automate licensing and placements for the child welfare component of the NC FAST system, enter into a contract for the automation, and ensure that the contract aligns with recommendations developed by the Executive Advisory Committee consistent with the time lines and requirements described in subsection (b) of this section.

SECTION 9I.15.(c) Upon enactment of this section, Part III-N of S.L. 2019-240 is repealed.

FUNDS FOR CABARRUS COOPERATIVE CHRISTIAN MINISTRY

SECTION 9I.16. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of forty thousand dollars ($40,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to Cabarrus Cooperative Christian Ministry, an organization that provides immediate assistance and support to members of the community experiencing crisis in the areas of food, housing, or finances. These funds shall be used to provide services in Cabarrus County only.

CHILD ADVOCACY CENTER FUNDS

SECTION 9I.17. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of five million dollars ($5,000,000) in recurring funds for each year of the 2021-2023 fiscal biennium and the sum of five million dollars ($5,000,000) in nonrecurring funds for the 2021-2022 fiscal year 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.

FUNDS FOR TANF/WORK FIRST FAMILIES

SECTION 9I.18.(a) Of the funds appropriated in this act from the Pandemic Emergency Assistance Fund to the Department of Health and Human Services, Division of Social Services (Division), the sum of sixteen million seven hundred eighty-two thousand eight hundred seventy-five dollars ($16,782,875) in nonrecurring funds shall be used to provide two payments to families enrolled in the Temporary Assistance for Needy Families (TANF)/Work First Cash Assistance program with one or more children to mitigate the negative impacts of the COVID-19 pandemic. The Division shall distribute these payments such that families enrolled in the Work First Cash Assistance program with one or more children 0 to 17 years of age shall receive one payment of five hundred dollars ($500.00) per child in the fall/winter of 2021-2022 and a second payment of five hundred dollars ($500.00) per child, based on the availability of funds, in the summer of 2022. These funds shall be distributed via an electronic benefit transfer (EBT) card, and it is the intent of the General Assembly that these funds be used for the following types of expenditures:

(1) Extra cash assistance to cover added costs caused by the COVID-19 pandemic.
(2) Clothing.
(3) School supplies, including information technology devices.
(4) Personal protective equipment.

SECTION 9I.18.(b) The Division of Social Services is authorized to adjust the payments distributed under subsection (a) of this section based on the availability of funds.

SECTION 9I.18.(c) All funds provided under this section shall be expended by the deadline established by federal law and in accordance with federal law and guidelines.

PART IX-J. VOCATIONAL REHABILITATION SERVICES

FUNDS FOR NATIONAL MULTIPLE SCLEROSIS SOCIETY/HOME MODIFICATION PROGRAM

SECTION 9J.2. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Vocational Rehabilitation, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to the National Multiple Sclerosis (MS) Society for home modification services and home modification assistance grants to help residents in this State who have multiple sclerosis remain in their homes.

PART IX-K. HHS MISCELLANEOUS [RESERVED]

PART IX-L. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 9L.1.(a) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	**FY 2021-2022**	**FY 2022-2023**
Local Program Expenditures		
Division of Social Services		
01. Work First Family Assistance	$35,549,914	$35,549,914
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	4,197,750	4,001,676
05. Child Protective Services – Child Welfare Workers for Local DSS	11,583,264	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	3,522,996	3,538,541
DHHS Administration		
13. Division of Social Services	2,482,260	2,482,260
14. Office of the Secretary	34,042	34,042
15. Eligibility Systems – Operations and Maintenance	737,565	658,250
16. NC FAST Implementation	426,357	802,959
17. Division of Social Services – Workforce Innovation & Opportunity Act (WIOA)	93,216	93,216
18. Division of Social Services TANF Modernization	2,000,000	2,000,000
Transfers to Other Block Grants		
Division of Child Development and Early Education		
19. Transfer to the Child Care and Development Fund	21,773,001	21,773,001
Division of Social Services		
20. Transfer to Social Services Block Grant for Child Protective Services – Training	285,612	285,612
21. Transfer to Social Services Block Grant for Child Protective Services	5,040,000	5,040,000
22. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	13,097,783	13,097,783
23. Transfer to Social Services Block Grant – Foster Care Services	3,422,219	3,422,219
24. Transfer to Social Services Block Grant – Child Advocacy Centers	1,582,000	1,582,000
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	**$317,588,628**	**$317,509,312**
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS		

Local Program Expenditures		
Division of Child Development and Early Education		
01. Subsidized Child Care	$35,790,508	$33,439,988
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS	**$35,790,508**	**$33,439,988**
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	$19,905,849
02. County Departments of Social Services (Nonrecurring)	1,300,000	1,300,000
03. County Departments of Social Services (Transfer From TANF)	$13,097,783	$13,097,783
04. EBCI Tribal Public Health and Human Services	244,740	244,740
05. Child Protective Services (Transfer From TANF)	5,040,000	5,040,000
06. State In-Home Services Fund	1,943,950	1,943,950
07. Adult Protective Services	2,138,404	2,138,404
08. State Adult Day Care Fund	1,994,084	1,994,084
09. Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program	901,868	901,868
10. Special Children Adoption Incentive Fund	462,600	462,600
11. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)	285,612	285,612
12. Home and Community Care Block Grant (HCCBG)	2,696,888	2,696,888
13. Child Advocacy Centers (Transfer from TANF $1,582,000)	1,582,000	1,582,000

14. Guardianship – Division of Social Services	1,802,671	1,802,671
15. Foster Care Services (Transfer From TANF)	3,422,219	3,422,219
Division of Central Management and Support		
16. DHHS Competitive Block Grants for Nonprofits	4,774,525	4,774,525
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
17. Mental Health Services – Adult and Child/Developmental Disabilities Program/ Substance Abuse Services – Adult	4,149,595	4,149,595
DHHS Program Expenditures		
Division of Services for the Blind		
18. Independent Living Program	3,603,793	3,603,793
Division of Health Service Regulation		
19. Adult Care Licensure Program	557,598	557,598
20. Mental Health Licensure and Certification Program	266,158	266,158
Division of Aging and Adult Services		
21. Guardianship	3,825,443	3,825,443
DHHS Administration		
22. Division of Aging and Adult Services	715,422	715,422
23. Division of Social Services	1,019,764	1,019,764
24. Office of the Secretary/Controller's Office	636,920	636,920
25. Legislative Increases/Fringe Benefits	293,655	293,655
26. Division of Child Development and Early Education	13,878	13,878
27. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	27,446	27,446
28. Division of Health Service Regulation	133,620	133,620

29. Division of Services for the Blind and Services for the Deaf and Hard of Hearing	127,010	127,010
TOTAL SOCIAL SERVICES BLOCK GRANT	**$76,963,495**	**$76,963,495**
LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
Local Program Expenditures		
Division of Social Services		
01. Low-Income Energy Assistance Program (LIEAP)	$49,717,611	$49,415,982
02. Crisis Intervention Program (CIP)	32,980,981	32,764,751
Local Administration		
Division of Social Services		
03. County DSS Administration	6,769,114	6,724,735
DHHS Administration		
Division of Central Management and Support		
04. Division of Social Services	10,000	10,000
05. Office of the Secretary/DIRM (Accountable Results for Community Action (AR4CA) Replacement System)	50,000	166,750
06. Office of the Secretary/DIRM	278,954	278,954
07. Office of the Secretary/Controller's Office	18,378	18,378
08. NC FAST Development	624,628	1,176,364
09. NC FAST Operations and Maintenance	1,461,946	1,304,733
Transfers to Other State Agencies		
Department of Environmental Quality		
10. Weatherization Program	8,751,347	8,693,972
11. Heating Air Repair and Replacement Program (HARRP)	5,830,717	5,792,490
12. Local Residential Energy Efficiency Service Providers – Weatherization	527,190	523,733

13. Local Residential Energy Efficiency Service Providers – HARRP	284,682	282,816
14. DEQ – Weatherization Administration	527,190	523,733
15. DEQ – HARRP Administration	284,682	282,816
Department of Administration		
16. N.C. Commission on Indian Affairs	87,736	87,736
TOTAL LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT	**$108,205,156**	**$108,047,943**
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
Local Program Expenditures		
Division of Child Development and Early Education		
01. Child Care Services	$241,041,643	$240,907,680
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)	51,808,870	51,808,870
DHHS Administration		
Division of Child Development and Early Education		
05. DCDEE Administrative Expenses	9,710,886	9,710,886
06. Direct Deposit for Child Care Payments	5,000	5,000
Division of Social Services		
07. Local Subsidized Child Care Services Support	18,780,355	18,780,355
Division of Central Management and Support		
08. NC FAST Operations and Maintenance	1,201,697	1,201,697
09. DHHS Central Administration – DIRM Technical Services	979,762	979,762

10. DHHS Central Administration	7,346	7,346
Division of Public Health		
11. Child Care Health Consultation Contracts	62,205	62,205
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	**$352,763,419**	**$352,629,456**
MENTAL HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01. Mental Health Services – Child	$5,460,328	$4,432,011
02. Mental Health Services – Adult/Child	26,858,142	17,126,399
03. Mental Health Services – First Psychotic Symptom Treatment	4,205,369	2,615,497
DHHS Administration		
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
04. Crisis Services	1,569,298	1,307,749
05. Administration	323,120	323,120
06. Adult/Child Mental Health Services	350,150	350,150
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	**$38,766,407**	**$26,154,926**
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
Local Program Expenditures		
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
01. Substance Abuse – IV Drug	$2,550,915	$2,550,915
02. Substance Abuse Prevention	16,594,705	10,999,983
03. Substance Abuse Services – Treatment for Children/Adults (First Step Farm of WNC, Inc. $100,000)	60,846,746	38,467,860
04. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery	1,085,000	1,085,000
05. Crisis Solutions Initiatives – Community		

Paramedic Mobile Crisis Management	20,000	20,000
DHHS Program Expenditures		
Division of Central Management and Support		
06. Competitive Grants	1,600,000	1,600,000
DHHS Administration		
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
07. Administration	1,320,452	1,320,452
08. Controlled Substance Reporting System Enhancement	427,655	427,655
09. Veterans Initiatives	250,000	250,000
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	**$84,695,473**	**$56,721,865**
MATERNAL AND CHILD HEALTH BLOCK GRANT		
Local Program Expenditures		
Division of Public Health		
01. Women's and Children's Health Services (Safe Sleep Campaign $45,000; Sickle Cell Centers $100,000; Prevent Blindness $575,000; March of Dimes $350,000; Teen Pregnancy Prevention Initiatives $650,000; Nurse-Family Partnership $950,000; Perinatal & Neonatal Outreach Coordinator Contracts $440,000; Mountain Area Pregnancy Services $50,000)	$14,778,973	$14,778,973
02. Oral Health	48,227	48,227
03. Evidence-Based Programs in Counties With Highest Infant Mortality Rates	1,575,000	1,575,000
DHHS Program Expenditures		
04. Children's Health Services	1,427,323	1,427,323
05. Women's Health – Maternal Health	169,864	169,864
06. Women's and Children's Health – Perinatal Strategic Plan Support Position	73,920	73,920

07. State Center for Health Statistics	158,583	158,583
08. Health Promotion – Injury and Violence Prevention	87,271	87,271
DHHS Administration		
09. Division of Public Health Administration	552,571	552,571
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT	**$18,871,732**	**$18,871,732**
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01. Physical Activity and Prevention	$3,030,116	$3,081,442
02. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	160,000	160,000
DHHS Program Expenditures		
Division of Public Health		
03. HIV/STD Prevention and Community Planning	137,648	137,648
04. Oral Health Preventive Services	150,000	150,000
05. Laboratory Services – Testing, Training, and Consultation	21,000	21,000
06. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	53,206	53,206
07. Performance Improvement and Accountability	592,123	592,123
08. State Center for Health Statistics	82,505	82,505
DHHS Administration		
Division of Public Health		
09. Division of Public Health	65,000	65,000
TOTAL PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	**$4,291,598**	**$4,342,924**

COMMUNITY SERVICES BLOCK GRANT

01. Community Action Agencies	$20,916,673	$20,916,673
02. Limited Purpose Agencies/Discretionary Funding	616,599	355,321
03. Office of Economic Opportunity	1,004,543	1,004,543
04. Office of the Secretary/DIRM (Accountable Results for Community Action (AR4CA) Replacement System)	327,944	589,222
05. Office of Economic Opportunity – Workforce Investment Opportunities Act (WIOA)	60,000	60,000
TOTAL COMMUNITY SERVICES BLOCK GRANT	**$22,925,759**	**$22,925,759**

GENERAL PROVISIONS

SECTION 9L.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 9L.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 2021-2022 and 2022-2023, 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 in four- or five-star rated facilities for 4 year old children 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 9L.1.(d) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the schedule enacted for State fiscal years 2021-2022 and 2022-2023 or until a new schedule is enacted by the General Assembly.

SECTION 9L.1.(e) 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 Abuse Prevention and Treatment Block Grant or (ii) Item 01 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 9L.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 9L.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six dollars ($80,093,566) for each year of the 2021-2023 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 9L.1.(h) The sum of eleven million five hundred eighty-three thousand two hundred sixty-four dollars ($11,583,264) for the 2021-2022 fiscal year and the sum of eleven million three hundred eighty-seven thousand one hundred ninety dollars ($11,387,190) for the 2022-2023 fiscal year 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 2021-2022 and 2022-2023 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

SECTION 9L.1.(i) The sum of four million one hundred ninety-seven thousand seven hundred fifty dollars ($4,197,750) for the 2021-2022 fiscal year and the sum of four million one thousand six hundred seventy-six dollars ($4,001,676) for the 2022-2023 fiscal year 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 9L.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 2021-2023 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 9L.1.(k) Of the three million five hundred twenty-two thousand nine hundred ninety-six dollars ($3,522,996) for the 2021-2022 fiscal year and three million five hundred thirty-eight thousand five hundred forty-one dollars ($3,538,541) for the 2022-2023 fiscal year allocated in this act in TANF funds to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars ($500,000) in each year of the 2021-2023 fiscal biennium shall be used to provide services for youth in foster care or the juvenile justice system.

SOCIAL SERVICES BLOCK GRANT

SECTION 9L.1.(*l*) The sum of nineteen million nine hundred five thousand eight hundred forty-nine dollars ($19,905,849) for each year of the 2021-2023 fiscal biennium and the sum of one million three hundred thousand dollars ($1,300,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium 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 each year of the 2021-2023 fiscal biennium 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 9L.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 2021-2023 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 9L.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 9L.1.(o) Social Services Block Grant funds appropriated for the Special Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

SECTION 9L.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 2021-2023 fiscal biennium 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 9L.1.(q) The sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars ($4,774,525) for each year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS competitive Block Grants pursuant to Section 9B.9 of this act. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 9L.1.(r) 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 2021-2023 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 9L.1.(s) The sum of three million eight hundred twenty-five thousand four hundred forty-three dollars ($3,825,443) for each fiscal year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Divisions of Social Services and 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 2021-2022 and 2022-2023 fiscal years.

SECTION 9L.1.(t) Of the funds appropriated in the Social Services Block Grant to the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred ninety-three thousand forty-one dollars ($893,041) 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 9L.1.(u) 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 9L.1.(v) The sum of forty-nine million seven hundred seventeen thousand six hundred eleven dollars ($49,717,611) for the 2021-2022 fiscal year and the sum of forty-nine million four hundred fifteen thousand nine hundred eighty-two dollars ($49,415,982) for the 2022-2023 fiscal year 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 thirty percent (130%) 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.

SECTION 9L.1.(w) The Department of Health and Human Services shall develop and implement a centralized system to collect, track, analyze, monitor, and disseminate performance, outputs, and outcome data for the Community Services Block Grant Program and the Department of Environmental Quality (DEQ) Weatherization Assistance Program to replace the current software solution, Accountable Results for Community Action (AR4CA). The project shall not proceed until the business case has been approved by the Office of State Budget and Management and the State Chief Information Officer in the Enterprise Project Management Office's Touchdown System. Upon approval, amounts not to exceed fifty thousand dollars ($50,000) in Low Income Energy Assistance funds may be budgeted for transfer to Budget Code 24410 for information technology projects for the 2021-2022 fiscal year.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 9L.1.(x) 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 9L.1.(y) 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.

MENTAL HEALTH SERVICES BLOCK GRANT

SECTION 9L.1.(z) The sum of four million two hundred five thousand three hundred sixty-nine dollars ($4,205,369) for the 2021-2022 fiscal year and the sum of two million

six hundred fifteen thousand four hundred ninety-seven dollars ($2,615,497) for the 2022-2023 fiscal year appropriated in this act in the Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, is allocated for Mental Health Services – First Psychotic Symptom Treatment.

SECTION 9L.1.(z1) Of the funds allocated in the Mental Health Services Block Grant to the Department of Health and Humans Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the 2021-2023 fiscal biennium, the sum of three hundred fifty thousand one hundred fifty dollars ($350,150) shall be used to establish 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.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 9L.1.(aa) 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 2021-2022 fiscal year or the 2022-2023 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 9L.1.(bb) The sum of one million five hundred seventy-five thousand dollars ($1,575,000) 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 2021-2023 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 9L.1.(cc) The sum of seventy-three thousand nine hundred twenty dollars ($73,920) 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 2021-2023 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 9L.1.(dd) The sum of one hundred thousand dollars ($100,000) allocated in this section 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 2021-2023 fiscal biennium for community-based sickle cell centers shall not be used to supplant existing State or federal funds.

SECTION 9L.1.(ee) No more than fifteen percent (15%) of the funds allocated for the designated subrecipients in subsection (a) of this section under Item 01 of the Maternal and Child Health Block Grant shall be used for administrative costs, unless otherwise required by federal law.

APPROPRIATION OF CERTAIN FEDERAL BLOCK GRANT FUNDS FOR DHHS UNDER THE AMERICAN RESCUE PLAN ACT

SECTION 9L.2.(a) Of the funds appropriated in this act from federal Low Income Home Energy Assistance Program Block Grant funds received pursuant to ARPA to the Department of Health and Human Services, Division of Social Services, the sum of eighty-six million nine hundred seventy thousand four hundred sixty dollars ($86,970,460) in nonrecurring funds shall be used for energy assistance in accordance with federal requirements in response to the COVID-19 pandemic.

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 million seven hundred seventy-seven thousand seven hundred eighty-nine dollars ($502,777,789) 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.

b. A minimum of fifty million dollars ($50,000,000) but no more than fifty-nine million dollars ($59,000,000) to modernize and improve early childhood technology infrastructure.

(2) Up to thirty million dollars ($30,000,000) of the funds shall be used to continue to cover all copays for families eligible for subsidized child care through the end of the 2021 calendar year.

(3) Up to two hundred seven million seven hundred seventy-seven thousand seven hundred eighty-nine dollars ($207,777,789) of the funds shall 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.

SECTION 9L.2.(c) Of the funds appropriated in this act from federal Community Mental Health Services Block Grant funds received pursuant to ARPA to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of forty-one million five hundred thirty-five thousand two hundred forty-six dollars ($41,535,246) in nonrecurring funds shall be used for mental health services and supports in response to the COVID-19 pandemic.

SECTION 9L.2.(d) Of the funds appropriated in this act from federal Substance Abuse Prevention and Treatment Block Grant funds received pursuant to ARPA to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of thirty-six million four hundred twenty thousand six hundred fifty-one dollars ($36,420,651) in nonrecurring funds shall be used to provide substance abuse prevention and treatment services across the State to those in need due to the COVID-19 pandemic. From funds appropriated under this subsection, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall allocate funds as follows:

(1) Eight million dollars ($8,000,000) to the Department of Public Safety (DPS) to expand the MAT Community Supervision pilot program, a program for individuals recently released from prison and on probation. DPS, in collaboration with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (Division), shall select at least five counties to participate in the expanded pilot program that represent tier one or tier two counties with the highest need. For purposes of this subdivision, tier one and tier two counties shall have the same designations as those established by the North Carolina Department of Commerce's 2021 County Tier Designations. DPS and the Division shall report on the results of the pilot program to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Justice and Public Safety by November 1, 2023.

(2) Two million two hundred thousand dollars ($2,200,000) to Addiction Recovery Care Association, Inc., for substance abuse treatment and recovery services.

(3) One million dollars ($1,000,000) to the Brunswick Christian Recovery Center (Christian Recovery Centers, Inc.), a nonprofit organization in Brunswick County that assists individuals suffering from active addiction.

(4) Fifty-three thousand seven hundred dollars ($53,700) to AYA House, Inc., a nonprofit organization, for substance abuse treatment and recovery services.

(5) Seven million three hundred thousand dollars ($7,300,000) for substance abuse prevention efforts.

(6) Seven million six hundred thousand dollars ($7,600,000) to implement the Sobriety Treatment and Recovery Teams (START) program in 10 counties.

(7) Two million seven hundred thousand dollars ($2,700,000) for start-up supports to help substance use disorder providers contract with local management entities/managed care organizations (LME/MCOs).

(8) Two million eight hundred thousand dollars ($2,800,000) to expand the EMS-based MAT Bridge program from two to 10 counties.

(9) The balance of any remaining funds for treatment services, including the purchase of naloxone to assist in overdose treatment.

SECTION 9L.2.(e) Funds allocated in subdivisions (d)(1) through (d)(9) of this section are provided as one-time, nonrecurring allocations for the purposes described in that subsection.

PART X. AGRICULTURE AND CONSUMER SERVICES

FEE AUTHORITY FOR STATE PHYTOSANITARY CERTIFICATE

SECTION 10.2.(a) G.S. 106-420 reads as rewritten:

"**§ 106-420. Authority of Board of Agriculture to adopt regulations.**

The Board of Agriculture is hereby authorized to adopt reasonable regulations to implement and carry out the purposes of this Article as to eradicate, repress and prevent the spread of plant pests (i) within the State, (ii) from within the State to points outside the State, and (iii) from outside the State to points within the State. The Board of Agriculture shall adopt regulations for eradicating such plant pests as it may deem capable of being economically eradicated, for repressing such as cannot be economically eradicated, and for preventing their spread within the State. Regulations may provide for quarantine of areas. It may also adopt reasonable regulations for preventing the introduction of dangerous plant pests from without the State, and for governing common carriers in transporting plants, articles or things liable to harbor such pests into, from and within the State. The Board is authorized, in order to control plant pests, to adopt regulations

governing the inspection, certification and movement of nursery stock, (i) into the State from outside the State, (ii) within the State, and (iii) from within the State to points outside the State. The Board is further authorized to prescribe and collect a schedule of fees to be collected for its nursery inspection, nursery dealer certification, narcissus bulb inspection, plant pest inspection, phytosanitary certification, and plant pest certification activities."

SECTION 10.2.(b) G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

…

(26) The Board of Agriculture in the Department of Agriculture and Consumer Services with respect to the following:

…

d. Fees for State phytosanitary certificates.

…."

HEMLOCK RESTORATION REPORT

SECTION 10.3. Article 76 of Chapter 106 of the General Statutes is amended by adding a new section to read:

"**§ 106-927. Annual report on hemlock restoration.**

No later than October 1 of each year, beginning October 1, 2022, the Commissioner shall submit a report on the State's hemlock restoration initiatives to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division. The report shall include the following with respect to each hemlock restoration initiative funded during the previous fiscal year:

(1) Identification of goals and outcomes for the initiative.

(2) A description of the measures used or data collected to evaluate the efficiency and effectiveness of the initiative in reaching its desired goals and outcomes.

(3) The performance of each initiative with respect to the identified goals and outcomes."

TIMBER SALES/RETENTION AND USE OF PROCEEDS

SECTION 10.4.(a) G.S. 146-30(d)(6) reads as rewritten:

"(6) The following provisions apply with respect to land owned by or under the supervision and control of the Department of Agriculture and Consumer Services:

a. The net proceeds derived from the sale of land ~~or timber from land owned by or under the supervision and control of the Department of Agriculture and Consumer Services~~ shall be deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services, to be used for such specific capital improvement projects or other purposes as are provided by transfer of funds from those accounts in ~~the Capital Improvement Appropriations Act.~~an act of the General Assembly.

b. The net proceeds derived from the sale of timber and other products of land shall be deposited in accounts at the Department of Agriculture and Consumer Services to be used for operational expenses of the Department incurred for restoration and stewardship of the land."

SECTION 10.4.(b) G.S. 106-6.3 reads as rewritten:

"**§ 106-6.3. Create special revenue fund for research stations.**

The Research Stations Fund is established as a special revenue fund within the Department of Agriculture and Consumer Services, Division of Research Stations. This Fund shall consist of

receipts from the sale of timber and other commodities produced on the Department's research stations and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance exceeding one million dollars ($1,000,000) in this Fund at the end of any fiscal year shall revert to the General Fund. The Department shall use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in research stations operated by the Department's Research Stations Division."

GO GLOBAL NC PROGRAM

SECTION 10.5. Funds appropriated in this act to the Department of Agriculture and Consumer Services for international marketing may be used by the Department to rebrand the Department's international marketing section as Go Global NC.

AGRICULTURAL MARKETING FACILITIES SPECIAL FUND

SECTION 10.5A. Article 1 of Chapter 106 of the General Statutes is amended by adding a new section to read:

"**§ 106-6.4. Create special revenue fund for certain facilities.**

The Agricultural Marketing Facilities Fund is established as a special revenue fund within the Department of Agriculture and Consumer Services, Marketing Division. This Fund shall consist of receipts from the lease or rental of property or facilities, admissions, fees, and any gifts, bequests, or grants collected at the Department's farmers markets and agricultural centers. The Department shall use this Fund to develop, improve, repair, maintain, operate, expand, or otherwise invest in the Department's farmers markets and agricultural centers."

ANIMAL SHELTER SUPPORT FUND AMENDMENTS

SECTION 10.5B. Article 5A of Chapter 19A of the General Statutes reads as rewritten:

"Article 5A.

"Animal Shelter Support Fund.

"**§ 19A-67. Animal Shelter Support Fund.**

(a) Creation. – The Animal Shelter Support Fund is established as a special fund in the Department of Agriculture and Consumer Services. The Fund consists of appropriations by the General Assembly or contributions and grants from public or private sources.

(b) Use. – The Fund shall be used by the Animal Welfare Section of the Department of Agriculture and Consumer Services to ~~reimburse~~ provide grants to local governments for expenses related to their operation of a registered animal shelter due to any of the following:

(1) The denial, suspension, or revocation of the shelter's ~~registration.~~registration, or compliance with applicable requirements of the Animal Welfare Act or rules adopted by the Board of Agriculture implementing that Act.

(2) An unforeseen catastrophic disaster at an animal shelter.

(c) Rules. – The Board of Agriculture shall issue rules detailing eligible expenses and application guidelines that comply with the requirements of this Article.

~~(d) Reversion. – Any appropriated and unencumbered funds remaining at the end of each fiscal year in excess of two hundred fifty thousand dollars ($250,000) shall revert to the General Fund.~~

"**§ 19A-68. ~~Distributions~~ Grants to counties and cities from Animal Shelter Support Fund.**

(a) ~~Reimbursable~~ Eligible Costs. – ~~Local~~ Except as otherwise provided in this subsection, governments eligible for distributions from the Animal Shelter Support Fund may receive ~~reimbursement~~ funding only for the direct operational costs of the animal shelter following an event described in G.S. 19A-67(b). For purposes of this subsection, direct operational costs shall include veterinary services, sanitation services and needs, animal sustenance and supplies, and temporary housing and sheltering. Counties and cities shall not ~~be reimbursed~~ receive funding

for administrative costs or capital expenditures for facilities and ~~equipment.~~equipment, unless those costs are required to comply with the Animal Welfare Act or rules adopted by the Board of Agriculture implementing that Act.

~~(b) Cost-Share. – A local government requesting distributions from the Animal Shelter Support Fund must provide a local match based on their most recent development tier designation as defined in G.S. 143B-437.08. Local governments located in development tier one counties must provide a match equivalent to one dollar ($1.00) for every three dollars ($3.00) distributed from the Fund. Local governments located in development tier two counties must provide a match equivalent to one dollar ($1.00) for every two dollars ($2.00) distributed from the Fund. Local governments located in development tier three counties must provide a match equivalent to one dollar ($1.00) for every one dollar ($1.00) distributed from the Fund.~~

(c) Application. – A county or city eligible for ~~reimbursement~~ a grant from the Animal Shelter Support Fund shall apply to the Department of Agriculture and Consumer ~~Services within 60 days of when the reimbursable cost has been incurred.~~ Services. The application shall be submitted in the form required by the Department and shall include an itemized listing of the costs for which ~~reimbursement~~ funding is sought.

~~(d) Distribution. – The Department shall make payments from the Animal Shelter Support Fund to eligible counties and cities that have made timely application for reimbursement within 30 days of receipt of requests.~~

(e) Limitation. – Grants from the Animal Shelter Support Fund are limited to fifty thousand dollars ($50,000) per grantee in any fiscal year.

…."

DUPONT STATE RECREATIONAL FOREST FUNDS

SECTION 10.5C.(a) Nonrecurring funds appropriated in this act to the Department of Agriculture and Consumer Services for creation and implementation of a master recreational facility plan for the DuPont State Recreational Forest (Forest) shall be allocated as follows:

(1) Two hundred thousand dollars ($200,000) for the 2021-2022 fiscal year for the creation of a master recreational facility plan that includes planning for the recreational infrastructure and network of trails within the Forest with input from potential user groups, desired experiences for those groups, trail density analyses, and other Forest, wildlife management, and natural resource preservation objectives. The plan will also include recommendations for trail system management, new and extended trail segments, improvements, trail consolidation, and trail sustainability measures, and management measures for purpose-built trail systems and for mitigation of trail impacts due to high visitation.

(2) One hundred thousand dollars ($100,000) for the 2021-2022 fiscal year and four hundred fifty thousand dollars ($450,000) for the 2022-2023 fiscal year for the implementation of the facility plan, including engineering, design, maintenance, and construction activities for new and existing trails, trail support facilities, and recreational facilities. Of these funds, the Department may use no more than two hundred twenty-five thousand dollars ($225,000) for the planning, design, and implementation of a trail spur connecting the Forest to the French Broad River Paddle Trail and to the Palmetto Trail and other trails in South Carolina.

SECTION 10.5C.(b) The Department shall enter into a Memorandum of Understanding (MOU) with Friends of Dupont Forest, Inc., a nonprofit organization, to implement and maintain the trails funded in subsection (a) of this section.

OVERSIGHT COMMITTEE STUDY OF DACS FEES

SECTION 10.5D. The Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources shall study the existing fee structure for permitting, compliance, and oversight services performed by the Department of Agriculture and Consumer Services with the goal of identifying areas where fee income does not adequately support the services provided. The Committee shall identify, with respect to each service identified as having an insufficient fee, the amount of the fee that was or could have been charged, the cost incurred by the Department of Agriculture and Consumer Services in performing the service, and, if applicable, the reason for not charging the fee or for the fee shortfall. The Committee shall provide its report to the 2022 Regular Session of the 2021 General Assembly upon its convening.

FOOD BANK AND FOOD ASSISTANCE PROGRAM FUNDS

SECTION 10.6. Funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for support of North Carolina food banks shall be allocated as follows:

(1) Forty million dollars ($40,000,000) to distribute to North Carolina food banks. These funds shall be used for the purchase and distribution of food, infrastructure and equipment, capacity-building for the food banks and their partner agencies, benefits counseling, partnerships with community workforce development organizations, and any other use consistent with the rules implementing the State Fiscal Recovery Fund. No more than twenty-five percent (25%) of these funds shall be used for purposes other than the purchase and distribution of food. The Department may use up to three percent (3%) of the funds allocated in this subdivision for administrative costs.

(2) Ten million dollars ($10,000,000) to Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc. (Golden L.E.A.F.), a nonprofit corporation, to be allocated for the following purposes:

a. Eight million dollars ($8,000,000) to provide grants to nonprofit organizations to assist those organizations in becoming partner agencies to any North Carolina food bank. Golden L.E.A.F. shall coordinate with Feeding the Carolinas in determining eligible activities, eligible recipients, maximum grant amounts, and other grant program details.

b. Two million dollars ($2,000,000) to provide grants to nonprofit organizations that are not North Carolina food bank partner agencies for school-based weekend food assistance programs for students.

c. Golden L.E.A.F. may use up to three percent (3%) of funds allocated by this subdivision for administrative expenses.

(3) Five million dollars ($5,000,000) to Reinvestment Partners, a nonprofit organization, for its Produce Prescription Program, which provides a monthly forty dollar ($40.00) per household benefit for each eligible Food and Nutrition Services recipient enrolled by the recipient's health care provider, to serve individuals impacted by the COVID-19 emergency. Individuals receiving assistance pursuant to this subdivision are limited to three months of food assistance. Reinvestment Partners shall not use any of the funds allocated under this subdivision for administrative costs.

MEAT AND SEAFOOD PROCESSING GRANTS

SECTION 10.7.(a) Findings. – The General Assembly finds that the COVID-19 pandemic of 2020-2021 resulted in serious and substantial impacts on the food supply chain and revealed bottlenecks and lack of capacity among the small and independent meat processors who serve small livestock producers. These bottlenecks and lack of capacity have a substantial

negative impact on the ability of these small livestock producers to have their livestock slaughtered and processed. In addition, seafood processors lack capacity to meet increased and altered consumer demand for seafood products due to supply chain disruptions and other long-term changes in the market for seafood and seafood products. The General Assembly further finds that financial assistance to these processors for expansion, facility improvements, and workforce development is necessary to reduce disruptions in the supply chain for fresh meat and seafood and to help small producers get their products to market.

SECTION 10.7.(b) Use of Funds and Limitation. – The funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for grants to meat and seafood processors shall be used to provide grants as specified in this section to reduce or prevent impacts on the supply chain for fresh meat in the State and to improve the resiliency of the fresh meat and seafood supply chain to future disruptions. The following limitations and reservations apply:

(1) No more than thirty-five percent (35%) of the funds allocated in this section may be used for grants to seafood processors.

(2) No more than two million dollars ($2,000,000) of the funds allocated in this section may be used to supplement grants previously awarded to reflect construction cost inflation.

(3) No more than three percent (3%) of the total funds allocated in this section may be used for technical and administrative support.

SECTION 10.7.(c) Grant Types and 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) The Department may provide three categories of grants:

a. Capacity enhancement grant. – This grant is available to an eligible meat or seafood processing facility that is experiencing slowdowns in production or has limited capacity to accommodate increased demand for meat or seafood processing. A capacity enhancement grant may be used for expansion of an existing eligible facility and for fixtures or equipment at an existing eligible facility that will expand animal throughput, processing capacity, the amount or type of products produced, or processing speed. A grant under this sub-subdivision may not exceed five hundred thousand dollars ($500,000).

b. Workforce development grant. – This grant is available to an eligible meat or seafood processing facility that is experiencing slowdowns in production or has limited capacity to accommodate increased demand for meat or seafood processing due to workforce limitations or reductions due to a pandemic or other natural disaster. A workforce development grant may be used for educational and workforce training provided either by the facility or by an accredited institution of higher education. A grant under this sub-subdivision may not exceed one hundred thousand dollars ($100,000).

c. Planning grant. – This grant is available to a nonprofit entity or institution of higher education to complete feasibility or siting studies for a new eligible meat processing facility. No more than five percent (5%) of funds allocated by this section may be used for grants under this sub-subdivision.

(2) Eligible facility. – For purposes of this section, an eligible meat or seafood processing facility is a food processing facility that meets both of the following requirements:

a. The plant contracts with independent livestock producers or seafood harvesters to process animals or seafood.
b. The United States Department of Agriculture (USDA) contracts with Department inspectors to conduct federal inspection activities authorized by the Talmadge-Aiken Act of 1962 (7 U.S.C. § 1633) at the plant, the plant is otherwise regulated by the USDA or the United States Food and Drug Administration, or the plant is a State-inspected facility.

(3) Prioritization. – The Department may prioritize projects that will create additional jobs.

(4) Cost-sharing. – Recipients shall provide matching funds for a grant under this section in the amount of one dollar ($1.00) from nongrant sources for every two dollars ($2.00) provided by the grant.

(5) 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" means disposed of, taken out of service, or moved out of State.

SWINE AND DAIRY ASSISTANCE PROGRAM

SECTION 10.8.(a) The General Assembly makes the following findings:

(1) The impact of COVID-19 on the global supply chain has been widespread across industries, especially within our country's food supply chain.

(2) Due to COVID-19, at least two swine integrators ended operations resulting in the loss of contracts and income for many family farmers. Dairy producers and processors in the State lost more than half of their market with COVID-19 related shutdowns of the school systems and food service industries, and these markets may never fully recover.

(3) Significant numbers of swine farms have lost contracts, and dairies have been forced out of business due to the COVID-19 pandemic.

(4) The continuous and future pressures on the food supply chain will remain an issue for North Carolina's number one industry, agriculture, as a result of COVID-19.

(5) The most effective program for administration of financial assistance to the swine and dairy industries is a three-fold approach based on verifiable documentation from producers as specified in this section.

SECTION 10.8.(b) Allocation of Funds. – The funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for emergency support of swine and dairy producers shall be allocated by the Department to provide financial assistance as specified in subsection (e) of this section to compensate eligible swine and dairy producers for losses incurred as a result of termination of contracts or ceased production due to the COVID-19 pandemic. These funds may only be used for purposes consistent with the rules implementing the Coronavirus State Fiscal Recovery Fund established under the American Rescue Plan Act. The Department may also use the funds allocated by this subsection for agricultural marketing as described in subsection (g) of this section.

SECTION 10.8.(c) Definitions. – The following definitions shall apply in this section:

(1) Dairy producer. – A Grade A milk producer who can demonstrate to the satisfaction of the Department that the producer is or was in compliance with

federal Grade A milk regulations during the time period specified in sub-subdivision (2)a. of subsection (d) of this section.

(2) Department. – The Department of Agriculture and Consumer Services.

(3) Swine integrator. – A person, other than a grower, who provides 250 or more animals to a swine farm and who either has an ownership interest in the animals or otherwise establishes management and production standards for the permit holder for the maintenance, care, and raising of the animals. An ownership interest includes a right or option to purchase the animals.

(4) Swine producer. – A person who holds or held a permit for an animal waste management system under Part 1A of Article 21 of Chapter 143 of the General Statutes during the time period specified in sub-subdivision (1)a. of subsection (d) of this section.

SECTION 10.8.(d) Eligibility Requirements. – A swine or dairy producer must provide to the Department the following information in order to demonstrate the producer's eligibility for financial assistance pursuant to this section:

(1) For swine producers, all of the following:

a. A contract termination letter from a swine integrator or other documentation of contract termination between March 1, 2020, and June 30, 2022.

b. Proof that the swine operation is permitted by the State.

c. Any other information deemed appropriate by the Department.

(2) For dairy producers, all of the following:

a. Milk production records, showing ceased production during any time between March 1, 2020, and June 30, 2022.

b. Proof that the dairy operation was permitted as a Grade A milk producer by the Food and Drug Protection Division of the Department during the time that production was ceased as documented under sub-subdivision a. of this subdivision.

c. Any other information deemed appropriate by the Department.

SECTION 10.8.(e) Financial Assistance Procedures. – The Department shall award financial assistance based on the following procedures:

(1) The Department shall award a one-time financial assistance relief payment of thirty-one thousand five hundred dollars ($31,500) to each eligible applicant.

(2) In addition to the financial assistance awarded under subdivision (1) of this subsection, the Department shall award either, but not both, of the following to a qualifying eligible applicant:

a. Financial assistance to be administered as follows:

1. A cost share for closure of swine lagoons for swine operations that will not secure a contract with another swine integrator and will cease swine production, or for closure of dairy waste structures associated with dairy operations that will cease milk production. These cost shares shall be limited to ninety percent (90%) of the lagoon closure cost, not to exceed one hundred thousand dollars ($100,000) per operation.

2. If an applicant who receives a cost share pursuant to this sub-subdivision demonstrates a need for additional water supply for agricultural uses, then the applicant may request an additional cost share to convert the decommissioned lagoon to an agricultural water supply pond. These cost shares shall be limited to ninety percent (90%) of the actual cost, not to exceed thirty thousand dollars ($30,000) per operation.

b. Financial assistance to swine producers for a fixed dollar amount per head space for producers who are able to secure a production contract with another swine integrator but must invest in upgrades to existing barns or completely rebuild animal housing. The maximum award under this sub-subdivision for renovations shall be ten dollars ($10.00) per head space for renovation to animal housing or twenty dollars ($20.00) per head space for rebuilt animal housing, but no award under this sub-subdivision may exceed ninety percent (90%) of the actual cost of the renovation or construction. A swine producer shall produce documentation of a new contract or letter of intent with a swine integrator to establish eligibility for this financial assistance.

c. The financial assistance provided under sub-subdivision b. of this subdivision is available to the purchaser of a swine operation, provided that the seller otherwise meets the eligibility requirements of this section on the date of the sale.

(3) In determining the amount of financial assistance awarded to applicants pursuant to this section and in reviewing and approving funded activities, the Department shall comply with applicable federal rules and guidance governing the State Fiscal Recovery Fund. If the Department determines that a person who received financial assistance provided inaccurate information to the Department, then the recipient shall refund the entire amount of the financial assistance. If the recipient does not refund the appropriate amount, the North Carolina Department of Revenue shall utilize the provisions of G.S. 105-242 to collect the money from the recipient.

(4) Applicants for financial assistance awarded pursuant to this subsection shall submit the eligibility documents required by subsection (d) of this section no later than June 30, 2023.

(5) All swine or dairy producers who receive financial assistance pursuant to this section shall provide a signed affidavit, under penalty of perjury, certifying that each fact of the loss presented by the producer is accurate.

(6) The Department may audit the financial and other records of each recipient of funds in order to ensure that the funds are used in accordance with the provisions of this program. The Department may require any documentation or proof it deems necessary to efficiently administer this program, including the ownership structure of each entity and the social security numbers of each applicant. The Department may require the submission of dated, signed, and continuous records.

SECTION 10.8.(f) Administrative Costs. – The Department may use up to three percent (3%) of the total funds allocated in this section for technical and administrative support.

SECTION 10.8.(g) Agricultural Marketing. – Funds allocated by this section may also be used for marketing of North Carolina agriculture with an emphasis on reinforcing confidence in the supply chain and responding to COVID-19 related shifts in demand and consumption patterns for North Carolina agricultural products.

PRESCRIBED BURNING MATCHING GRANT PROGRAM

SECTION 10.9.(a) Funds appropriated to the North Carolina Forest Service of the Department of Agriculture and Consumer Services for prescribed burning grants shall be used to support prescribed burns on privately owned forestlands that will maximize the benefits set forth in Article 80 of Chapter 106 of the General Statutes.

SECTION 10.9.(b) To be eligible for funding, prescribed burning projects must meet all of the following criteria:

(1) The project must comply with the requirements of Article 80 of Chapter 106 of the General Statutes, as determined by the Forest Service.

(2) Funds provided by the Program must be matched by funds from the landowner or other non-State sources. The required match shall be one non-State dollar ($1.00) for every State dollar ($1.00) for each acre of the first 99 acres for a landowner for whom prescribed burns are conducted in a calendar year and two non-State dollars ($2.00) for every State dollar ($1.00) for all other acres owned by the landowner for which a prescribed burn is conducted in the same calendar year.

SECTION 10.9.(c) The Department of Agriculture and Consumer Services shall report on its implementation of this section no later than October 1, 2022, to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division.

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, 2022, and June 30, 2023, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

1.	State Administration	$1,560,286
2.	Neighborhood Revitalization	15,419,796
3.	Economic Development	21,696,109
4.	Infrastructure	5,000,000
5.	Rural Community Development	5,000,000

TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2020 Program Year	**$48,676,191**
2021 Program Year	**$48,676,191**

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 November 1, 2021, and September 1, 2022, 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:

(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 the United States Department of Housing and Urban Development:

(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 North Carolina 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 the United States Department of Housing and Urban Development:

(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.

NC BIOTECHNOLOGY CENTER

SECTION 11.3.(a) Except for the funds appropriated in subsection (b) of this section, recurring funds appropriated in this act to the Department of Commerce for the North Carolina Biotechnology Center (Center) for each fiscal year in the 2021-2023 biennium shall be allocated for the following purposes in the following proportions:

(1) Job creation: AgBiotech Initiative, economic and industrial development, and related activities: twenty-one percent (21%) of the funding.

(2) Science and commercialization: science and technology development, Centers of Innovation, business and technology development, education and training, and related activities: sixty-five percent (65%) of the funding.

(3) Center operations: administration, professional and technical assistance and oversight, corporate communications, human resource management, financial and grant administration, legal, and accounting: fourteen percent (14%) of the funding.

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 nonrecurring funds appropriated in this act to the Department of Commerce for the Center for each fiscal year in the 2021-2023 biennium may be used for the following purposes:

(1) Expand the NC BIONEER Venture Challenge start-up competition statewide.

(2) Expand NCBiotech grant and loan program funding.

(3) Train new workers statewide to meet biomanufacturing job growth.

(4) Recruit new life sciences companies to the State.

SECTION 11.3.(d) The Center shall not use any of the recurring funds allocated in subsection (b) of this section or any of the nonrecurring funds allocated in subsection (c) 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.(e) The Center shall prioritize funding and distribution of loans over funding and distribution of grants.

SECTION 11.3.(f) 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.

SHELLFISH GROWERS LOAN PROGRAM

SECTION 11.4.(a) Of the funds appropriated in this act to the Department of Commerce, the sum of one million dollars ($1,000,000) in nonrecurring funds is allocated to the Rural Economic Development Center, Inc. (Rural Center), a nonprofit corporation, for the Shellfish Growers Loan Program created in subsection (b) of this section.

SECTION 11.4.(b) Article 16 of Chapter 113 of the General Statutes is amended by adding a new section to read:

"**§ 113-211. Shellfish Growers Loan Program.**

(a) Definitions. – For purposes of this section, the following definitions apply:

(1) 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.

(4) Qualifying business. – A business entity or resident subject to taxation under Part 2 of Article 4 of Subchapter I of Chapter 105 of the General Statutes that will use the loan proceeds for the establishment or expansion of shellfish aquaculture businesses, including equipment and supplies for intensive shellfish aquaculture operations, water column leasing, and bottom culture leasing.

(5) Qualifying lender. – A nonprofit corporation or community development financial institution chosen by the Rural Center that engages in lending to small businesses.

(6) Rural Center. – Rural Economic Development Center, Inc., a nonprofit corporation.

(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 as allowed in this section.

(c) 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 rate plus two and one-quarter percent (2.25%) and shall be amortized over the term of the loan.

(2) A working capital loan shall have a term of at least 12 months and shall not exceed 24 months.

(3) An equipment loan shall have a term of at least 12 months and shall not exceed 60 months.

(4) A loan provided under the program may not exceed more than fifty thousand dollars ($50,000) per qualifying business.

(5) There shall be no penalty for prepayment of the loan by a qualifying business.

(6) The qualifying lender may retain an amount equal to the interest collected under subdivision (1) of this subsection and may assess an origination fee not to exceed two percent (2%) of the principal amount of the loan.

(7) Loans are made pursuant to an agreement with a qualifying business that includes at least the following:

a. A provision requiring a qualifying business to certify in writing that it will use the loan proceeds for the establishment or expansion of shellfish aquaculture businesses, including equipment and supplies for intensive shellfish aquaculture operations, water column leasing, and bottom culture leasing.

b. A provision establishing the method for determining compliance with the program.

c. A provision requiring the loan is secured through a Uniform Commercial Code financing statement.

d. A provision requiring recapture of loan funds if a business fails to comply with the requirements of the program. The qualifying lender shall recapture loan funds only if the lender determines there is a reasonable expectation that the recovery of funds will exceed the cost of recovery.

e. A provision requiring proof that the qualifying business possesses current 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.

(d) Information. – The qualifying lender shall make available on their website and in the loan application for qualifying businesses information regarding governmental crop insurance for shellfish aquaculture growers through the United States Department of Agriculture.

(e) Reporting. – On September 1, 2022, and annually thereafter, the Department shall report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee; 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. The Department shall consult with the Rural Center and may consult the North Carolina Coastal Federation in compiling information for the report. Qualifying lenders shall supply information to the Rural Center to compile information for the report. The duty to report pursuant to this section shall continue for the duration of the program until the funds appropriated for the program are depleted. Each report shall contain, at a minimum, all of the following:

(1) The number, average size, and location of qualifying businesses that received loans under the prior fiscal year of the report.
(2) The average loan amount.
(3) The total amount loaned to date.
(4) The total amount of loans repaid to date.
(5) The total amount of loans defaulted on to date.
(6) The total amount of loans defaulted that have been recaptured."

SECTION 11.4.(c) The Rural Center shall select Array Community Development Corporation, a nonprofit corporation, as a qualifying lender for the purposes set forth in G.S. 113-211, as enacted by this section.

STATE SMALL BUSINESS CREDIT INITIATIVE FUNDS

SECTION 11.5. Of the funds appropriated in this act from the State Small Business Credit Initiative funds received pursuant to ARPA to the Department of Commerce, the sum of one hundred twenty million four hundred sixty-one thousand nine hundred twenty-seven dollars ($120,461,927) in nonrecurring funds shall be used to provide a grant to the Rural Economic Development Center, Inc., a nonprofit corporation, to be used in accordance with the State Small Business Credit Initiative Act of 2010, P.L. 111-240, as amended by section 3301 of ARPA.

MODIFY FILM GRANT

SECTION 11.6.(a) G.S. 143B-437.02A reads as rewritten:

"**§ 143B-437.02A. The Film and Entertainment Grant Fund.**

(a) Creation and Purpose of Fund. – There is created in the Department of Commerce a special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide funds to encourage the production of motion pictures, television shows, movies for television, productions intended for on-line distribution, and commercials and to develop the filmmaking industry within the State. The Department of Commerce shall adopt guidelines providing for the administration of the program. Those guidelines may provide for the Secretary to award the grant proceeds over a period of time, not to exceed three years. Those guidelines shall include the following provisions, which shall apply to each grant from the account:

(1) The funds are reserved for a production on which the production company has qualifying expenses of at least the following:
  a. For a feature-length film:
    1. ~~Three million dollars ($3,000,000),~~ One million five hundred thousand dollars ($1,500,000), if for theatrical viewing.
    2. ~~One million dollars ($1,000,000),~~ Five hundred thousand dollars ($500,000), if a movie for television.
  b. For a television series, ~~one million dollars ($1,000,000)~~ five hundred thousand dollars ($500,000) per episode.

c. For a commercial for theatrical or television viewing or on-line distribution, two hundred fifty thousand dollars ($250,000).

(2) The funds are not used to provide a grant in excess of any of the following:

…

b. An amount more than seven million dollars ($7,000,000) for a feature-length film, more than ~~twelve~~ fifteen million dollars ~~($12,000,000)~~ ($15,000,000) for a single season of a television series, or two hundred fifty thousand dollars ($250,000) for a commercial for theatrical or television viewing or on-line distribution.

…."

SECTION 11.6.(b) This section is effective when it becomes law and applies to grants made on or after that date.

ONE NC SMALL BUSINESS PROGRAM CHANGES

SECTION 11.7.(a) G.S. 143B-437.80 reads as rewritten:

"**§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.**

(a) Program. – There is established the North Carolina SBIR/STTR Incentive Program to be administered by the North Carolina Board of Science, Technology, and Innovation. In order to foster job creation and economic development ~~in~~ throughout the State, the Board may provide grants to eligible businesses to offset costs associated with applying ~~to the United States Small Business Administration~~ for federal Small Business Innovative Research (SBIR) grants or Small Business Technology Transfer Research (STTR) grants. The grants shall be paid from the One North Carolina Small Business Account established in G.S. 143B-437.71.

…

(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to reimburse an eligible business ~~for up to fifty percent (50%)~~ for a percentage of the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of ~~three~~ twelve thousand dollars ~~($3,000).~~ ($12,000). The maximum percentage for reimbursement is seventy-five percent (75%) for an eligible business located in a development tier one or two area, as defined in G.S. 143B-437.08, and is fifty percent (50%) for any other eligible business. A business may receive only ~~one grant~~ two grants under this section per year. ~~A business may receive only one grant under this section with respect to each federal proposal submission.~~ Costs that may be reimbursed include costs incurred directly related to preparation and submission of the grant such as word processing services, proposal consulting fees, project-related supplies, literature searches, rental of space or equipment related to the proposal preparation, educational programs, and salaries of individuals involved with the preparation of the proposals. Costs that shall not be reimbursed include travel expenses, large equipment purchases, facility or leasehold improvements, and legal fees. A grant to a business partnered with a public institution of higher education in this State does not count toward the maximum grant limitation provided in this section.

…

(e) Education and Outreach. – The North Carolina Board of Science, Technology, and Innovation may use up to ten percent (10%) of funds appropriated for grants under this section to provide education and outreach, including training, materials, and location and other associated costs, to aid in the awareness and successful completion of SBIR/STTR Phase I proposals."

SECTION 11.7.(b) G.S. 143B-437.81(c) reads as rewritten:

"(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to match the funds received by a business through a SBIR/STTR Phase I proposal up to a maximum of ~~one~~ two hundred thousand dollars ~~($100,000).~~ ($200,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR

Phase I award and application for funds under this section. Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by the business of the Phase II application to the funding agency and acceptance of the Phase I report by the funding agency. ~~A business may receive only one grant under this section per year.~~ A business may receive only one grant under this section with respect to each federal proposal ~~submission.~~ award. Over its lifetime, a business may receive a maximum of ~~five~~ 10 awards under this section. An award to a business partnered with a public institution of higher education in this State does not count toward the maximum award limitation provided in this section."

TIER THREE ONE NC ALLOTMENT

SECTION 11.8. G.S. 143B-437.71 reads as rewritten:

"**§ 143B-437.71. One North Carolina Fund established as a special revenue fund.**

(a) Establishment. – The One North Carolina Fund is established as a special revenue fund in the Department of Commerce.

(b) Purposes. – Moneys in the One North Carolina Fund may only be allocated pursuant to this subsection. Moneys may be allocated to local governments for use in connection with securing commitments for the recruitment, expansion, or retention of new and existing businesses and to the One North Carolina Small Business Account created pursuant to subsection (c) of this section in an amount not to exceed three million dollars ($3,000,000). Moneys in the One North Carolina Fund allocated to local governments shall be used for the following purposes only:

(1) Installation or purchase of equipment.

(2) Structural repairs, improvements, or renovations to existing buildings to be used for expansion.

(3) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for existing buildings.

(4) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for new or proposed buildings to be used for manufacturing and industrial operations.

(5) Any other purposes specifically provided by an act of the General Assembly.

(b1) Awards. – The amounts committed in Governor's Letters issued in a single fiscal ~~biennium~~ year may not exceed ~~twenty-eight~~ seventeen million dollars ~~($28,000,000).~~($17,000,000). Of the amount authorized in this subsection, three million dollars ($3,000,000) is reserved for agreements with local governments located in development tier three areas, as defined in G.S. 143B-437.08, with total employment of 115,000 or less, using the data specified in G.S. 143B-437.52(c)(3).

(c) There is created in the One North Carolina Fund a special account, the One North Carolina Small Business Account, to be used for the North Carolina SBIR/STTR Incentive Program and the North Carolina SBIR/STTR Matching Funds Program, as specified in Part 2I of Article 10 of Chapter 143B of the General Statutes."

RURAL READY SITES REPORT CHANGE

SECTION 11.9. Section 15.7A(d) of S.L. 2017-57 reads as rewritten:

"**SECTION 15.7A.(d)** Report. – The Department of Commerce shall submit a report detailing its use of State funds appropriated by this section. The report shall be submitted to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee, the chairs of the House of Representatives Appropriations on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations on Agriculture, Natural, and Economic Resources, and the Fiscal Research Division by September 1, ~~2017,~~ 2021, and by September 1 of each subsequent year ~~State funds are received, and more frequently as requested.~~ until all funding appropriated by this section is expended and eligible projects are

completed. The Department shall report on each existing eligible project, including any new agreements entered into and the amount of funds utilized or encumbered for each. The report shall include the information required by this section for the most recently ended fiscal year. The report shall include all of the following:

(1) For projects that are not completed:
  a. The name of the project.
  b. Total amount of funds awarded for each project.
  c. Amount expended to date for each project.
  d. A summary and description of each project.
  e. An expected date of completion for each project.
  f. An anticipated number of jobs created by each project.
  g. The current status of the project, including any issues resulting in a delay.

(2) For projects that are completed:
  a. Whether the site of the project is occupied.
  b. How many jobs were created by the project."

EDPNC MARKETING FUNDS

SECTION 11.11. Of the funds appropriated in this act 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) shall be used for the following purposes in the following amounts:

(1) Thirty million dollars ($30,000,000) for travel and tourism marketing in the State.

(2) Thirty million dollars ($30,000,000) for business marketing in the State.

Of the funds allocated in subdivisions (1) and (2) of this section, the nonprofit corporation shall use no more than ten million dollars ($10,000,000) for each purpose in each of the next three fiscal years. The nonprofit corporation may use up to three percent (3%) of the total funds allocated in this section for administrative costs.

NORTH CAROLINA RURAL TOURISM RECOVERY PILOT PROGRAM

SECTION 11.11A.(a) Allocation. – Of the funds appropriated from the State Fiscal Recovery Fund to the Department of Commerce (Department) in this act, the sum of one million five hundred thousand dollars ($1,500,000) shall be allocated to the North Carolina nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) for the establishment of a pilot program in accordance with this section. The funds allocated in this section shall be used as follows:

(1) One million three hundred fifteen thousand dollars ($1,315,000) for marketing expenses.

(2) Forty-five thousand dollars ($45,000) for administrative costs.

(3) Seventy thousand dollars ($70,000) for one temporary full-time equivalent position in Visit NC.

(4) Seventy thousand dollars ($70,000) for one temporary full-time equivalent position in the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b).

SECTION 11.11A.(b) Program. – The North Carolina Rural Tourism Recovery Pilot Program (Program) is established. The Program shall initially be conducted and administered in the following counties: Chowan, Edgecombe, Gates, Graham, Halifax, Haywood, Hertford, Madison, Martin, Mitchell, Perquimans, Tyrrell, Vance, Warren, Washington, and Yancey. The Program shall begin in those counties on January 15, 2022, and terminate on December 30, 2023.

SECTION 11.11A.(c) Administration. – The nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) shall administer the Program. The nonprofit corporation shall coordinate with the Department and other interested public and private stakeholders to ensure the coordination of State efforts to develop a robust Program for the selected counties in subsection (b) of this section.

SECTION 11.11A.(d) Reports. – The Department, in coordination with the nonprofit corporation and Visit NC, shall provide a report no later than March 1, 2022, to the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division on the implementation of the Program and information reported by participating counties, Tourism Development Authorities, destination marketing organizations, and local businesses. The report shall include, at a minimum, all of the following:

(1) Recommendations on expansion of the Program to other counties in the State.
(2) Recommendations regarding legislative proposals or additional funding needed to execute or expand the Program and whether the Program should be expanded.

The Department, in coordination with the nonprofit corporation and Visit NC, shall submit a report no later than May 1, 2023, to the chairs of the House Appropriations Committee, the chairs of the Senate Appropriations/Base Budget Committee, and the Fiscal Research Division containing, at a minimum, all of the following:

(1) Data on outcomes related to the implementation of the Program.
(2) The expenditure of funds provided for in this section.
(3) Recommendations on modification or expansion of the Program, including the need for continued support with State funds.

RURAL DOWNTOWN TRANSFORMATION GRANT PROGRAM

SECTION 11.12.(a) Allocation. – Of the funds appropriated in this act from the State Fiscal Recovery Fund for Rural Downtown Transformation grants, the sum of fifty million dollars ($50,000,000) shall be allocated to the Department of Commerce, Rural Economic Developmental Division (REDD), to administer a rural downtown transformation grant program pursuant to this section. The program shall enable eligible units of local government to fully leverage resources toward enhancing their communities' prospects for economic growth. Of the funds allocated in this section, twenty-five million dollars ($25,000,000) shall be used for neighborhood revitalization grants and twenty-five million dollars ($25,000,000) shall be used for community development enhancement grants, consistent with this section. A unit of local government shall not receive more than one million dollars ($1,000,000) in Rural Downtown Transformation grants under this Program.

SECTION 11.12.(b) Program. – There is created the Rural Downtown Transformation Grant Program (Program) to be administered by REDD to provide neighborhood revitalization and community development enhancement grants to units of local government.

SECTION 11.12.(c) Neighborhood Revitalization Grants. – Neighborhood revitalization grants shall be used to support public improvement projects that complement affordable housing investments and help pandemic-impacted neighborhoods retain downtown businesses. Eligible projects for a neighborhood revitalization grant include all of the following:

(1) Sidewalks and walkways.
(2) Parks and playgrounds.
(3) Signage and lighting.
(4) Benches and planter boxes.
(5) Public restrooms.
(6) Public venues, public parking, and infrastructure.

SECTION 11.12.(d) Community Development Enhancement Grants. – Community development enhancement grants shall be used for any of the following:

(1) Support the acquisition of land and buildings.
(2) Preparation and development of neighborhood properties and business sites.
(3) Removal of structural and physical barriers to enhance community growth and economic development opportunities.

In addition, community development enhancement grant funds may be used by the Department of Commerce in partnership with the Department of Environmental Quality to assess environmental hazards on potentially contaminated eligible property or business sites and to conduct necessary environmental removal or remedial activities to allow the property or business sites to be permitted for development.

SECTION 11.12.(e) Training; Technical Assistance. – Program funds may be used to deliver training and technical assistance for local government units to effectively leverage State and federal assistance.

SECTION 11.12.(f) Prioritization. – REDD shall prioritize disbursing grants under this section to units of local government that are (i) communities negatively impacted by the COVID-19 pandemic at a disproportionate level when compared to the rest of the State or (ii) located in a qualified census tract, as defined by the United States Department of Housing and Urban Development.

SECTION 11.12.(g) Application. – An applicant for a Rural Downtown Transformation Grant must show a reasonable expectation that the funding will yield private sector investment and job creation, community development projects, or neighborhood revitalization.

SECTION 11.12.(h) Administration. – REDD may use up to three percent (3%) of the funds allocated in this section to administer the Program.

ESPORTS INDUSTRY GRANT FUND

SECTION 11.13.(a) Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-437.02B. The Esports Industry Grant Fund.**

(a) Creation and Purpose of Fund. – There is created in the Department of Commerce a special, nonreverting account to be known as the Esports Industry Grant Fund to provide funds to encourage esports events to be held within the State. The Department of Commerce shall adopt guidelines providing for the administration of the program. The guidelines may provide for the Secretary to award the grant proceeds over a period of time, not to exceed three years. The guidelines shall include the following provisions, which shall apply to each grant from the account:

(1) The funds are reserved for a production for which a production company has qualifying expenses of at least two hundred fifty thousand dollars ($250,000) with respect to a single production.
(2) The funds may not be used to provide a grant in excess of an amount more than twenty-five percent (25%) of the qualifying expenses for a single production.
(3) The funds shall not be used to provide a grant to more than one production company for a single production.
(4) The funds shall not be used to provide a grant for a production that meets one or more of the following:
    a. It contains material that is "obscene," as defined in G.S. 14-190.1, or that is "harmful to minors," as defined in G.S. 14-190.13.
    b. It has the primary purpose of political advertising, fundraising, or marketing, other than by commercial, a product, or service.

c. It consists of live sporting event programming, including pre-event and post-event coverage and scripted sports entertainment. For purposes of this exception, a live sporting event is a scheduled sporting competition, game, or race that is originated solely by an amateur, collegiate, or professional organization, institution, or association for live or tape-delayed television or satellite broadcast. The term does not include commercial advertising, an episodic television series, a television pilot, a music video, a motion picture, or a documentary production in which sporting events are presented through archived historical footage or similar footage taken at least 30 days before it is used.

d. It fails to display a promotional logo, website link, statement, or some combination thereof that has been approved by the Department indicating that the production was recorded in or broadcast from North Carolina. The production company shall offer additional marketing opportunities to be evaluated by the Department that offer promotional value to the State.

(5) Priority for the use of funds shall be given to productions that are reasonably anticipated to maximize the benefit to the State, in consideration of at least the following factors:

a. Percentage of employees that are permanent residents in the State.

b. The anticipated number of in-person spectators.

c. The extent to which the production invests in permanent improvements to open public spaces, commercial districts, traditional downtown areas, public landmarks, residential areas, or similar properties or areas or in programs that develop the esports industry in the State.

d. The duration of the production activities in the State.

(b) Definitions. – The following definitions apply in this section:

(1) Department. – The Department of Commerce.

(2) Employee. – A person who is employed for consideration and whose wages are subject to withholding under Article 4A of Chapter 105 of the General Statutes.

(3) Esports event. – A scheduled form of multiplayer video game competition, particularly between professional players, individually or as teams, organized by an amateur, collegiate, or professional organization, institution, or association that is broadcast live or in a recorded format. An esports event does not include a live sporting event.

(4) Highly compensated individual. – An individual who directly or indirectly receives compensation in excess of one million dollars ($1,000,000) for personal services with respect to an esports event. An individual receives compensation indirectly when a production company pays a personal service company or an employee leasing company that pays the individual.

(5) Loan-out company. – A personal service corporation that employs an individual who is hired by a production company.

(6) Production. – An esports event held in this State with in-person spectators, in addition to participants or competitors, that is intended for commercial distribution on television, websites, the internet, or other digital platforms.

(7) Production company. – A person engaged in the business of producing esports productions.

(8) Qualifying expenses. – The sum of the amounts listed in this subdivision, substantiated pursuant to subsection (d) of this section, and spent in this State by a production company in connection with a production, less the amount paid in excess of one million dollars ($1,000,000) to a highly compensated individual:

a. Goods and services leased or purchased in this State from a North Carolina vendor. For goods with a purchase price of twenty-five thousand dollars ($25,000) or more, the amount included in qualifying expenses is the purchase price less the fair market value of the good at the time the production is completed. Goods and services include the cost of tangible and intangible property used for, and services performed primarily and customarily in, production, including preproduction and postproduction and other direct costs of producing the production in accordance with generally accepted entertainment industry practices. Goods and services exclude costs for development, marketing, and distribution; costs of financing for the event, of bonding related to the event, of production-related insurance coverage obtained on the event; and expenses for insurance coverage purchased from a related member.

b. Compensation and wages and payments on which withholding payments are remitted to the Department of Revenue under Article 4A of Chapter 105 of the General Statutes. Payments made to a loan-out company for services provided in North Carolina shall be subject to gross income tax withholding at the applicable rate under Article 4 of Chapter 105 of the General Statutes.

c. Employee fringe contributions, including health, pension, and welfare contributions.

d. Per diems, stipends, and living allowances paid for work being performed in this State.

(9) Related member. – Defined in G.S. 105-130.7A.

(10) Secretary. – The Secretary of Commerce.

(11) Video game. – A game that employs electronics to create an interactive system between one or more players and a user interface or input device to generate visual feedback on a video display device for the player or players.

(c) Application. – A production company shall apply to the Secretary for a grant on a form prescribed by the Secretary. The Secretary shall evaluate the applications to ensure the production is created for entertainment purposes. The notification must include the title of the production, the name of the production company, a financial contact for the production company, the proposed dates on which the production company plans to hold the event, the proposed location of the event, and any other information required by the Department. The application shall include all documentation and information the Secretary deems necessary to evaluate the grant application.

(d) Award. – The amounts committed for grants allowed under this section in a single fiscal year may not exceed five million dollars ($5,000,000).

(e) Substantiation. – The Secretary shall work with the North Carolina Division of Tourism, Film, and Sports Development to adopt guidelines to provide a process to verify the actual qualifying expenses of a certified production. The Secretary may not release grant funds until the substantiation process required by this subsection is complete and the final verified amount of qualified expenses is determined. The process shall require each of the following:

(1) The production company shall submit all the qualifying expenses for the production and data substantiating the qualifying expenses, including

documentation on the net expenditure on equipment and other tangible personal property to an independent certified public accountant licensed in this State.

(2) The accountant shall conduct a compliance audit, at the certified production's expense, pursuant to guidelines established by the Secretary and submit the results as a report, along with the required substantiating data, to the production company and the North Carolina Division of Tourism, Film, and Sports Development.

(3) The North Carolina Division of Tourism, Film, and Sports Development shall review the report and advise the Department on the final verified amount of qualifying expenses made by the certified production.

(f) Report. – The Department shall provide to the Department of Revenue, and the Department of Revenue must include in the economic incentives report required by G.S. 105-256, the following information, itemized by production company:

(1) The location of the site used in the production for which a grant was awarded.

(2) The qualifying expenses, classified by whether the expenses were for goods, services, or compensation paid by the production company.

(3) The number of people employed in the State with respect to grants awarded, including the number of residents of the State employed.

(4) The total number of in-person attendees at the event, including both participants and observers.

(5) The total cost of the grants awarded.

(g) Guidelines. – The Department of Commerce shall develop guidelines related to the administration of the Esports Industry Grant Fund and to the selection of events that will receive grants from the Fund. At least 20 days before the effective date of any guidelines or nontechnical amendments to the guidelines, the Department of Commerce shall publish the proposed guidelines on the Department's website and provide notice to persons who have requested notice of proposed guidelines. In addition, the Department must accept oral and written comments on the proposed guidelines during the 15 business days beginning on the first day that the Department has completed these notifications."

SECTION 11.13.(b) This section is effective when it becomes law.

MOTORSPORT INDUSTRY SUPPORT

SECTION 11.14.(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 forty million dollars ($40,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as follows:

(1) Nine million dollars ($9,000,000) to Richmond County for water and sewer and related infrastructure projects for service to the Rockingham Speedway.

(2) Eighteen million dollars ($18,000,000) to Wilkes County to coordinate with relevant local government units for water and sewer and related infrastructure projects for service to the North Wilkesboro Speedway.

(3) Thirteen million dollars ($13,000,000) to the City of Concord for water and sewer projects and related infrastructure for service to the Charlotte Motor Speedway.

SECTION 11.14.(b) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management, the sum of five million dollars ($5,000,000) shall be allocated to the Department of Commerce to be provided, in collaboration with the North Carolina Motorsports Association, a nonprofit organization, in the form of grants to local governments to enhance amenities and increase opportunities for events at motorsport venues in recognition of the impact those events have on local tourism, travel, and hospitality industries. To be eligible for a grant under this subsection, a motorsport venue must be located

in this State and must be either (i) presently sanctioned by the National Association for Stock Car Auto Racing, LLC (NASCAR), the National Hot Rod Association, or the International Hot Rod Association or (ii) have hosted a NASCAR Cup Series race on or after September 29, 1996. An eligible sanctioned motorsport venue must apply to the Department of Commerce for grant funds under this subsection before January 31, 2022, to be eligible. Funds received pursuant to this subsection shall be used to offset negative economic impacts of the COVID-19 pandemic, support safe reopening, and aid planned expansions or upgrades delayed due to the COVID-19 pandemic. The local government unit shall select a qualifying use approved by the motorsport venue. Local governments receiving funds under this subsection shall ensure that uses for the funds comporting with this subsection are expeditiously undertaken. The Department of Commerce shall disburse funds in equal amounts among the eligible applicants. The Department of Commerce may use up to three percent (3%) of funds allocated in this subsection for administration of the motorsports grant program described in this subsection.

SECTION 11.14.(c) Small Venue Support. – Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management, the sum of one million dollars ($1,000,000) shall be allocated to the Department of Commerce to be provided, in collaboration with applicant small motorsports venues, in the form of grants to local governments for such venues. The following shall apply to grants awarded under this subsection:

(1) Eligibility. – A motorsports venue is eligible to apply for a grant on behalf of the county in which the small venue is located if it qualifies under subsection (a) or (b) of this section or if it is a small motorsports venue, which is a venue that meets all of the following requirements:

a. For calendar years 2017, 2018, 2019, and 2021, the venue annually held at least two racing events for motorsports vehicles powered by engines with at least four cylinders, for which event admissions were charged for spectators, and for which participants received prize money for winning, points in a points standing scheme used for comparing competitors participating across multiple motorsports racing events, or both.

b. For calendar years 2017, 2018, 2019, and 2021, the venue maintained continuous and uninterrupted track general liability insurance and participant or competitor insurance.

c. For calendar year 2020, the venue shows economic loss. For purposes of this subsection, economic loss means a reduction in gross receipts from reported gate admissions when compared to the yearly average gross receipts from reported gate admissions from calendar years 2017, 2018, and 2019.

(2) Application. – A venue eligible under this subsection may apply to the Department for a grant on a form prescribed by the Department and must include any supporting documentation required by the Department. The application must be filed with the Department on or before January 31, 2022. The Department may not accept late applications.

(3) Award. – The Department may award a grant to the county in which an applicant venue is located in an amount equal to the economic loss the applicant venue shows. The total of all funds granted under this subsection may not exceed the amount of the appropriation referenced in this section. The Department must calculate the total amounts of grants requested from the applications timely filed under this subsection. If the total amount of grants requested exceeds the maximum amount of funds available, the Department must (i) first, proportionately reduce or eliminate grants under this subsection to recipient venues receiving grants under subsections (a) and (b) of this

section and (ii) second, if grants requested still exceed the maximum amount of funds available, reduce each grant award on a proportionate basis. The Department's grant determinations based on applications timely filed are final.

(4) Use. – Grants are provided under this subsection in recognition of the impact motorsport venues and motorsports events have on local tourism, travel, and hospitality industries. Funds received by a county pursuant to this subsection shall be used to enhance amenities and increase opportunities at applicant venues, to offset negative economic impacts of the COVID-19 pandemic, support safe reopening, and aid planned but COVID-19 delayed expansions or upgrades at such venues. The county shall select a qualifying use approved by the applicant venue. Counties receiving funds under this subsection shall ensure that uses for the funds comporting with this subsection are expeditiously undertaken. The Department may use up to three percent (3%) of the funds allocated in this subsection for administration of the grant program described in this subsection.

(5) Clawback. – If a county received a grant under this program for which the applicant submitted incorrect information or was otherwise ineligible to apply, the county must forfeit the grant awarded under this subsection and is liable for the amounts received.

SECTION 11.14.(d) Funds allocated in this section shall remain available until expended or until December 31, 2024, whichever is later.

SITE INFRASTRUCTURE DEVELOPMENT FUND MODIFICATION

SECTION 11.16.(a) G.S. 143B-437.02(*l*) reads as rewritten:

"(*l*) Limitations. – The Department may enter into no more than two agreements under this section. The total aggregate cost of all agreements entered into under this section may not exceed forty-two million dollars ($42,000,000). ~~The total annual cost of an agreement entered into under this section may not exceed three million six hundred thousand dollars ($3,600,000).~~"

SECTION 11.16.(b) This section is effective when it becomes law.

MODIFY MULTIJURISDICTIONAL INDUSTRIAL PARK LEGISLATION

SECTION 11.17.(a) G.S. 143B-437.08(h) reads as rewritten:

"(h) Exception for Certain Multijurisdictional Industrial Parks. – An eligible industrial park created by interlocal agreement under G.S. 158-7.4, and parcels of land located within the industrial park that are subsequently transferred and used for industrial or commercial purposes authorized for cities and counties under G.S. 158-7.1, have the lowest development tier designation of the designations of the counties in which they are located if all of the following conditions are satisfied:

(1) The industrial park is located, at one or more sites, in three or more contiguous counties.

(2) At least one of the counties in which the industrial park is located is a development tier one area.

(3) The industrial park is owned by three or more units of local government or a nonprofit corporation owned or controlled by three or more units of local government.

(4) In each county <u>with the lowest development tier designation of the designations of the counties</u> in which the industrial park is located, the park has at least ~~250~~ <u>65</u> developable acres. <u>In any other county in which the industrial park is located, the park has at least 250 developable acres.</u> A transfer of acreage that reduces the number of developable acres below ~~250~~ <u>the required</u> developable acres in a county does not affect an industrial park's

eligibility under this subsection if the transfer is to an owner who uses or develops the acreage for industrial or commercial purposes authorized for cities and counties under G.S. 158-7.1. For the purposes of this subdivision, "developable acres" includes acreage that is owned directly by the industrial park or its owners or that is the subject of a development agreement between the industrial park or its owners and a third-party owner.

(5) The total population of all of the counties in which the industrial park is located is less than ~~200,000.~~200,000 based on the 2010 federal decennial census.

(6) In each county in which the industrial park is located, at least sixteen and eight-tenths percent (16.8%) of the population was Medicaid eligible for the 2003-2004 fiscal year based on 2003 population estimates."

SECTION 11.17.(b) This section is effective when it becomes law.

OUTDOOR RECREATION INDUSTRY ACTION PLAN AND MAPPING TOOL

SECTION 11.18.(a) Of the funds appropriated in this act 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 one hundred thousand dollars ($100,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used by the Director of the Outdoor Recreation Industry Office to develop a statewide outdoor recreation industry action plan. The plan shall include recommendations for (i) growing the State's existing outdoor recreation companies and for recruiting new outdoor recreation companies to locate in the State, (ii) increasing access to outdoor recreation through additional investments in the State's public lands, including State and local parks, greenways, game lands, and other public lands, (iii) growing the talent pool for the outdoor recreation industry through workforce development initiatives, and (iv) encouraging healthy lifestyles through outdoor recreation activities. As part of the plan, the Director shall develop a statewide mapping tool of the State's outdoor recreation assets. In creating the action plan and mapping tool, the Director shall work with the Department of Natural and Cultural Resources, the Department of Commerce, the Department of Health and Human Services, the Wildlife Resources Commission, and any other relevant State agencies.

SECTION 11.18.(b) The Department shall include in the report required by G.S. 143B-431.01(f) information regarding the nonprofit's development of the action plan and mapping tool required by this section.

ECONOMIC DEVELOPMENT PROJECT APPROPRIATION

SECTION 11.19.(a) The General Assembly finds that the megasite industrial park in Randolph County was originally identified in 2011. Since that time, the State, local governments, The Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc., the North Carolina Railroad, and other entities have invested millions of dollars on property acquisition and infrastructure improvement on the vacant property for the purpose of recruiting a large-scale, high-impact manufacturing project resulting in considerable job creation and private investment. In addition, the General Assembly finds that the COVID-19 pandemic has disproportionately affected employment in Randolph County, resulting in the county declining from a multiyear development tier two area ranking to a development tier one area ranking in 2021. Given the opportunity to improve the local property tax base, utilize most or all of a suitable megasite that has been identified as a long-term investment, and bring thousands of jobs to an area experiencing an asymmetric impact from the COVID-19 pandemic, the General Assembly finds that additional investment in the site is timely and needed, furthers both statewide and regional economic goals in the short- and long-term, is consonant with the State's strategic economic development plan, and warrants the site improvement expenditures authorized in this section.

SECTION 11.19.(b) Provided the Economic Investment Committee awards a Job Development Investment Grant for a qualifying project in Randolph County while the county is classified as a development tier one area, as defined in G.S. 143B-437.08, to a manufacturer, there is appropriated from the Economic Development Project Reserve established in Section 2.2(m) of this act to the Department of Commerce (Department) for the 2021-2022 fiscal year the sum of one hundred thirty-five million dollars ($135,000,000) in nonrecurring funds to be transferred to the Department of Transportation for improvements at the project site. Notwithstanding any other provision of law, the Department of Transportation is authorized to utilize Progressive Design Build, Construction Management General Contractor, or any other procurement methodology to contract for the delivery of improvements for which funds are provided in a subdivision of this subsection. As used in this section, (i) the project site is the portion of the industrial park referenced in subsection (a) of this section where a qualifying project is to be located and used by the manufacturer referenced in this subsection and (ii) a qualifying project is a project for which the agreement requires that the business invest at least one billion dollars ($1,000,000,000) in private funds and create at least 1,750 eligible positions, as defined in G.S. 143B-437.51. The funds allocated in this subsection shall be used as follows:

(1) One hundred million dollars ($100,000,000) for site work and associated wetlands mitigation needed at the project site.

(2) Thirty-five million dollars ($35,000,000) for roadwork and associated wetlands mitigation needed within Randolph County.

SECTION 11.19.(c) Provided the manufacturer referenced in subsection (b) of this section timely elects, under the economic development agreement, to exercise the option in writing to the Department to increase the jobs created and private investment made to qualify the project as a Phase II transitional project at the project site, as those terms are defined and those requirements are provided in G.S. 143B-437.51, there is appropriated from the Economic Development Project Reserve established in Section 2.2(m) of this act to the Department of Commerce (Department) for the 2021-2022 fiscal year the sum of one hundred eighty-five million dollars ($185,000,000) in nonrecurring funds to reimburse the manufacturer for costs incurred by the manufacturer for site work, roadwork, and wetlands mitigation associated with such works needed at the project site. In order to facilitate the contracting of work at the industrial park, the Department of Transportation may contract with a site developer and the manufacturer referenced in subsection (b) of this section for all work needed under this section at the park; provided that the contract clearly sets for liability for costs incurred in the event the requirements of this subsection are not met.

SECTION 11.19.(d) The Department shall enter into an agreement with the manufacturer identified in subsection (b) of this section. The agreement is binding and constitutes a continuing contractual obligation of the State and the manufacturer benefitted by the funds allocated for improving the project site. The agreement must (i) include all of the performance criteria, remedies, and other safeguards required by the Department to secure the State's benefit derived from improvements to the industrial park funded by this section and (ii) require the manufacturer to repay a proportionate amount of costs incurred by the State for improvement of the park undertaken by the State under subsection (b) of this section or reimbursement paid to the manufacturer under subsection (c) of this section for any failure by the business to meet and maintain the applicable performance criteria on which the cost incurred or reimbursement paid was based.

SECTION 11.19.(e) Part 2G of Article 10 of Chapter 143B of the General Statutes reads as rewritten:

"Part 2G. Job Development Investment Grant Program.

…

"**§ 143B-437.51. Definitions.**

The following definitions apply in this Part:

(1) Agreement. – A community economic development agreement under G.S. 143B-437.57.

(2) Base period. – The period of time set by the Committee during which new employees are to be hired for the positions on which the grant is based.

…

(5) Eligible position. – A position created by a business and filled by a new full-time employee in this State during the base period. For purposes of high-yield ~~projects~~ projects, transitional projects, and transformative projects, (i) positions created in the year the business achieves the minimum requirements set forth in this section may be considered eligible positions even if created outside the base period and (ii) in a year other than during the base period, an eligible position must be filled for at least 30 weeks of the applicable grant year.

(5a) Expansion position. – A position created by a business and filled by a new full-time employee in this State in Phase II of a transitional project or for a transformative project in any year in which the business receives the enhanced percentage of the withholdings of eligible positions pursuant to ~~G.S. 143B-437.56(a1).~~G.S. 143B-437.56(a).

(6) Full-time employee. – A person who is employed for consideration for at least 35 hours a week, whose wages are subject to withholding under Article 4A of Chapter 105 of the General Statutes, who is not a worker with an H-1B visa or with H-1B status, and who is determined by the Committee to be employed in a permanent position according to criteria it develops in consultation with the Attorney General. ~~The~~ Except as allowed by this Part for system contractors, the term does not include any person who works as an independent contractor or on a consulting basis for the business.

(6a) High-yield project. – A project for which the agreement requires that a business invest at least five hundred million dollars ($500,000,000) in private funds and create at least 1,750 eligible positions.

…

(9a) System contractor. – A person employed by an entity that contracts with a business with which an agreement for a high-yield, transitional, or transformative project was entered into for the purpose of providing full-time employees exclusively located at and directly engaged in the primary operations of the project if all of the following criteria are met:

a. The number of system contractors used does not exceed fifteen percent (15%) of the eligible positions and is not used to fill expansion positions.

b. System contractors, other than in designation, meet all other requirements applicable to full-time employees of the business filling eligible positions.

c. The entity providing system contractors certifies to the business that it meets the same requirements imposed by this Part on the business with respect to system contractors provided at the project site, and the business agrees to procure from the entity and provide to either the Department of Revenue or the Department, upon request, any documentation needed to verify the requirements.

d. The entity providing the system contractors and the business are not related members and are not, directly or indirectly, affiliated in any way.

(9b) Transformative project. – A project for which the agreement requires that a business invest at least one billion dollars ($1,000,000,000) in private funds and create at least 3,000 eligible positions.

(9c) Transitional project. – A project for which the agreement requires the following:

a. Phase I. – That a business invest at least one billion dollars ($1,000,000,000) in private funds and create at least 1,750 eligible positions.

b. Phase II. – That a business, upon exercising an option in the agreement during the first 36 months of the agreement term to expand the project, increase the investment of private funds to at least three billion dollars ($3,000,000,000) and increase job creation to at least 3,875 eligible positions. Exercise of an option under this sub-subdivision is contingent upon the business meeting and maintaining Phase I requirements at and beyond the end of the applicable base period for Phase I set forth in the agreement. Notice of exercising the option must be in writing to the Department.

…

"**§ 143B-437.52. Job Development Investment Grant Program.**

…

(c) Award Limitations. – The following limitations apply to grants awarded under this Part:

(1) Maximum liability. – The maximum amount of total annual liability for grants awarded in any single calendar year under this Part, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is thirty-five million dollars ($35,000,000) for a year in which no grants are awarded for a high-yield project and is forty-five million dollars ($45,000,000) for a year in which a grant is awarded for a high-yield project. No agreement may be entered into that, when considered together with other existing agreements governing grants awarded during a single calendar year, could cause the State's potential total annual liability for grants awarded in a single calendar year to exceed the applicable amount. The Department shall make every effort to ensure that the average percentage of withholdings of eligible positions for grants awarded under this Part does not exceed the average of the range provided in G.S. 143B-437.56(a). The limitation in this subdivision does not apply to (i) the difference in the award of a transitional project elevating the project from Phase I to Phase II or (ii) transformative projects.

(2) Semiannual commitment limitations. – Of the amount authorized in subdivision (1) of this subsection, no more than fifty percent (50%), excluding roll-over amounts, may be awarded in any single calendar semiannual period. A roll-over amount is any amount from a previous semiannual period in the same calendar year that was not awarded as a grant. The limitation of this subdivision does not apply to a ~~high-yield~~ high-yield, transitional, or transformative project.

(3) Geographic limitations. – Of the amount authorized in subdivision (1) of this subsection, no more than twenty million dollars ($20,000,000) may be used for projects located in counties with total employment of 500,000 or more and five million dollars ($5,000,000) is reserved for projects located in counties with an annual ranking pursuant to G.S. 143B-437.08 in the highest fifty percent (50%) of the remaining counties. In measuring total employment, the Secretary shall use the latest available data published by the Quarterly Census

of Employment and Wages program. The limitations of this subdivision do not apply to a ~~high-yield~~ high-yield, transitional, or transformative project.

…

"**§ 143B-437.53. Eligible projects.**

…

(c) Health Insurance. – A business is eligible for a grant under this Part only if the business provides health insurance for all of the applicable full-time employees of the project with respect to which the grant is made. For the purposes of this subsection, an applicable full-time employee is one who earns from the business less than one hundred fifty thousand dollars ($150,000) in taxable compensation on an annualized basis or three and one-half times the annualized average State wage for all insured private employers in the State employing between 250 and 1,000 employees, whichever is greater. For the purposes of this subsection, a business provides health insurance if it pays at least fifty percent (50%) of the premiums for health care coverage that equals or exceeds the minimum ~~provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee pursuant to G.S. 58-50-125.~~requirements for small group health benefit plans under State or federal law.

Each year that a business receives a grant under this Part, the business must provide with the submission required under G.S. 143B-437.58 a certification that the business continues to provide health insurance, as required by this subsection, for all applicable full-time employees of the project with respect to which the grant is made. If the business ceases to provide the required health insurance, the Committee shall amend or terminate the agreement as provided in G.S. 143B-437.59.

…

"**§ 143B-437.55. Applications; fees; reports; study.**

…

(b) Application Fee. – When filing an application under this section, the business must pay the Committee a fee of (i) ten thousand dollars ($10,000) if the project is ~~either a high-yield project or~~ a high-yield, transitional, or transformative project, regardless of location in the State, or is located in a development tier three area, (ii) five thousand dollars ($5,000) if the project is located in a development tier two area, or (iii) one thousand dollars ($1,000) if the project is located in a development tier one area. The fee is due at the time the application is filed. The Secretary of Commerce, the Secretary of Revenue, and the Director of the Office of State Budget and Management shall determine the allocation of the fee imposed by this section among their agencies. The proceeds of the fee are receipts of the agency to which they are credited. Within 30 days of receipt of an application under this section but prior to any award being made, the Department of Commerce shall notify each governing body of an area where a submitted application proposes locating a project of the information listed in this subsection, provided that the governing body agrees, in writing, to any confidentiality requirements imposed by the Department under G.S. 132-6(d). The information required by this subsection includes all of the following:

…

"**§ 143B-437.56. Calculation of ~~minimum and~~ maximum grants; factors considered.**

(a) Maximum Percentage. – Subject to the provisions of ~~subsections (a1) and~~ subsection (d) of this section, the amount of the grant awarded in each case shall be a percentage of the withholdings of ~~eligible~~ positions governed by the agreement for a period of years. The percentage used to determine the amount of the grant shall be based on criteria developed by the Committee, in consultation with the Attorney General, after considering, at a minimum, (i) the number of positions governed by the agreement to be created, (ii) the expected duration of those positions, (iii) the type of contribution the business can make to the long-term growth of the State's economy, (iv) the amount of other financial assistance the project will receive from the

State or local governments, (v) the total dollar investment the business is making in the project, (vi) whether the project utilizes existing infrastructure and resources in the community, (vii) whether the project is located in a development zone, (viii) the number of positions governed by the agreement that would be filled by residents of a development zone, and (ix) the extent to which the project will mitigate unemployment in the State and locality. The percentage shall be no more than ~~eighty percent (80%) for a development tier one area and no more than seventy-five percent (75%) for any other area. If the project will be located in more than one area designation, the location with the highest area designation determines the maximum percentage to be used. The percentage used to determine the amount of the grant shall be based on criteria developed by the Committee, in consultation with the Attorney General, after considering at least~~ the following:

(1) General rule. – Eighty percent (80%) of the withholdings of eligible positions for a development tier one area and seventy-five percent (75%) of the withholdings of eligible positions for any other area.

(2) High-yield project. – Notwithstanding the percentage in subdivision (1) of this subsection, if the project is a high-yield project, the business has met the investment and job creation requirements, and, for three consecutive years, the business has met all terms of the agreement, the amount of the grant awarded shall be no more than one hundred percent (100%) of the withholdings of eligible positions for each year the business maintains the minimum job creation requirement and meets all terms of the agreement. A business that fails to maintain the minimum job creation requirement or meet all terms of the agreement required to qualify as a high-yield project will be disqualified from receiving the enhanced percentage of withholdings under this subdivision and will have the applicable percentage set forth in subdivision (1) of this subsection applied in the year in which the failure occurs and all remaining years of the grant term.

(3) Transitional project. – Notwithstanding the percentage in subdivision (1) of this subsection, a transitional project shall be treated as a high-yield project pursuant to subdivision (2) of this subsection until the business meets the requirements for Phase II, at which time the amount of the grant awarded shall be no more than one hundred percent (100%) of the withholdings of eligible and expansion positions for each year the business maintains the minimum job creation requirement for Phase II and meets all terms of the agreement. A business that fails to maintain the minimum job creation requirement or meet all terms of the agreement required for Phase II but remains in compliance with the requirements for Phase I will be disqualified from receiving the enhanced percentage of withholdings under this subdivision and will have the applicable percentage set forth in subdivision (2) of this subsection applied in the year in which the failure occurs and all remaining years of the grant term; provided that, if the business fails to meet the requirements for Phase I, the business is disqualified from receiving an enhanced percentage of withholdings, and the percentage set forth in subdivision (1) of this subsection shall be applied in the year in which the failure occurs and all remaining years of the grant term.

(4) Transformative project. – If the project is a transformative project and the business has met the investment and job creation requirements and all terms of the agreement, the amount of the grant awarded shall be no more than one hundred percent (100%) of the withholdings of eligible and expansion positions for each year the business maintains the minimum job creation requirement and meets all terms of the agreement. A business that fails to

maintain the minimum job creation requirement or meet all terms of the agreement required to qualify as a transformative project will be disqualified from receiving the enhanced percentage of withholdings under this subsection and will have the applicable percentage set forth in subdivision (1) of this subsection applied in the year in which the failure occurs and all remaining years of the grant term.

~~(1) The number of eligible positions to be created.~~

~~(2) The expected duration of those positions.~~

~~(3) The type of contribution the business can make to the long-term growth of the State's economy.~~

~~(4) The amount of other financial assistance the project will receive from the State or local governments.~~

~~(5) The total dollar investment the business is making in the project.~~

~~(6) Whether the project utilizes existing infrastructure and resources in the community.~~

~~(7) Whether the project is located in a development zone.~~

~~(8) The number of eligible positions that would be filled by residents of a development zone.~~

~~(9) The extent to which the project will mitigate unemployment in the State and locality.~~

~~(a1) Notwithstanding the percentage specified by subsection (a) of this section, the amount of the grant awarded for a high-yield or transformative project shall be enhanced as provided in this subsection if the applicable conditions of this subsection are met. A business receiving an enhanced percentage of withholdings under this subsection that fails to maintain the minimum job creation requirement or meet all terms of the agreement will be disqualified from receiving the enhanced percentage and will have the applicable percentage set forth in subsection (a) of this section applied in the year in which the failure occurs and all remaining years of the grant term. The enhanced percentages are as follows:~~

~~(1) If the project is a high-yield project, the business has met the investment and job creation requirements, and, for three consecutive years, the business has met all terms of the agreement, the amount of the grant awarded shall be no more than one hundred percent (100%) of the withholdings of eligible positions for each year the business maintains the minimum job creation requirement and meets all terms of the agreement. Ninety percent (90%) of the annual grant approved for disbursement shall be payable to the business, and ten percent (10%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61.~~

~~(2) If the project is a transformative project and the business has met the investment and job creation requirements and all terms of the agreement, the amount of the grant awarded shall be no more than one hundred percent (100%) of the withholdings of eligible and expansion positions for each year the business maintains the minimum job creation requirement and meets all terms of the agreement. Ninety percent (90%) of the annual grant approved for disbursement shall be payable to the business, and ten percent (10%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61.~~

(b) Base Period. – The maximum number of years in the base period for which grant payments may be made shall not exceed the following:

(1) For transformative projects, 10 years.

(2) For transitional projects, five years for purposes of eligible positions required for Phase I of the project and 10 years for purposes of the additional positions required for Phase II of the project under the agreement.

(3) For all other projects, five years.

(b1) Grant Term. – The term of the grant shall not exceed the duration listed in this subsection. The first grant payment must be made within six years after the date on which the grant was awarded. ~~For projects other than transformative projects, the number of years in the base period for which grant payments may be made shall not exceed five years. For transformative projects, the number of years in the base period for which grant payments may be made shall not exceed 10 years.~~ Maximum durations are as follows:

(1) For high-yield projects in which the business receives the enhanced percentage pursuant to subsection ~~(a1)~~ (a) of this section, 20 years starting with the first year a grant payment is made. If a business is disqualified from the enhanced percentage in one of the first 12 years, the term of the grant shall not exceed 12 years starting with the first year a grant payment is made. If a business is disqualified from receiving the enhanced percentage after the first 12 years, the term of the grant ends in the year the disqualification occurs.

(1a) For transitional projects in which the business receives the enhanced percentage for Phase II pursuant to subsection (a) of this section, the base period plus 30 years starting with the first year a grant payment is made. If a business is disqualified from the enhanced percentage allowed for Phase II but meets the requirements for Phase I, the term of the grant shall not exceed 20 years starting with the first year a grant payment is made. If a business is disqualified from the enhanced percentage allowed for Phase I, the term of the grant shall not exceed 12 years starting with the first year a grant payment is made. If a disqualification occurs after the maximum term provided in this subdivision, the term of the grant ends in the year the disqualification occurs.

(1b) For transformative projects in which the business receives the enhanced percentage pursuant to subsection ~~(a1)~~ (a) of this section, the base period plus 30 years starting with the first year a grant payment is made. If a business is disqualified from the enhanced percentage in one of the first 12 years, the term of the grant shall not exceed 12 years starting with the first year a grant payment is made. If a business is disqualified from receiving the enhanced percentage after the first 12 years, the term of the grant ends in the year the disqualification occurs.

(2) For all other projects, 12 years starting with the first year a grant payment is made.

~~(c) Except as provided in subsection (a1) of this section, the grant may be based only on eligible positions created during the base period.~~

(d) Utility Account. – For any eligible position that is located in a development tier three area, seventy-five percent (75%) of the annual grant approved for disbursement shall be payable to the business, and twenty-five percent (25%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. For (i) any business that receives an enhanced percentage pursuant to subsection (a) of this section and (ii) any eligible position that is located in a development tier two area, ninety percent (90%) of the annual grant approved for disbursement shall be payable to the business, and ten percent (10%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. A position is located in the development tier area that has been assigned to the county in which the project is located at the time the application is filed with the Committee. ~~This subsection does not apply to a high-yield or transformative project in years in which the business receives the enhanced percentage pursuant to subsection (a1) of this section.~~

(e) Grant Coordination. – A business that is receiving any other grant by operation of State law may not receive an amount as a grant pursuant to this Part that, when combined with any other grants, exceeds the applicable maximum percentage of the withholdings of the

business, as provided in ~~subsections (a) and (a1)~~ subsection (a) of this section, unless the Committee makes an explicit finding that the additional grant is necessary to secure the project.

(f) Per Job Maximum. – For projects other than transformative projects, the amount of a grant associated with any specific eligible position, including any amount transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed sixteen thousand dollars ($16,000) in any year."

SECTION 11.19.(f) Provided the condition for the appropriation in subsection (b) of this section is met and provided the electric public utility providing retail electric service to the site identified in subsection (a) of this section (i) determines development of the site necessitates movement of transmission line infrastructure within the site, (ii) determines relocation within the site can be accomplished without undermining the safety and reliability of the electrical system and without requiring easements or other property rights outside of the site, and (iii) undertakes relocation of the infrastructure within the site, there is appropriated from the Economic Development Project Reserve established in Section 2.2(m) of this act to the Department of Commerce (Department) for the 2021-2022 fiscal year the sum of eighteen million dollars ($18,000,000) in nonrecurring funds to be used for a grant to the electric public utility to offset the cost of undertaking the relocation of the line infrastructure within the site. To the extent that the electric public utility incurs any prudent and reasonable direct and indirect costs, including financing costs, associated with such relocation that are not offset by the appropriation authorized under this subsection or any revenue credits to which the project is entitled, the Utilities Commission shall allow the electric public utility to establish a regulatory asset and to defer and recover all such costs through base rates established pursuant to G.S. 62-133 et seq. The reasonable and prudent direct and indirect costs, including financing costs, incurred for the relocation of a transmission line pursuant to this section that are not offset by the appropriation authorized under this subsection or any revenue credits to which the project is entitled shall be entirely assigned to the utility's North Carolina retail jurisdictional customers. In the event that the appropriation authorized under this subsection combined with the revenue credits to which the project is entitled exceeds the total direct and indirect costs, including financing costs, incurred by the electric public utility in connection with relocation of the transmission line, the electric public utility shall, subject to review and approval by the Utilities Commission, remit the excess amount to the State.

SECTION 11.19.(f1) With respect to an "eligible customer," which for purposes of this section means any customer of an electric public utility that locates a new manufacturing facility at a project site that is subject to an agreement with the Department of Commerce pursuant to subsection (d) of this section, the following modifications shall be made to the renewable energy procurement program for major military installations, public universities, and large customers established under G.S. 62-159.2 as follows:

(1) Notwithstanding the requirements established under G.S. 62-110.8(b) that at least 100 MW of new renewable energy facility capacity offered under the program shall be reserved for participation by major military installations, and at least 250 MW of new renewable energy facility capacity offered under the program shall be reserved for participation by The University of North Carolina, comprising a total reserved amount of 350 MW, this reserved amount shall be made available to an eligible customer; provided, however, that the total amount of reserved capacity available to an eligible customer shall be reduced by any amount subscribed to by major military installations or The University of North Carolina in accordance with the time lines set forth in G.S. 62-159.2(d). Upon any subscription by an eligible customer, such portion of the reserved capacity shall no longer be available to the major military installations or The University of North Carolina or to any other customer. Notwithstanding G.S. 62-159.2(d), the reserved capacity shall not

be made available to any other eligible program participants or included in a competitive procurement in accordance with G.S. 62-110.8(a), but instead shall continue to be available to an eligible customer in accordance with this subsection until January 1, 2028.

(2) Notwithstanding G.S. 62-159.2(c), an eligible customer shall be entitled to subscribe to a capacity amount sufficient to produce on an annual basis one hundred percent (100%) of the eligible customer's actual annual electricity usage or reasonably projected annual electricity usage over the immediately subsequent annual period, in either case, at the project site, but in no event shall the capacity amount to which the eligible customer is entitled exceed 350 MW, as may be reduced in the event of any subscriptions by a major military installation or The University of North Carolina. The amount of capacity that is available to an eligible customer pursuant to this subsection shall be revaluated on an annual basis as the eligible customer expands operations at the project site.

In addition to the foregoing, an eligible customer shall also be entitled to participate in any future customer programs approved by the Commission.

SECTION 11.19.(f2) G.S. 62-159.2 reads as rewritten:

"**§ 62-159.2. Direct renewable energy procurement for major military installations, public universities, and large customers.**

…

(c) Each contracted amount of capacity shall be limited to no more than one hundred twenty-five percent (125%) of the maximum annual peak demand of the eligible customer premises. Each public utility shall establish reasonable credit requirements for financial assurance for eligible customers that are consistent with the Uniform Commercial Code of North Carolina. Major military installations and The University of North Carolina are exempt from the financial assurance requirements of this section. The requirements of this subsection shall apply except as otherwise provided by law.

(d) The program shall be offered by the electric public utilities subject to this section for a period of five years or until December 31, 2022, whichever is later, and shall not exceed a combined 600 megawatts (MW) of total capacity. For the public utilities subject to this section, where a major military installation is located within its Commission-assigned service territory, at least 100 megawatts (MW) of new renewable energy facility capacity offered under the program shall be reserved for participation by major military installations. At least 250 megawatts (MW) of new renewable energy facility capacity offered under the programs shall also be reserved for participation by The University of North Carolina. Major military installations and The University of North Carolina must fully subscribe to all their allocations prior to December 31, 2020, or a period of no more than three years after approval of the program, whichever is later. If any portion of total capacity set aside to major military installations or The University of North Carolina is not used, it shall be reallocated for use by any eligible program participant. If any portion of the 600 megawatts (MW) of renewable energy capacity provided for in this section is not awarded prior to the expiration of the program, it shall be reallocated to and included in a competitive procurement in accordance with G.S. 62-110.8(a). The requirements of this subsection shall apply except as otherwise provided by law.

…."

SECTION 11.19.(g) This section is effective when it becomes law.

PART XII. ENVIRONMENTAL QUALITY

GREAT COHARIE TIMBER SALES

SECTION 12.1. The Department of Environmental Quality shall deposit revenue generated from timber harvesting on the Great Coharie property managed by the Department's Stewardship Program in the Conservation Grant Endowment Interest Fund (Fund Code: 64307-6705) for the purpose of restoration and stewardship of that property.

REVISE STEWARDSHIP PROGRAM DIRECTIVES

SECTION 12.1A. G.S. 143-214.15 reads as rewritten:

"**§ 143-214.15. Compensatory mitigation for diverse habitats.**

…

(d) The ~~Office of Land and Water~~ Stewardship Program of the Department of Environmental Quality shall ~~catalog~~ maintain an inventory of all its land holdings and determine how many of those holdings are potential wildlife habitats, either as currently held or with some modification. ~~The Wildlife Resources Commission shall conduct a third-party review of this inventory, and the Commission and the Office of Land and Water Stewardship shall both report their findings to the Environmental Review Commission as part of the report required under subsection (f) of this section.~~

(e) If private individuals, corporations, or other nongovernmental entities wish to purchase any of the inventory of land suitable for wildlife habitat, then the ~~Office of Land and Water~~ Stewardship Program of the Department of Environmental Quality shall issue a request for proposal to all interested respondents for the purchase of the ~~land, and the~~ land. The State shall accept a proposal and proceed to dispose of the land only if the Department determines that the proposal meets both of the following requirements:

(1) The proposal provides for the maintenance in perpetuity of management measures listed in the original mitigation instrument or otherwise needed on an ongoing or periodic basis to maintain the functions of the mitigation site.

(2) Where the functions of the mitigation site include provision of recreation or hunting opportunities to members of the general public, the proposal includes measures needed to continue that level of access.

The instrument conveying a property interest in a mitigation site shall be executed in the manner required by Article 16 of Chapter 146 of the General Statutes, and shall reflect the requirements of this subsection.

(f) The Department of Environmental Quality shall report to the Environmental Review Commission by March 1 of each year ~~on its progress in complying with~~ in which there are changes in inventory during the preceding year under the provisions of this ~~section.~~section regarding the changes."

OVERSIGHT COMMITTEE STUDY OF DEQ FEES

SECTION 12.2. The Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources shall study the existing fee structure for permitting, compliance, and oversight services performed by the Department of Environmental Quality with the goal of identifying areas where fee income does not adequately support the services provided. The Committee shall identify, with respect to each service identified as having an insufficient fee, the amount of the fee that was or could have been charged, the cost incurred by the Department of Environmental Quality in performing the service, and, if applicable, the reason for not charging the fee or for the fee shortfall. The Committee shall provide its report to the 2022 Regular Session of the 2021 General Assembly upon its convening.

EXTEND SHELLFISH LEASING MORATORIA

SECTION 12.3.(a) Section 7 of S.L. 2019-37 reads as rewritten:

"**SECTION 7.** Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all

those waters enclosed by a line beginning at 34° 13.10221' N -77° 48.79544' W on the mainland side near Wrightsville Beach Bridge; running southeasterly to a point at 34° 12.51584' N -77° 47.81847' W on Wrightsville Beach; following the shoreline southwesterly to a point at 34° 11.121' N -77° 48.848' W at Masonboro Inlet; running southwesterly to a point at 34° 10.927' N -77° 48.771' W at Masonboro Inlet; continuing southwesterly to a point at 34° 05.04108' N -77° 52.08324' W near IWW marker #159 continuing running southwesterly to a point at 34° 03.64140' N -77° 53.41338' W on the mainland adjacent to the eastern mouth of Snow's Cut; running northeasterly along the shoreline to the point of beginning. The moratorium shall expire ~~July 1, 2021.~~ July 1, 2026. For purposes of this section, a new shellfish cultivation lease or water column lease shall include applications for either type of lease received by the Secretary, but not granted as of July 1, 2019."

SECTION 12.3.(b) Section 8 of S.L. 2019-37 reads as rewritten:

"**SECTION 8.** Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all those waters enclosed by a line beginning at 34° 43.24641' N -76° 41.68436' W; running easterly following the Highway 70 High Rise Bridge to a point at 34° 43.27819' N -76° 41.22259' W; running southerly to a point 34° 42.375275' N -76° 40.80078' W on the southern tip of Radio Island; running southerly to a point 34° 41.98273' N -76° 40.81929' W; following the shoreline westerly to the Emerald Isle Bridge at a point 34° 40.05410' N -77° 03.80531' W; running northwesterly following the bridge to a point 34° 40.77658' N -77° 04.02674' W on the mainland near the Emerald Isle High Rise Bridge; running easterly following the shoreline to the point of beginning. The moratorium shall expire ~~July 1, 2021.~~ July 1, 2026. For purposes of this section, a new shellfish cultivation lease or water column lease shall include applications for either type of lease received by the Secretary, but not granted as of July 1, 2019."

SECTION 12.3.(c) Subsection (b) of this section is effective October 1, 2021, and applies to the Department's consideration of applications for shellfish leases submitted to the Department on or after that date. The remainder of this section is effective July 1, 2021, and applies to the Department's consideration of applications for shellfish leases submitted to the Department on or after that date.

SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND AQUATIC WEED FUND AMENDMENTS AND DIRECTED PROJECTS CLARIFICATION

SECTION 12.5.(a) G.S. 143-215.73F(b) reads as rewritten:

"(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

(1) To provide the State's share of the costs associated with any dredging project designed to keep shallow draft navigation channels located in State waters or waters of the ~~state~~ State located within lakes navigable and safe.

(2) For aquatic weed control projects in waters of the State under Article 15 of Chapter 113A of the General Statutes. Funding for aquatic weed control projects is limited to one million dollars ($1,000,000) in each fiscal year.

(3) ~~For the compensation of a beach and inlet management project manager with the Division of Coastal Management of the Department of Environmental Quality for the purpose of overseeing all~~ For administrative support of activities related to beach and inlet management in the ~~State. Funding for the position is limited to ninety-nine thousand dollars ($99,000) in each fiscal year.~~State, limited to one hundred thousand dollars ($100,000) in each fiscal year.

(3a) For administrative support of Fund operations, limited to one hundred thousand dollars ($100,000) in each fiscal year.

(4) To provide funding for siting and acquisition of dredged disposal easement sites associated with the maintenance of the Atlantic Intracoastal Waterway

between the border with the state of South Carolina and the border with the Commonwealth of Virginia, under a Memorandum of Agreement between the State and the federal government.

(5) For assessments and data collection regarding dredge material disposal sites located in the State."

SECTION 12.5.(b) Notwithstanding G.S. 143-215.73F, there shall be no match required for funds appropriated by this act from the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund for the following projects:

(1) The Highway 24 Boat Ramp park in Carteret County.

(2) Dredging of Lake Junaluska in Haywood County.

(3) Dredging of Walden Pond Lake in Union County.

COMMERCIAL LEAKING UNDERGROUND STORAGE TANK CLEANUP FUND CHANGES

SECTION 12.6. G.S. 143-215.94B(i) reads as rewritten:

"(i) During each fiscal year, the Department shall use up to ~~one million dollars ($1,000,000)~~ two million dollars ($2,000,000) of the funds in the Commercial Fund to fund necessary assessment and cleanup to be conducted by the Department of discharges or releases for which a responsible party has been identified but for which the responsible party can demonstrate that undertaking the costs of assessment and cleanup will impose a severe financial hardship. Any portion of the ~~$1,000,000~~ two million dollars ($2,000,000) designated each fiscal year, which is not used during that fiscal year to address situations of severe financial hardship, shall revert to the Commercial Fund for the uses otherwise provided by this section. The Commission shall adopt rules to define severe financial hardship; establish criteria for assistance due to severe financial hardship pursuant to this section; and establish a process for evaluation and determinations of eligibility with respect to applications for assistance due to severe financial hardship. The Commission shall create a subcommittee of the Commission's Committee on Civil Penalty Remissions as established by G.S. 143B-282.1 to render determinations of eligibility under this subsection."

BERNARD ALLEN MEMORIAL DRINKING WATER FUND CLARIFICATION

SECTION 12.7. G.S. 87-98 reads as rewritten:

"**§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

…

(c) The Department shall disburse monies from the Fund based on financial need and on the risk to public health posed by groundwater contamination and shall give priority to the provision of services under this section to instances when an alternative source of funds is not available. The Fund shall not be used to provide alternative water supply to households with incomes greater than three hundred percent (300%) of the current federal poverty ~~level.~~ level, provided that this income limitation shall not apply in cases of contamination that include per-fluoroalkyl or poly-fluoroalkyl substances. The Fund may be used to provide alternative drinking water supplies if the Department determines that the concentration of one or more contaminants in the private drinking water well or improved spring exceeds the federal maximum contaminant level, or the federal drinking water action level as defined in 40 Code of Federal Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code of Federal Regulations § 143.3 (1 July 2007). For a contaminant for which a federal maximum contaminant level or drinking water action level has not been established, the State groundwater standard established by the Environmental Management Commission for the concentration of that ~~contaminant~~ contaminant, a health goal established by the North Carolina Department of Health and Human Services, or a health advisory standard established by the United States Environmental Protection Agency shall be used to determine whether the Fund may be used to provide alternative drinking water

supplies. The Fund may also be used to provide alternative drinking water supplies as provided in this section if the Department determines that the concentration of one or more contaminants in a private drinking water well is increasing over time and that there is a significant risk that the concentration of a contaminant will exceed the federal maximum contaminant level or drinking water action level, or the State groundwater standard. A determination of the concentration of a contaminant shall be based on a sample of water collected from the private drinking water well within the past 12 months.

…."

ROCKINGHAM/GUILFORD COUNTY FUNDS EXTENSION

SECTION 12.8. Subsection 14.20A(b) of S.L. 2016-94, as amended by Section 1 of S.L. 2017-17 and Section 2 of S.L. 2019-75, reads as rewritten:

"**SECTION 14.20A.(b)** Notwithstanding G.S. 143C-6-23(f1)(1) and G.S. 143C-1-2, funds allocated by this section shall be held in reserve by the Office of State Budget and Management and the allocations to each County shall be released when the County and one or more of the municipalities specified in subsection (a) of this section reach agreement on the funds allocated to that County by this section through interlocal agreements or the formation of regional water and sewer authorities or a combination of interlocal agreements and regional water and sewer authorities. Funds not spent or encumbered by June 30, ~~2021,~~ 2023, shall be returned by the local governments or regional water and sewer authority to the Office of State Budget and Management and revert to the General Fund."

REPURPOSE PREREGULATORY LANDFILL FUNDS AMENDMENT

SECTION 12.9. Section 13.2 of S.L. 2018-5, as amended by Section 4.2 of S.L. 2018-97, reads as rewritten:

"**SECTION 13.2.** Notwithstanding G.S. 130A-310.11(b), up to two million dollars ($2,000,000) of the funds credited to the Inactive Hazardous Sites Cleanup Fund under G.S. 105-187.63 for the assessment and remediation of pre-1983 landfills shall instead be used by the Department of Environmental Quality's Division of Waste Management to provide a matching grant to Charlotte Motor Speedway, LLC, (CMS) for the purpose of remediation activities at the Charlotte Motor Speedway in Cabarrus County. The Division shall provide one dollar ($1.00) for every ~~two non-State dollars ($2.00)~~ one non-State dollar ($1.00) provided in kind or otherwise, up to a maximum of two million dollars ($2,000,000) for the matching grant described in this section. CMS may allocate all or a portion of the grant provided by this section to an entity that controls CMS or an entity controlled by CMS. Entities receiving such an allocation shall be considered a subgrantee as defined in G.S. 143C-6-23."

DAM SAFETY EMERGENCY FUND

SECTION 12.10.(a) Part 3 of Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 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.

(b) Eligible Expenses. – The Fund may be used for expenses incurred in 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.

(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 shall be conducted in accordance with standards set forth in G.S. 143-215.29."

SECTION 12.10.(b) G.S. 143-215.29(a) reads as rewritten:

"(a) Any project for which the Commission's approval is required under G.S. 143-215.26, 143-215.27, and 143-215.28, and any project undertaken pursuant to an order of the Commission issued pursuant to this section or G.S. 143-215.32 or funded from the Fund established in G.S. 143-215.32A shall be designed and supervised by an engineer legally qualified in the State of North Carolina."

EROSION AND SEDIMENTATION FEE CHANGES

SECTION 12.10A.(a) G.S. 113A-54.2(a) reads as rewritten:

"(a) An application and compliance fee of ~~sixty-five dollars ($65.00)~~ one hundred dollars ($100.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project shall be charged for the review of an erosion and sedimentation control plan and related compliance activities under this Article."

SECTION 12.10A.(b) G.S. 113A-60(d) reads as rewritten:

"(d) A local government may submit to the Commission for its approval a limited erosion and sedimentation control program for its jurisdiction that grants the local government the responsibility only for the assessment and collection of fees and for the inspection of land-disturbing activities within the jurisdiction of the local government. The Commission shall be responsible for the administration and enforcement of all other components of the erosion and sedimentation control program and the requirements of this Article. The local government may adopt ordinances and regulations necessary to establish a limited erosion and sedimentation control program. An ordinance adopted by a local government that establishes a limited program shall conform to the minimum requirements regarding the inspection of land-disturbing activities of this Article and the rules adopted pursuant to this Article regarding the inspection of land-disturbing activities. The local government shall establish and collect a fee to be paid by each person who submits an erosion and sedimentation control plan to the local government. The amount of the fee shall be an amount equal to eighty percent (80%) of the amount established by the Commission pursuant to G.S. 113A-54.2(a) plus any amount that the local government requires to cover the cost of inspection and program administration activities by the local government. The total fee shall not exceed ~~one hundred dollars ($100.00)~~ one hundred fifty dollars ($150.00) per acre. A local government that administers a limited erosion and sedimentation control program shall pay to the Commission the portion of the fee that equals eighty percent (80%) of the fee established pursuant to G.S. 113A-54.2(a) to cover the cost to the Commission for the administration and enforcement of other components of the erosion and sedimentation control program. Fees paid to the Commission by a local government shall be deposited in the Sedimentation Account established by G.S. 113A-54.2(b). A local government that administers a limited erosion and sedimentation control program and that receives an erosion control plan and fee under this subsection shall immediately transmit the plan to the Commission for review. A local government may create or designate agencies or subdivisions of the local government to administer the limited program. Two or more units of local government may establish a joint limited program and enter into any agreements necessary for the proper

administration of the limited program. The resolutions establishing any joint limited program must be duly recorded in the minutes of the governing body of each unit of local government participating in the limited program, and a certified copy of each resolution must be filed with the Commission. Subsections (b) and (c) of this section apply to the approval and oversight of limited programs."

SECTION 12.10A.(c) This section is effective when it becomes law.

VOLKSWAGEN SETTLEMENT

SECTION 12.11.(a) Section 10(b) of S.L. 2020-79 reads as rewritten:

"**SECTION 10.(b)** In accordance with Section 13.2 of S.L. 2017-57, as amended by Section 13.11 of S.L. 2018-5 (the Settlement Directives), there is appropriated from the Volkswagen Litigation Environmental Mitigation Fund (Fund) the sum of thirty million six hundred eighty-one thousand eight hundred eighty-six dollars ($30,681,886) to fund Phase 1 of the August 28, 2018, Beneficiary Mitigation Plan (Plan) prepared as set forth in the Trust agreement and submitted by the Department of Environmental Quality to the General Assembly pursuant to the Settlement Directives. The funds appropriated in this act shall be allocated for the following purposes set forth in Phase 1 of the Plan:

(1) Diesel bus and vehicle replacements or upgrades.

(2) Zero emissions vehicle infrastructure – Level 2 charging stations.

(3) Zero emissions vehicle infrastructure – DC fast charging stations.

The Department of Environmental Quality in its capacity as the lead agency designated under the procedures set forth in the Trust agreement may transfer and use up to one million five hundred thirty-four thousand ninety-four dollars ($1,534,094) for administrative purposes in executing the Plan.

Funds remaining from Phase 1 of the Plan that are unobligated and unencumbered at the end of the 2019-2021 fiscal biennium shall ~~be returned to the Trustee by the Department of Environmental Quality as set forth in the Trust agreement.~~remain available until expended."

SECTION 12.11.(b) This section is effective June 30, 2021.

WATER INFRASTRUCTURE FUND ENHANCEMENT

SECTION 12.12.(a) G.S. 159G-22 is amended by adding a new subsection to read:

"(j) Unused CWSRF and DWSRF State Match. – Funds appropriated to the Department for the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund to provide State matching funds that are in excess of the amount required to draw down all available federal capitalization grant funds may also be used for water and wastewater infrastructure grants awarded from the Wastewater Reserve, the Drinking Water Reserve, or the Viable Utility Reserve."

SECTION 12.12.(b) G.S. 159G-39 reads as rewritten:

"**§ 159G-39. Review of applications and award of loan or grant.**

…

(e) Viable Utility Reserve ~~Terms.~~ Approval. – The Department shall not award a grant from the Viable Utility Reserve Fund unless the Local Government Commission approves the award of the grant and the terms of the grant. Any emergency grant application submitted under G.S. 159G-31(e) shall be deemed approved by the Local Government Commission upon submission.

(f) Grant Terms. –

(1) Viable Utility Reserve. – The Department and the Local Government Commission may, in their discretion, impose specific performance measures or conditions on any grant awarded from the Viable Utility Reserve, including any grant submitted under G.S. 159G-31(e).

(2) Drinking Water Reserve or Wastewater Reserve. – The Department may impose specific performance measures or conditions on any grant awarded from the Drinking Water Reserve or Wastewater Reserve to ensure an adequately funded program for the repair, maintenance, and management of the water or wastewater infrastructure."

SECTION 12.12.(c) G.S. 159G-45(d) reads as rewritten:

"(d) The Authority and the Local Government Commission shall establish the frequency of the cycle for assessment and review of local government units under this ~~section, which shall be no less than every two years.~~section. The frequency of the cycle shall be not less than once every two years."

BIRD ISLAND FUNDS

SECTION 12.12B. Funds appropriated by S.L. 2018-5 for acquisition of the Sunset Beach West tract for the Bird Island Coastal Reserve may be used by the Department to complete various acquisition-related activities related to incorporation of the tract into the reserve, such as the purchase and installation of signage, updates to printed materials, property stewardship, and the planning and implementation of walking and kayak trails. These funds may also be used for outreach supplies and temporary staff to support public programs and activities.

WATER AND SEWER INFRASTRUCTURE FUNDS

SECTION 12.13.(a) Allocation. – Funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Environmental Quality for the Water Infrastructure Fund shall be allocated for water and sewer infrastructure as follows:

(1) Four hundred fifty-six million four hundred thousand dollars ($456,400,000) for the Viable Utility Reserve to be used for the purposes set forth in subdivisions (1) through (5) of G.S. 159G-32(d).

(2) Three hundred seventeen million four hundred fifty thousand dollars ($317,450,000) for the Drinking Water Reserve and the Wastewater Reserve to provide project construction grants for public water systems and wastewater systems that the Department categorizes as at-risk. The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by this subdivision.

(3) Seven hundred thirty-two million five hundred twenty-five thousand dollars ($732,525,000) for the Drinking Water Reserve and the Wastewater Reserve to provide project construction grants for public water systems and wastewater systems not eligible for funding under subdivisions (1) and (2) of this subsection. The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by this subdivision.

(4) Eighty million dollars ($80,000,000) to the Water Infrastructure Fund for the Drinking Water Reserve and the Wastewater Reserve for any of the following grants:

a. Asset inventory and assessment grants, as defined in G.S. 159G-33(a)(3a) and G.S. 159G-34(a)(3a).

b. Rate study grants intended to determine a rate structure that will enable a public water system or wastewater system to generate sufficient revenues to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment to facilitate the provision of reliable water or wastewater services.

c. Merger/regionalization feasibility grants, as defined in G.S. 159G-33(a)(3) and G.S. 159G-34(a)(3).

d. Training grants to increase the capacity of a public water system or wastewater system to operate efficiently and maintain adequate maintenance and revenue collection practices.

e. Planning grants to conduct project engineering, design, or other preconstruction activities.

SECTION 12.13.(b) Limitation on Certain Grants. – Notwithstanding G.S. 159G-36(c), the amount of grants awarded under subdivision (a)(4) of this section may not exceed four hundred thousand dollars ($400,000) to the same grant recipient for the 2021-2023 fiscal biennium.

SECTION 12.13.(c) Reversion of Unneeded Funds. – Funds in excess of the amounts needed for the projects listed in subsections (d), (e), and (f) of this section may be used by the Department for other water and sewer infrastructure projects subject to applicable law and the applicable directives and limitations set forth in subdivision (a)(1), (a)(2), or (a)(3) of this section. The unused funds from projects listed in subsection (d) of this section may be used for projects eligible for funding from the Viable Utility Reserve, and the unused funds from projects listed in subsections (e) and (f) of this section may be used for projects eligible for funding from the Drinking Water Reserve or the Wastewater Reserve. 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 12.13.(d) VUR Projects. – Of the funds allocated by subdivision (a)(1) of this section, the following sums shall be granted to the indicated local governments and public entities for water and wastewater infrastructure projects:

(1) One million ninety-one thousand seven hundred ninety-seven dollars ($1,091,797) to the Town of Andrews.
(2) Five million dollars ($5,000,000) to the Town of Bailey.
(3) Five million dollars ($5,000,000) to the Town of Bath.
(4) Twelve million dollars ($12,000,000) to the Town of Bladenboro.
(5) Twenty-three million three hundred forty-nine thousand fifty-one dollars ($23,349,051) to the Town of East Spencer.
(6) One hundred fifty thousand dollars ($150,000) to the Town of Ellerbe.
(7) One million dollars ($1,000,000) to the Town of Hot Springs.
(8) Eight million three hundred fifty thousand dollars ($8,350,000) to the Town of Madison.
(9) Five million dollars ($5,000,000) to the Town of Maysville.
(10) One million five hundred thousand dollars ($1,500,000) to the Town of Middlesex.
(11) Two million dollars ($2,000,000) to the Town of Norwood.
(12) Ten million dollars ($10,000,000) to Rockingham County.
(13) Four million dollars ($4,000,000) to the Town of Seaboard.
(14) Two million eight hundred thousand dollars ($2,800,000) to the City of Southport.
(15) Four hundred thousand dollars ($400,000) to the Town of Spring Lake.
(16) One million seventy thousand dollars ($1,070,000) to the Town of Topsail Beach.
(17) Five million nine hundred ninety-four thousand dollars ($5,994,000) to the City of Trinity.
(18) Four hundred twenty-five thousand dollars ($425,000) to the Town of Tryon.
(19) Six hundred thousand dollars ($600,000) to the Town of Walstonburg.

SECTION 12.13.(e) At-Risk Projects. – Of the funds allocated by subdivision (a)(2) of this section, the following sums shall be granted to the indicated local governments and public entities for water and wastewater infrastructure projects:

(1) Two million dollars ($2,000,000) to the Town of Bakersville.
(2) One million dollars ($1,000,000) to the Town of Beech Mountain.
(3) Twenty-two million seven hundred thirty-three thousand seven hundred dollars ($22,733,700) to the Town of Benson.
(4) Four million eight hundred thousand dollars ($4,800,000) to the Town of Blowing Rock.
(5) Three million dollars ($3,000,000) to the Town of Boonville.
(6) Three hundred thousand dollars ($300,000) to Burke County.
(7) Fifteen million three hundred thousand dollars ($15,300,000) to Davidson County.
(8) One million five hundred thousand dollars ($1,500,000) to the Town of Denton.
(9) Two million six hundred thousand dollars ($2,600,000) to the Town of Four Oaks.
(10) Sixteen million ninety thousand dollars ($16,090,000) to the Town of Kenly.
(11) Three million one hundred fifty thousand dollars ($3,150,000) to the Town of Lillington.
(12) Two million dollars ($2,000,000) to the Town of Littleton.
(13) Eleven million dollars ($11,000,000) to McDowell County.
(14) Nine hundred fifty thousand dollars ($950,000) to the Town of Micro.
(15) Three million five hundred thousand dollars ($3,500,000) to the Town of Mount Gilead.
(16) One million nine hundred ninety-five thousand dollars ($1,995,000) to the Town of Pine Level.
(17) Two million eight hundred twenty-four thousand two hundred dollars ($2,824,200) to the Town of Ranlo.
(18) Three million one hundred thousand dollars ($3,100,000) to the Town of Red Springs.
(19) One hundred thousand dollars ($100,000) to the Town of Robbinsville.
(20) One million five hundred thousand dollars ($1,500,000) to the Town of Roseboro.
(21) Nine hundred thousand dollars ($900,000) to the Town of Salemburg.
(22) One hundred sixty thousand dollars ($160,000) to the City of Saluda.
(23) Six million five hundred thousand dollars ($6,500,000) to the Town of Selma.
(24) One million three hundred thousand dollars ($1,300,000) to the Town of Sparta.
(25) One million two hundred five thousand one hundred thirty dollars ($1,205,130) to the Town of Taylorsville.
(26) Seven million dollars ($7,000,000) to Transylvania County.
(27) One hundred thousand dollars ($100,000) to the Town of Winton.

SECTION 12.13.(f) Other Projects. – Of the funds allocated by subdivision (a)(3) of this section for project construction grants, the following sums shall be granted to the indicated local governments and public entities for water and wastewater infrastructure projects:

(1) Three hundred fifteen thousand dollars ($315,000) to the Village of Alamance.
(2) Three million six hundred nineteen thousand dollars ($3,619,000) to Alexander County.
(3) Ten million dollars ($10,000,000) to the Town of Angier.

(4) Ten million dollars ($10,000,000) to the City of Burlington.
(5) Thirty-five million dollars ($35,000,000) to the Water and Sewer Authority of Cabarrus County.
(6) Nine million two hundred twelve thousand forty-one dollars ($9,212,041) to the Town of Canton for the repair of damages to the water and wastewater systems serving the town and for water and wastewater system storm damage mitigation projects related to impacts from Tropical Storm Fred.
(7) Thirty million dollars ($30,000,000) to the Cape Fear Public Utility Authority.
(8) Eight million eight hundred thousand dollars ($8,800,000) to Catawba County.
(9) One million dollars ($1,000,000) to Clay County.
(10) Twenty-four million dollars ($24,000,000) to the Town of Clayton to be allocated as follows:
    a. Four million dollars ($4,000,000) for improvements to the Town's water storage infrastructure.
    b. Twenty million dollars ($20,000,000) for a wastewater treatment facility.
(11) Nineteen million dollars ($19,000,000) to Cleveland County Water.
(12) One million two hundred thousand dollars ($1,200,000) to the Town of Clyde to be allocated as follows:
    a. Five hundred thousand dollars ($500,000) for water or wastewater system improvements.
    b. Seven hundred thousand dollars ($700,000) for the repair of damages to the water and wastewater systems serving the town caused by Tropical Storm Fred and for projects intended to mitigate future damage to the water system caused by flooding.
(13) Eight million four hundred thousand dollars ($8,400,000) to Davie County.
(14) Thirty million four hundred fifty thousand dollars ($30,450,000) to the City of Dunn.
(15) Two hundred thousand dollars ($200,000) to the City of Elizabeth City.
(16) Thirteen million six hundred thousand dollars ($13,600,000) to the Town of Elizabethtown.
(17) Two million four hundred thousand dollars ($2,400,000) to the Town of Elon.
(18) Three hundred twenty thousand dollars ($320,000) to the Town of Faison.
(19) One hundred seventy-five thousand dollars ($175,000) to the Town of Franklin.
(20) Nine million seven hundred three thousand dollars ($9,703,000) to Gaston County.
(21) Eighteen million four thousand dollars ($18,004,000) to the City of Gastonia to be allocated as follows:
    a. Four million four hundred twenty-five thousand dollars ($4,425,000) for wastewater outfalls.
    b. Five million five hundred seventy-nine thousand dollars ($5,579,000) for rehabilitation of a supervisory control and data acquisition system.
    c. Eight million dollars ($8,000,000) for smart meters.
(22) Three million seven hundred fifty thousand dollars ($3,750,000) to the City of Graham.
(23) One hundred fifty thousand dollars ($150,000) to the Town of Granite Falls.
(24) Four hundred one thousand four hundred forty-seven dollars ($401,447) to the Town of Green Level.

(25) Ten million dollars ($10,000,000) to the City of Greensboro for the extension of water and sewer lines to the National Guard site on Camp Burton Road.
(26) Two million dollars ($2,000,000) to the Handy Sanitary District.
(27) Three million eight hundred thousand dollars ($3,800,000) to Harnett County.
(28) Twelve million seven hundred thousand dollars ($12,700,000) to Henderson County for the improvement of wastewater treatment in the Edneyville area of the County. If the County fails to obtain a permit by December 31, 2023, or withdraws its permit application for the project, then these funds will instead be allocated to the City of Hendersonville.
(29) Five million dollars ($5,000,000) to the City of Hendersonville.
(30) One hundred thousand dollars ($100,000) to the Town of Highlands.
(31) Twenty million dollars ($20,000,000) to the City of Jacksonville.
(32) Twenty-two million dollars ($22,000,000) to the City of King.
(33) Thirty-nine million dollars ($39,000,000) to the City of Kings Mountain for a wastewater expansion project southwest of the City.
(34) Ten million two hundred eighty thousand dollars ($10,280,000) to the Town of LaGrange.
(35) Eight million dollars ($8,000,000) to the Town of Lake Lure.
(36) Two hundred thousand dollars ($200,000) to Lincoln County.
(37) Eight hundred thousand dollars ($800,000) to the City of Locust.
(38) Twelve million dollars ($12,000,000) to Madison County.
(39) Five million dollars ($5,000,000) to the Town of Midland.
(40) Two million five hundred thousand dollars ($2,500,000) to Montgomery County.
(41) One million five hundred thousand dollars ($1,500,000) to the City of Mount Airy.
(42) Eight million dollars ($8,000,000) to the Town of Mt. Pleasant.
(43) Two hundred thirty thousand dollars ($230,000) to the City of New Bern.
(44) Five hundred thousand dollars ($500,000) to the Town of North Wilkesboro.
(45) Eight million seven hundred thousand dollars ($8,700,000) to the Town of Pembroke.
(46) Three million two hundred thousand dollars ($3,200,000) to the City of Reidsville.
(47) Seven hundred fifty thousand dollars ($750,000) to Richmond County.
(48) One million seven hundred seventeen thousand dollars ($1,717,000) to Sampson County.
(49) Thirty-four million dollars ($34,000,000) to the City of Sanford.
(50) Seven hundred thousand dollars ($700,000) to the Town of Seven Devils.
(51) Seven million four hundred thousand dollars ($7,400,000) to the City of Shelby.
(52) Three million dollars ($3,000,000) to the Town of Smithfield.
(53) Thirty-five million dollars ($35,000,000) to the South Granville Water and Sewer Authority.
(54) Seven hundred fifty thousand dollars ($750,000) to the Southern Wayne Sanitation District.
(55) Three million seven hundred thousand dollars ($3,700,000) to the Town of Spring Hope.
(56) Twenty million dollars ($20,000,000) to the City of Statesville.
(57) Eight hundred thousand dollars ($800,000) to the Town of Stedman.
(58) Eighteen million three hundred twenty-six thousand two hundred fifty dollars ($18,326,250) to the Stokes County Water and Sewer Authority.

(59) Four million dollars ($4,000,000) to the Town of Surf City.
(60) Five hundred thousand dollars ($500,000) to the Town of Swepsonville.
(61) Five hundred thousand dollars ($500,000) to the City of Thomasville.
(62) Two million four hundred forty-five thousand dollars ($2,445,000) to the Town of Troutman.
(63) Eight million dollars ($8,000,000) to Union County for land acquisition, design, permitting, and construction of any of the following:
a. A new water reclamation facility in the Crooked Creek watershed.
b. An expansion of the Poplin Road pump station.
(64) Thirty-five million dollars ($35,000,000) to Union County for the Yadkin Regional Water Supply Project.
(65) Eight hundred one thousand nine hundred eighty-three dollars ($801,983) to the Town of Valdese, for the extension of water and sewer lines to serve proposed residential and commercial development on Lake Rhodhiss.
(66) Eighty thousand dollars ($80,000) to the Town of Walkertown for a sewer extension along Sullivantown Road.
(67) Six million dollars ($6,000,000) to the Town of Wallace.
(68) Three million one hundred thousand dollars ($3,100,000) to the City of Winston-Salem.
(69) Thirteen million dollars ($13,000,000) to Yancey County.

SECTION 12.13.(g) Economic Development Projects. – Of the funds allocated by subdivision (a)(3) of this section for project construction grants, the Department of Environmental Quality shall transfer the sum of forty-two million four hundred eleven thousand four hundred forty-four dollars ($42,411,444) to the Department of Commerce to provide the following grants for water and sewer infrastructure projects intended to advance economic development or affordable housing objectives for the recipients:

(1) One million one hundred sixty-five thousand four hundred forty-four dollars ($1,165,444) to Alexander County.
(2) Four million dollars ($4,000,000) to the Anson Economic Development Corporation.
(3) Five million eight hundred seventy-one thousand dollars ($5,871,000) to the City of Burlington.
(4) Two hundred fifty thousand dollars ($250,000) to Habitat for Humanity of Gaston County.
(5) Eight million dollars ($8,000,000) to the Town of Holly Springs. This allocation shall be conditional upon the provision of seven million dollars ($7,000,000) in matching funds from non-State sources, including no less than two million dollars ($2,000,000) from the Town.
(6) One million one hundred twenty-five thousand dollars ($1,125,000) to the Town of Mocksville.
(7) Twenty-two million dollars ($22,000,000) to the Wayne County Development Alliance for Project Butter.

The Department of Commerce may use three percent (3%) of the funds allocated by this subsection for administrative costs.

SECTION 12.13.(h) National Guard Project Planning. – Of the funds allocated by subdivision (a)(3) of this section for project construction grants, the Department of Environmental Quality shall transfer the sum of five hundred thousand dollars ($500,000) to the Department of Public Safety to provide a planning grant to the North Carolina National Guard for a water and sewer infrastructure project at the site formerly known as Fountain Correctional Center for Women.

SECTION 12.13.(i) Administrative Costs. – The Department may use three percent (3%) of the funds allocated to the Viable Utility Reserve, the Drinking Water Reserve, and the Wastewater Reserve by this section, other than the funds transferred in subsections (g) and (h) of 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 12.13.(j) Report. – The Department shall include in the report required by G.S. 159G-26 a report on 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).

STORMWATER INFRASTRUCTURE FUNDS

SECTION 12.14.(a) Establishment of the Fund. – Funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Environmental Quality for stormwater infrastructure shall be used by the Department to establish the Local Assistance for Stormwater Infrastructure Investments Fund (Fund) as a special fund in the Department. The Fund shall be used to provide grants to eligible entities as defined in this section for projects that will improve or create infrastructure for controlling stormwater quantity and quality.

SECTION 12.14.(b) Directed Projects. – Of the funds allocated by this section, the following sums shall be granted to the indicated local governments and public entities for stormwater projects:

(1) Four hundred thousand dollars ($400,000) to the Town of Angier.
(2) Three hundred fifty thousand dollars ($350,000) to the Town of Autryville.
(3) Seven hundred thousand dollars ($700,000) to the City of Brevard.
(4) Five hundred thousand dollars ($500,000) to the City of Dunn.
(5) Nine million eight hundred thousand dollars ($9,800,000) to the Fayetteville Public Works Commission.
(6) One million five hundred thousand dollars ($1,500,000) to the Town of Four Oaks.
(7) One million three hundred fifty thousand dollars ($1,350,000) to the City of Hope Mills.
(8) Two million two hundred thousand dollars ($2,200,000) to the Town of Madison.
(9) One million five hundred thousand dollars ($1,500,000) to the City of Mooresville.
(10) Seventy-five thousand dollars ($75,000) to the City of New Bern.
(11) Seventy-five thousand dollars ($75,000) to the Town of Pine Level.

SECTION 12.14.(c) Allocation of Undirected Funds. – The Department shall use seventy percent (70%) of the remaining funds allocated in this section for construction grants as specified in subdivision (e)(1) of this section and thirty percent (30%) of the remaining funds allocated in this section for planning grants as specified in subdivision (e)(2) of this section.

SECTION 12.14.(d) Eligible Entity. – An eligible entity for a grant under this section shall be a city or county that (i) documents in a form and manner as the Department may specify a stormwater quality or quantity issue and (ii) demonstrates that it would experience a significant hardship raising the revenue necessary to finance stormwater management activities within its jurisdiction based on income and unemployment data, population trends, and any other data determined relevant by the Department. A regional council of government created pursuant to Part 2 of Article 20 of Chapter 160A of the General Statutes or a nonprofit entity is also an eligible entity under this section if the regional council of government or nonprofit entity partners with a city or county.

SECTION 12.14.(e) Grant Types. – The Department shall make the following types of grants from the Fund:

(1) Construction grants. – A construction grant is available for the development and implementation of a new stormwater utility or stormwater control measure (SCM), the rehabilitation of existing SCMs, the retrofitting of existing stormwater conveyances to provide SCMs for quantity and quality control purposes, or the installation of innovative technologies or nature-based solutions. The Department shall allow nature-based solutions where feasible and possible.

(2) Planning grants. – A planning grant is available for research or investigative studies, alternatives analyses, the preparation of engineering concept plans or engineering designs, and similar activities intended to help an eligible entity determine the best solutions for the entity's stormwater quality or quantity issue and to engineer and permit the solutions. The Department shall allow nature-based solutions where feasible and possible.

SECTION 12.14.(f) Limitation. – The following limits apply to grants from the Fund:

(1) Construction grants may not exceed fifteen million dollars ($15,000,000).

(2) Planning grants may not exceed five hundred thousand dollars ($500,000).

SECTION 12.14.(g) Administration. – The Department may use up to three percent (3%) of the funds allocated by this section for administrative expenses. The Department may adopt any policies or procedures regarding the application process, applicant record keeping and reporting, and any other administrative details not inconsistent with this section.

SECTION 12.14.(h) Definition. – For purposes of this section, "nature-based solutions" are sustainable planning, design, environmental management, and engineering practices that weave natural features or processes into the built environment to store, infiltrate, and treat water by enlisting natural features and processes in efforts to promote resilience, reduce flood risks, improve water quality, protect coastal property, restore and protect wetlands, stabilize shorelines, and add recreational space.

SECTION 12.14.(i) Reversion. – If funds allocated under this section are granted to an eligible entity for a purpose that is disallowed by federal law, the eligible entity shall return those funds to the Department of Environmental Quality, which shall return them to the Local Assistance for Stormwater Infrastructure Investments Fund, to be granted to other eligible entities.

SECTION 12.14.(j) Report. – The Department shall submit a report no later than September 1, 2022, and annually thereafter to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on the projects and activities funded by this section until all funds have been expended by grant recipients. The Department shall include in its initial report and may include in subsequent reports recommendations regarding legislative changes or additional funding needed to assist small and financially distressed communities to comply with stormwater standards and requirements and to mitigate the adverse impacts of extreme weather events on stormwater-related flood events. The reports shall also include, at a minimum, the following:

(1) The beginning and ending balance of the Fund for the fiscal year.

(2) A listing of grant recipients, amount provided to each recipient, and the grant type funded.

(3) An overview of the use of funds by grant recipients, including a description of projects constructed or planning milestones achieved.

RECONCILE TITLE V AIR QUALITY RULE EFFECTIVE DATE

SECTION 12.17. Notwithstanding the time lines set forth in G.S. 150B-21.3 for the effective date of rules, or any other provision of law pertaining to procedures for the adoption of rules, 15A NCAC 02Q .0203 (Permit and Application Fees), as adopted by the Environmental Management Commission on January 14, 2021, and approved by the Rules Review Commission on February 18, 2021, shall take effect when this act becomes law.

SOUTHERN STATES ENERGY BOARD FUNDS

SECTION 12.18.(a) G.S. 104D-3 reads as rewritten:

"**§ 104D-3. Submission of budgets of Board.**

(a) Pursuant to Article III(a) of the compact, the Board shall submit its budgets of estimated expenditures to the Director of the Budget for presentation to the General Assembly.

(b) Each fiscal year, the Office of State Budget and Management shall pay the amount necessary to cover the State's responsibility for the budgets of the Board as required by Article III(b) of the compact. The Office shall transfer funds from the agency that administratively houses the State Energy Office to meet the requirements prescribed under this section."

SECTION 12.18.(b) The Office of State Budget and Management (Office) shall determine if arrears exist as to the amount owed to the Southern States Energy Board. If the Office determines any arrears exist, then the Office shall pay the State's share owed for that fiscal year and transfer funds from the agency that administratively housed the State Energy Office or its equivalent during the fiscal year for which the arrearage is owed.

AMEND DAM SAFETY EXEMPTION

SECTION 12.21. G.S. 143-215.25A reads as rewritten:

"**§ 143-215.25A. Exempt dams.**

(a) Except as otherwise provided in this Part, this Part does not apply to any dam:

…

(8) That is less than 20 feet in height or that has an impoundment capacity of less than 15 acre-feet, when a qualified engineer who demonstrates to the satisfaction of the Department experience in dam design conducts dam failure analyses based on both storm-induced failure and normal weather geologic, structural, or seismic failure scenarios and determines that the dam is not a high hazard dam.

…."

REVISE MINING COMMISSION CHAIR DESIGNATION AND EX OFFICIO MEMBERSHIP

SECTION 12.23.(a) G.S. 143B-292 reads as rewritten:

"**§ 143B-292. North Carolina Mining Commission – officers.**

(a) Officers. – The North Carolina Mining Commission shall have a chair and a vice-chair. The chair shall be designated by the Governor from among the members of the Commission to serve as chair at the pleasure of the Governor. The vice-chair shall be elected by and from the members of the Commission and shall serve for a term of two years or until the expiration of the vice-chair's regularly appointed term.

(b) Alternate Leadership in Absence of Chair Designation. – If the Governor has not designated a chair by July 1 of the year following the expiration of the term of the previous chair, then the vice-chair shall exercise the powers and duties of the chair until the Governor designates a chair or the expiration of the vice-chair's regularly appointed term, whichever first occurs. Upon the expiration of the vice-chair's regularly appointed term, the Commission shall elect a new vice-chair in the manner described in subsection (a) of this section who shall act as chair as set forth in this subsection until the Governor designates a chair as set forth in subsection (a) of this section."

SECTION 12.23.(b) Notwithstanding G.S. 143B-292(b), as enacted by subsection (a) of this section, if the Governor has not designated a chair from the current membership of the Commission by December 15, 2021, then the vice-chair shall exercise the powers and duties of the chair until the Governor designates a chair or the expiration of the vice-chair's regularly appointed term, whichever first occurs.

SECTION 12.23.(c) G.S. 143B-291(a1) reads as rewritten:

"(a1) Members, Selection. – The North Carolina Mining Commission shall consist of eight members appointed as follows:

(1) One member who is the ~~chair~~ executive director of the North Carolina State University Minerals Research ~~Laboratory Advisory Committee,~~ Laboratory, or the executive director's designee, ex officio and nonvoting.

…."

ENVIRONMENTAL PERMITTING STAFF FUNDING DIRECTIVES

SECTION 12.24.(a) Limitation. – Funds appropriated by this act to the Department of Environmental Quality for support of permitting activities may be used to create new positions with duties limited to permit application processing, permit issuance, and related activities supporting permit issuance and renewals. These funds shall not be used for enforcement, public outreach, public education, or management positions.

SECTION 12.24.(b) Report. – The Department shall report on its implementation of this provision to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division no later than March 15, 2022.

PART XIII. LABOR

BE PRO BE PROUD

SECTION 13.1.(a) Program Established; Purpose. – Funds allocated in this act from the State Capital and Infrastructure Fund to the Department of Labor shall be used by the Department for the Be Pro Be Proud initiative, a three-year mobile statewide workforce development pilot program to be administered by the North Carolina Home Builders Educational and Charitable Foundation (Foundation). The purpose of the pilot program is to stimulate student, parent, and educator interest in technical professions within the construction, manufacturing, transportation, and utility industries by emphasizing the high-tech, high-wage potential of these student career paths. The program shall also support progress towards North Carolina's postsecondary attainment goals to increase postsecondary degrees and certificates in the skilled trade professions. Of the funds allocated in this section, the sum of four million dollars ($4,000,000) shall be made available for equipment fabrication costs. Section 40.8 of this act shall apply as if the funds allocated by this section were a grant to a non-State entity except as otherwise provided in this subsection.

SECTION 13.1.(b) Components of the Program. – In meeting the goals of the pilot program, Be Pro Be Proud shall provide for at least the following:

(1) A custom-built mobile workshop that brings elements of up to 12 skilled professions to middle and high school students through simulators and virtual reality experiences. Students will learn about various careers, job responsibilities, and average statewide wages for each career while stepping virtually into these professions. Students may engage directly with partners and will be invited to sign up to learn more about one or more professions of interest.

(2) Information and data collection for students by setting up a digital profile on Be Pro Be Proud's national "Join the Movement" partnership. With the consent of parents and students participating in the mobile workshops, the data

collected shall be shared with the Community Colleges System Office, Department of Public Instruction, Department of Commerce, myFutureNC Commission, industry associations, and companies that are prompted to connect with the potential student recruits. The database management system shall provide a connection for student internships, scholarships, apprenticeships, full-time jobs, and other opportunities.

(3) Follow-up opportunities for interested students to pursue their interests through hands-on leadership opportunities, including gaining onsite learning experiences, volunteering, and participating in networking opportunities with potential job and postsecondary school recruiters.

(4) Motivation for interested educators to stay engaged through a combination of outreach and professional development opportunities.

(5) Operation of the pilot program to coincide with the public school instructional calendar and various events for students that take place throughout the summer. A Be Pro Be Proud team shall operate the day-to-day functions of the statewide tour and engage with students. Additional volunteers shall be recruited to assist with the pilot program, including partner associations, companies, and schools, as well as teachers, parents, and students.

(6) In collaboration with the North Carolina Trucking Association (Association), the operation, implementation, and support for a workforce development program to increase operators with commercial drivers licenses, transportation dispatchers, and technicians across the State.

SECTION 13.1.(c) Administration. – The Department of Labor shall provide oversight of the Foundation's activities related to the Be Pro Be Proud initiative from funds available to the Department. The Foundation may use up to five percent (5%) of the total funds allocated by this section for its administrative costs.

SECTION 13.1.(d) Collaboration. – The Foundation shall coordinate with other interested public and private stakeholders to ensure the coordination of State efforts to develop a skilled trades workforce.

SECTION 13.1.(e) Retention of Funds. – Notwithstanding G.S. 143C-1-2(b), funds allocated in this act for the purposes set forth in this section shall not revert but shall remain available for nonrecurring expenditures for the purposes of this section until June 30, 2024.

SECTION 13.1.(f) Report. – The Department of Labor shall submit a report by April 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.

PART XIV. NATURAL AND CULTURAL RESOURCES

DISPOSITION OF LAND AT CERTAIN HISTORIC SITES

SECTION 14.1.(a) G.S. 146-30 reads as rewritten:

"**§ 146-30. Application of net proceeds.**

(a) The net proceeds of any disposition made in accordance with this Subchapter shall be handled in accordance with the following priority:

(1) First, in accordance with the provisions of any trust or other instrument of title whereby title to real property was acquired.

(2) Second, as provided by any other act of the General Assembly.

(3) Third, by depositing the net proceeds with the State Treasurer.

Nothing in this section, however, prohibits the disposition of any State lands by exchange for other lands, but if the appraised value in fee simple of any property involved in the exchange is

at least twenty-five thousand dollars ($25,000), then the exchange shall not be made without consultation with the Joint Legislative Commission on Governmental Operations.

…

(d) Notwithstanding any other provision of this Subchapter, the following exceptions apply:

…

(11) Except as otherwise provided in this subsection, the net proceeds derived from the sale of real property donated to the State and allocated to the Division of State Historic Sites or the Division of State History Museums in the Department of Natural and Cultural Resources shall be deposited in the State Historic Sites and Museums Fund, created in G.S. 121-7.7, and shall be used in accordance with that section.

(12) The net proceeds derived from the sale of real property donated to the State and allocated to the Tryon Palace Historic Site and Gardens in the Department of Natural and Cultural Resources shall be deposited in the Tryon Palace Historic Sites and Gardens Fund, created in G.S. 121-21.1, and shall be used in accordance with that section.

(13) The net proceeds derived from the sale of real property from the Bentonville Battlefield State Historic Site donated to the State and allocated to the Division of State Historic Sites in the Department of Natural and Cultural Resources shall be deposited in the Bentonville Battlefield Fund, created in G.S. 121-7.5, and shall be used in accordance with that section.

(14) The net proceeds derived from the sale of real property from the North Carolina Transportation Museum donated to the State and allocated to the Department of Natural and Cultural Resources shall be deposited in the North Carolina Transportation Museum Fund, created in G.S. 121-7.6, and shall be used in accordance with that section."

SECTION 14.1.(b) G.S. 121-7.7(a) reads as rewritten:

"(a) Fund. – The State Historic Sites and Museums Fund is created as a special, interest-bearing revenue fund in the Division of State Historic Sites and the Division of State History Museums. 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 State Historic Sites, State History Museums, and Maritime Museums. The Fund also consists of the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(11). The revenues in the Fund may be used only for the operation, interpretation, maintenance, preservation, development, and expansion of the individual State Historic Site, State History Museum, and Maritime Museum where the receipts are generated. The respective Division and the staff from each State Historic Site, State History Museum, and Maritime Museum shall determine how the funds shall be used at that Historic Site, State History Museum, and Maritime Museum."

SECTION 14.1.(c) G.S. 121-21.1 reads as rewritten:

"**§ 121-21.1. Tryon Palace Historic Sites and Gardens Fund.**

(a) Fund. – The Tryon Palace Historic Sites and Gardens Fund is hereby created as a special, interest-bearing, and nonreverting fund in the Division of Tryon Palace Historic Sites and Gardens. The Fund shall be treated as a special trust ~~fund and shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund~~ fund and shall be used for repair, renovation, expansion, and maintenance at Tryon Palace Historic Sites and Gardens.

(b) ~~Disposition of Fees. – All entrance fee receipts shall be credited to the Tryon Palace Historic Sites and Gardens Fund.~~Fund Sources. – The Fund consists of (i) all revenue derived from admissions and fees collected at the Tryon Palace Historic Sites and Gardens, (ii) the net

proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(12), 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) Report. – The Tryon Palace Commission shall submit to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic ~~Resources, the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources,~~ Resources and the Fiscal Research Division by September 30 of each year a report on the Tryon Palace Historic Sites and Gardens Fund that shall include the source and ~~amounts~~ amount of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

SECTION 14.1.(d) G.S. 121-7.5 reads as rewritten:

"**§ 121-7.5. Bentonville Battlefield Fund.**

(a) Fund. – The Bentonville Battlefield Fund is created as a ~~special~~ special, interest-bearing, and nonreverting fund in the Department of Natural and Cultural Resources, Division of State Historic Sites. The ~~interest earned by the~~ Fund ~~shall be credited to the Fund by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund~~ shall be treated as a special trust fund and shall be used for operation, interpretation, maintenance, preservation, development, and expansion at Bentonville Battlefield State Historic Site.

(b) ~~Disposition of Fees. – Notwithstanding Chapter 146 of the General Statutes, all receipts derived from donations or the lease, rental, or other disposition of structures or products of the land owned by or under the supervision or control of the Division of Historic Sites in Johnston County shall be credited to the Fund.~~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 for the benefit of the Bentonville Battlefield State Historic Site, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(13), 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) The monies credited to this Fund pursuant to this section are annually appropriated to the Department of Natural and Cultural Resources.~~

(d) Report. – The Division of State Historic Sites shall submit to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division by September 30 of each year a report on the Bentonville Battlefield Fund that shall include the source and amount of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

SECTION 14.1.(e) G.S. 121-7.6 reads as rewritten:

"**§ 121-7.6. North Carolina Transportation Museum special fund.**

(a) Fund Established. – The North Carolina Transportation Museum Fund is created as a ~~special~~ special, interest-bearing, nonreverting enterprise fund in the Department of Natural and Cultural Resources. The Fund shall be treated as a special trust fund and shall be used to pay all costs associated with the operation, interpretation, development, expansion, preservation, and maintenance of the North Carolina Transportation Museum.

(b) ~~Monies Credited to the Fund. – Notwithstanding Chapter 146 of the General Statutes, all receipts derived from the lease, rental, or other disposition of structures or products of the land, as well as all admissions and fees, gifts, donations, grants, and bequests, shall be credited to the Fund. The Fund shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3.~~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 North Carolina Transportation Museum Fund, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(14), 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) Emergency Reserve. – The Department of Natural and Cultural Resources shall establish, out of existing unobligated funds including lapsed salaries and unobligated special funds, an emergency reserve fund in the amount of three hundred thousand dollars ($300,000). Any use of the emergency reserve will require reimbursement from museum receipts.

(d) Audit. – The Fund shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes. The Fund shall reimburse the State Auditor for the cost of any audit.

(e) Report. – The Department of Natural and Cultural Resources shall submit to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division by September 30 of each year a report on the North Carolina Transportation Museum Fund that shall include the source and amount of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

TRYON PALACE FUNDS

SECTION 14.1A.(a) G.S. 121-20 reads as rewritten:

"**§ 121-20. Commission to receive and expend funds donated or made available for restoration of Tryon's Palace; Commission to acquire and sell artifacts for Tryon's Palace.**

…

(c) Funds (i) received by the Commission from donations, devises, or grants of cash or securities or (ii) generated from the sale of deaccessed or unaccessed artifacts and furnishings in accordance with subsection (b) of this section are hereby appropriated for the purposes set forth in this section or in the terms of the donation, devise, or grant and shall require no further act of the General Assembly in order to be expended by the Commission. These expenditures must follow the applicable procedures and requirements set forth in this section.

(d) Beginning September 30, 2022, and annually thereafter, the Commission shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division of all funds held by the Commission. This report shall include an itemized accounting of all cash, cash equivalents, and other securities held by the Commission outside of the State Treasury that includes (i) the amount and source of the funds and any restrictions on their use, (ii) beginning and ending cash balances and value of cash equivalents and securities for the prior fiscal year for each account, and (iii) itemized revenues and expenditures for the prior fiscal year."

SECTION 14.1A.(b) This section is effective when it becomes law and applies to funds described by G.S. 121-20(c), as enacted by this section, already held by the Commission, as well as to future donations, devises, or grants.

U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING CONFORMING CHANGE AND DNCR ATTRACTION RULEMAKING EXEMPTIONS

SECTION 14.2.(a) G.S. 143B-73 reads as rewritten:

"**§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

There is hereby created the U.S.S. North Carolina Battleship Commission of the Department of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out the provisions and purposes of this ~~Part.~~Part, including the following:

(1) The U.S.S. North Carolina Battleship Commission is authorized and empowered to adopt such rules ~~and regulations~~ not inconsistent with the

management responsibilities of the Secretary of the Department provided by Chapter 143A of the General Statutes and laws of this State and this Chapter that may be necessary and desirable for the operation and maintenance of the U.S.S. North Carolina as a permanent memorial and exhibit commemorating the heroic participation of the men and women of North Carolina in the prosecution and victory of the Second World War and for the faithful performance and fulfillment of its duties and obligations.

(2) The U.S.S. North Carolina Battleship Commission shall have the power and duty to charge reasonable admission and related activity fees for admission to the ship and to establish standards and adopt rules ~~and regulations: (i) establishing and providing for a proper charge for admission to the ship; and (ii)~~ for the maintenance and operation of the ship as a permanent memorial and exhibit.

(3) The Commission shall adopt rules ~~and regulations~~ consistent with the provisions of this Chapter. The Commission is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission fees or related activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on the amount and purpose of a fee change within 30 days following its effective date.~~"

SECTION 14.2.(b) G.S. 150B-1(d) reads as rewritten:

"**§ 150B-1. Policy and scope.**

…

(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

…

(23) The Department of Natural and Cultural Resources with respect to operating hours, admission ~~fees~~ fees, or related activity fees at historic sites and museums pursuant to G.S. 121-7.3.

(24) Tryon Palace Commission with respect to operating hours, admission ~~fees~~ fees, or related activity fees pursuant to G.S. 143B-71.

(25) U.S.S. Battleship Commission with respect to operating hours, admission ~~fees~~ fees, or related activity fees pursuant to G.S. 143B-73.

…."

ADD MARKETING AS PERMISSIBLE USE OF ZOO AND AQUARIUM FUNDS

SECTION 14.3.(a) G.S. 143B-135.188(b) reads as rewritten:

"(b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund. The North Carolina Aquariums Fund shall be used for the following purposes with respect to the aquariums and the pier operated by the Division of North Carolina Aquariums:

(1) Repair, renovation, expansion, maintenance, and educational exhibit construction. Funds used for repair, renovation, and expansion projects may be transferred to a capital projects fund to account for use of the funds for each project.

(2) Payment of the debt service and lease payments related to the financing of facility expansions, subject to G.S. 143B-135.190.

(3) Matching of private funds that are raised for these purposes.

(4) Marketing the North Carolina Aquariums."

SECTION 14.3.(b) G.S. 143B-135.209(a) reads as rewritten:

"(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina Zoo Fund shall be used for the following types of projects and activities at the North Carolina Zoological Park and to match private funds raised for these ~~types of projects:~~projects and activities:

(1) Repair, renovation, expansion, maintenance, and educational exhibit construction. Funds used for repair, renovation, and expansion projects may be transferred to a capital projects fund to account for use of the funds for each project.

(2) Renovations of exhibits in habitat clusters, visitor services facilities, and support facilities (including greenhouses and temporary animal holding areas).

(3) The acquisition, maintenance, or replacement of tram equipment as required to maintain adequate service to the public.

(4) Marketing the North Carolina Zoological Park."

INCREASE REPAIR AND RENOVATION PROJECT SPENDING CAP

SECTION 14.3A.(a) G.S. 143B-135.188(d) reads as rewritten:

"(d) Approval. – The Secretary may approve the use of the North Carolina Aquariums Fund for repair and renovation projects at the aquariums-related facilities that comply with the following:

(1) The total project cost is less than ~~three hundred thousand dollars ($300,000).~~five hundred thousand dollars ($500,000).

…."

SECTION 14.3A.(b) G.S. 143B-135.209(c) reads as rewritten:

"(c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for repair and renovation projects at the North Carolina Zoological Park recommended by the Council that comply with the following:

(1) The total project cost is less than ~~three hundred thousand dollars ($300,000).~~five hundred thousand dollars ($500,000).

…."

NC TRANSPORTATION MUSEUM ROLLING STOCK

SECTION 14.3B. No later than June 30, 2022, and notwithstanding Part 1 of Article 3A of Chapter 143 of the General Statutes, the Department of Natural and Cultural Resources shall transfer to the North Carolina Transportation Museum Foundation any ownership interest in the caboose marked RNCX 400500 currently located at the North Carolina Transportation Museum.

SYMPHONY CHALLENGE GRANT

SECTION 14.6.(a) Of the funds appropriated in this act to the Office of State Budget and Management – Special Appropriations, the sum of two million dollars ($2,000,000) in recurring funds for each year of the 2021-2023 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 five million dollars ($5,000,000) in non-State funds for the 2021-2022 fiscal year and five million dollars ($5,000,000) in non-State funds for the 2022-2023 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 14.6.(b) For the 2021-2022 fiscal year, the North Carolina Symphony shall receive allocations from the Office of State Budget and Management 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 one million dollars ($1,000,000) in non-State funding for a total amount of five million dollars ($5,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2021-2022 fiscal year.

SECTION 14.6.(c) For the 2022-2023 fiscal year, the North Carolina Symphony shall receive allocations from the Office of State Budget and Management 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 one million dollars ($1,000,000) in non-State funding for a total amount of five million dollars ($5,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2022-2023 fiscal year.

SUPPORT FOR NC TRAILS

SECTION 14.7.(a) Fund Created. – The Complete the Trails Fund (CTF) is established as a special fund within the Department of Natural and Cultural Resources. The Fund consists of appropriations or allocations directed by the General Assembly to the Fund, contributions, and grants from public or private sources. The CTF shall be administered by the North Carolina Trails Program within the Division of Parks and Recreation. Funds appropriated in this act to the Department for support of the North Carolina Trails System shall be allocated to the CTF for the purpose of planning, construction, promotion, and maintenance of component trails of the North Carolina Trails System. It is the intent of the General Assembly that, where practicable, these activities be carried out through partnerships with local governments or nonprofit organizations.

SECTION 14.7.(b) Eligible Activities. – Except as otherwise specified, funds distributed under this section may be used for any of the following:

(1) Planning, design, and related environmental assessment or permitting activities for natural surface trails and paddle trail facilities.
(2) Land and easement acquisition for natural surface and paddle trails.
(3) Construction or rehabilitation of natural surface trails, bridges and boardwalks, and trail facilities such as trailheads and camping sites.
(4) Trail signage.
(5) Maintenance activities, including the installation of water bars, relocation of eroded trail segments, and other activities that will mitigate or prevent future erosion or deterioration of trails.
(6) Matching funds for federal grants provided to a local government or nonprofit organization for any of the purposes set forth in this subsection.

SECTION 14.7.(c) Directive. – Wherever possible and appropriate, bridges, boardwalks, signage, and other trail facilities shall follow standard designs and specifications as the Department may specify.

SECTION 14.7.(d) Funding Requirements. – Funds appropriated by this act to the State Capital and Infrastructure Fund and allocated to the Department of Natural and Cultural Resources for the CTF shall be distributed as set forth in this subsection.

(1) Capacity building funds. – The sum of six hundred thousand dollars ($600,000) shall be used for capacity building grants to partner local governments and nonprofit organizations. The Department shall identify partners for activities identified in subsection (b) of this section and enter into Memoranda of Understanding (MOUs) with those partners. Upon signing an MOU with one or more partners for a component of the North Carolina Trails System, the Department shall distribute fifty thousand dollars ($50,000) among the local governments or nonprofit organizations that have signed MOUs for that component. Where there is more than one partner organization for a trail 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. Funds allocated by this subdivision that are not spent or encumbered by June 30, 2023, shall be reallocated at the Department's discretion among the uses described in subdivisions (2) and (5) of this subsection.

(2) Development funds for land-based trails. – The sum of twenty-five million one hundred thousand dollars ($25,100,000) shall be distributed by the Department in accordance with the partner organization MOUs developed under subdivision (1) of this subsection for each component of the State Trail System that is land-based, or has significant land-based components as follows:

a. The Department shall distribute fifteen million one hundred thousand dollars ($15,100,000) to the partner organizations for each land-based trail in proportion to the number of miles of that trail not yet constructed. These funds may be used for any of the purposes described in subsection (b) of this section, provided that no more than fifteen percent (15%) of the funds may be used for the purpose set out in subdivision (b)(1) of this section.

b. The Department shall use ten million dollars ($10,000,000) to provide grants for land or easement acquisition to partner organizations identified as set forth in subdivision (1) of this subsection.

Funds provided under this subdivision will be used only for trail development activities in North Carolina.

(3) Funds for new paddle trails. – The sum of one million twenty-five thousand dollars ($1,025,000) shall be distributed by the Department in equal amounts to the partner organizations for the Roanoke River Paddle Trail authorized by subsection (g) of this section and for the Dan River Trail under the MOUs developed under subdivision (1) of this subsection. With respect to segments of the Dan River Trail that cross the boundary between the State and the Commonwealth of Virginia, the partner organizations for the Dan River Trail may expend trail development funds for the portions of those segments located within the State if the Commonwealth of Virginia or other non-State of North Carolina funding sources provide funding proportionate to the mileage of those segments located in the Commonwealth of Virginia. Trails funded under this subdivision are not eligible for funding under sub-subdivision (2)a. of this

subsection, but may apply for funds under sub-subdivision (2)b. of this subsection.

(4) Development funds for existing paddle trails. – The sum of four hundred twenty-five thousand dollars ($425,000) shall be distributed by the Department in equal amounts to the partners for the Yadkin River Paddle Trail and the French Broad River Paddle Trail. These trails are not eligible for additional funding under subdivision (2) of this subsection.

(5) Funds for connecting trails. – The sum of two million one hundred fifty thousand dollars ($2,150,000) shall be used to provide grants for planning and development of connecting trails to eligible local governments. For purposes of this subdivision, an "eligible local government" is a municipality that is (i) less than 25,000 in population and (ii) is located within 6 miles of an existing or planned segment of a component of the State Trails System. Two-thirds of the funds allocated by this subdivision shall be reserved for municipalities with a population less than 5,000 with no match required. The remaining funds allocated by this subdivision shall be reserved for other eligible local governments and shall be matched dollar for dollar with non-State funds.

(6) Saluda Grade study. – The Department shall use no more than two hundred thousand dollars ($200,000) of the funds allocated by subdivision (5) of this subsection to contract with Conserving Carolina, a nonprofit corporation, to study the feasibility and cost of conversion of the Saluda Grade rail corridor in Polk County to provide a connecting trail from the Ecusta Trail to the French Broad River Paddle Trail. Any funds remaining after completion of the contract shall be used for the purposes described in subdivision (2) of this subsection.

SECTION 14.7.(e) Administrative Expenses. – Of the funds appropriated to the CTF by this act, the Department may use up to one percent (1%) for operating and administrative expenses.

SECTION 14.7.(f) Reports. – The Department shall provide a report no later than March 1, 2022, to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural Resources and the Fiscal Research Division regarding any adjustments to the funding allocations in this section needed to maximize progress toward completion of the State Trails System. The Department shall also report annually as part of the report required by G.S. 143B-135.102 on projects funded during the prior fiscal year. The report shall include a list of projects grouped by State Trail System components and shall also include, at a minimum, the project location, the amount of funding awarded, and project metrics such as feet of trail, number of bridges, other trail facilities, or boardwalks constructed, acres of land acquired, or easements obtained.

SECTION 14.7.(g) Authorize Roanoke River Paddle Trail. – The General Assembly authorizes the Department of Natural and Cultural Resources to add the Roanoke River Paddle Trail in Halifax, Northampton, Bertie, Martin, and Washington Counties 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 facilities on State park lands and on lands of other federal, State, local, and private landowners. On segments of the Roanoke River Paddle Trail that cross or abut 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 State may receive donations of appropriate land and may purchase other needed lands for the Roanoke River Paddle Trail with existing funds in the Land and Water Fund, the Parks and Recreation Trust Fund, the federal Land and Water Conservation Fund, and other available sources of funding.

GRANTS TO ADAPT OR CONSTRUCT PARKS FACILITIES FOR PERSONS WITH DISABILITIES

SECTION 14.8.(a) Grant Purposes. – Funds allocated in this act from the State Capital and Infrastructure Fund to the Parks and Recreation Trust Fund to provide matching grants to local parks facilities for children with disabilities and veterans with disabilities 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 children with disabilities and veterans with disabilities or that enable them to participate in recreational and sporting activities, regardless of their abilities.

SECTION 14.8.(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 14.8.(c) Limitation. – Grants made under this section shall not exceed five hundred thousand dollars ($500,000) per project.

AMERICAN INDIAN HERITAGE COMMISSION

SECTION 14.9.(a) Article 2 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 30A. American Indian Heritage Commission.

"**§ 143B-135.5. American Indian Heritage Commission established.**

(a) Creation and Duties. – There is created the American Indian Heritage Commission in the Department of Natural and Cultural Resources. The Commission shall advise and assist the Secretary of Natural and Cultural Resources in the preservation, interpretation, and promotion of American Indian history, arts, customs, and culture. The Commission shall have the following powers and duties:

(1) Assist in the coordination of American Indian cultural events.

(2) Advise the Secretary of Natural and Cultural Resources on the oversight and management of all State-managed American Indian historic sites.

(3) Promote public awareness of the annual American Indian Heritage Month Celebration.

(4) Encourage American Indian cultural tourism throughout the State of North Carolina.

(5) Advise the Secretary of Natural and Cultural Resources upon any matter the Secretary may refer to it.

(b) Members. – The Commission shall consist of 12 members. The initial board shall be selected on or before February 1, 2022, as follows:

(1) One representative recommended by each of the following tribes: Coharie, Eastern Band of Cherokee Nation, Haliwa-Saponi, Lumbee, Meherrin, Occaneechi Band of the Saponi Nation, Sappony, and Waccamaw-Siouan.

(2) One representative recommended by each of the following organizations: Cumberland County Association for Indian People, Guilford Native American Association, Metrolina Native American Association, and the Triangle Native American Society.

(c) Terms. – The members recommended by the Coharie, Eastern Band of Cherokee Nation, Haliwa-Saponi, and Lumbee Tribes and the members recommended by the Cumberland County Association for Indian People and the Guilford Native American Association shall serve initial terms of two years expiring on June 30, 2023. The members recommended by the Meherrin, Occaneechi Band of the Saponi Nation, Sappony, and Waccamaw-Siouan Tribes and the members recommended by the Metrolina Native American Association and the Triangle Native American Society shall serve initial terms of three years expiring on June 30, 2024. Upon

the expiration of the terms of the initial members of the Commission, each member shall be appointed to terms for three years and shall serve until a successor is appointed.

(d) Vacancies. – A vacancy shall be filled in the same manner as the original appointment. Appointees to fill vacancies shall serve the remainder of the unexpired term and until their successors have been duly appointed and qualified.

(e) Removal. – The Commission may remove a member for misfeasance, malfeasance, nonfeasance, or neglect of duty.

(f) Officers. – The chair shall be elected from among the membership. The Commission shall select its other officers from among the membership as it deems necessary. All officers serve for one year or until successors are qualified.

(g) Meetings; Quorum. – The Commission shall meet at least semiannually to conduct business. The Commission shall establish the procedures for calling, holding, and conducting regular and special meetings. A majority of Commission members shall constitute a quorum. The Department of Natural and Cultural Resources shall provide space for the Commission to meet.

(h) Compensation. – The Commission members shall receive no salary as a result of serving on the Commission but shall receive per diem, subsistence, and travel expenses in accordance with the provisions of G.S. 138-5 and G.S. 138-6, as applicable.

(i) Staffing. – The Secretary of the Department of Natural and Cultural Resources shall be responsible for staffing the Commission."

SECTION 14.9.(b) This section is effective when it becomes law.

AUTHORIZE BAKERS LAKE STATE NATURAL AREA

SECTION 14.10.(a) The General Assembly authorizes the Department of Natural and Cultural Resources to add Bakers Lake State Natural Area in Bladen County to the State Parks System, as provided in G.S. 143B-135.54(b). 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 for the Bakers Lake State Natural Area with existing funds in the Land and Water Fund, the Parks and Recreation Trust Fund, the federal Land and Water Conservation Fund, and other available sources of funding.

SECTION 14.10.(b) This section is effective when it becomes law.

SCIENCE MUSEUM GRANTS

SECTION 14.12. The maximum grant amounts set forth in G.S. 143B-135.227(b1) shall not apply to the nonrecurring funds appropriated by this act to the Department of Natural and Cultural Resources for the 2021-2023 fiscal biennium for Science Museum grants and allocated as provided in the Committee Report described in Section 42.2 of this act.

LAND AND WATER FUND PROJECT

SECTION 14.13. Of the funds appropriated by this act to the North Carolina Land and Water Fund for grants, the sum of four million dollars ($4,000,000) for fiscal year 2021-2022 is allocated to Surry County for the Surry Community College stormwater and watershed restoration project.

PART XV. WILDLIFE RESOURCES COMMISSION

ABANDONED AND DERELICT VESSELS

SECTION 15.1.(a) Funds appropriated in this act to the Wildlife Resources Commission and allocated for removal of abandoned and derelict vessels shall be used by the

Commission in the manner set forth in subdivision (10) of Section 2.1 of S.L. 2019-224, as amended by Section 4 of S.L. 2020-74.

SECTION 15.1.(b) The Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources shall assess the problem of abandoned and derelict vessels in the waters of the State and upon the lands of the State and determine measures needed (i) to facilitate the identification of owners or other responsible persons for abandoned or derelict vessels for the purpose of requiring those persons to take responsibility for their vessels and (ii) in cases where no responsible owner may be found, to provide the State with adequate authority and funding to expeditiously remove or otherwise dispose of the abandoned and derelict vessels. In its study, the Committee shall also consider the efficacy and need for new or revised insurance requirements for private vessel owners and for enhancement to civil or criminal remedies with respect to owners of abandoned or derelict vessels. The Committee shall provide its report to the 2022 Regular Session of the 2021 General Assembly upon its convening.

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, 2021, for the purchase or repair of office or information technology equipment during the 2021-2022 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2022, for the purchase or repair of office or information technology equipment during the 2022-2023 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 PILOT PROJECT

SECTION 16.2.(a) Notwithstanding the minimum staffing number in G.S. 7A-133(c), 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.

SECTION 16.2.(b) The Administrative Office of the Courts shall report by March 1, 2022, 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 all hires made pursuant to subsection (a) of this section.

DISTRICT ATTORNEYS/NO TRANSFER OF FUNDS

SECTION 16.3. No Transfer of Funds. – For each year of the 2021-2023 fiscal biennium, no funds may be transferred from Fund Code 12000-1600 (Office – District Attorney) without the consent of the Conference of District Attorneys as communicated by the Conference's Executive Director to the Administrative Office of the Courts.

WAIVE EXPUNCTION COSTS FOR VICTIMS OF HUMAN TRAFFICKING

SECTION 16.4.(a) G.S. 15A-145.9 is amended by adding a new subsection to read:

"(k) Costs Waived. – The costs of expunging the records shall not be taxed against the petitioner."

SECTION 16.4.(b) This section becomes effective December 1, 2021, and applies to expunction costs incurred on or after that date.

ESTABLISH JUDICIALLY MANAGED ACCOUNTABILITY AND RECOVERY COURTS

SECTION 16.5.(a) Subchapter XIV of Chapter 7A of the General Statutes reads as rewritten:

"**SUBCHAPTER XIV. ~~DRUG TREATMENT COURTS.~~ACCOUNTABILITY AND RECOVERY COURTS.**

"Article 62.

"~~North Carolina Drug Treatment Court Act.~~Judicially Managed Accountability and Recovery Court Act.

"**§ 7A-790. Short title.**

This Article shall be known and may be cited as the ~~"North Carolina Drug Treatment Court Act of 1995".~~"Judicially Managed Accountability and Recovery Court Act of 2021."

"**§ 7A-791. Purpose.**

The General Assembly recognizes that a critical need exists in this State for judicial programs that will reduce the incidence of alcohol and other ~~drug~~ substance abuse or dependence and crimes, including the offense of driving while impaired, delinquent acts, and child abuse and neglect committed as a result of alcohol and other ~~drug~~ substance abuse or ~~dependence, and~~ dependence; child abuse and neglect where alcohol and other ~~drug~~ substance abuse or dependence are significant factors in the child abuse and ~~neglect.~~ neglect; and offenses, delinquent acts, and child abuse and neglect where mental, behavioral, or medical health is a significant factor in commission of the offense or act. It is the intent of the General Assembly by this Article to create a program to facilitate the creation and operation of ~~local drug treatment court programs and driving while impaired (DWI) treatment court programs.~~judicially managed accountability and recovery courts.

"**§ 7A-792. Goals.**

The goals of the ~~drug treatment court programs~~ judicially managed accountability and recovery courts funded under this Article include the following:

(1) To reduce alcoholism and other ~~drug~~ substance abuse and dependencies among adult and juvenile offenders and defendants and among respondents in juvenile petitions for abuse, neglect, or both;

(2) To reduce criminal and delinquent recidivism and the incidence of child abuse and neglect;

(3) To reduce the alcohol-related and other ~~drug-related~~ substance-related court workload;

(3a) To reduce the mental, behavioral, or medical health-related court workload;

(4) To increase the personal, familial, and societal accountability of adult and juvenile offenders and defendants and respondents in juvenile petitions for abuse, neglect, or both; and

(5) To promote effective ~~interaction and~~ interaction, collaboration, coordination, and use of resources among criminal and juvenile justice personnel, child protective services personnel, and community agencies.

"**§ 7A-793. Establishment of Program.**

The North Carolina ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery Court Program is established in the Administrative Office of the Courts to facilitate the ~~creation~~ creation, administration, and funding of local ~~drug treatment court programs.~~ judicially managed accountability and recovery courts. The Director of the Administrative Office of the Courts shall provide any necessary staff for planning, organizing, and administering the program. Local drug treatment court programs funded pursuant to this Article shall be operated consistently with the guidelines adopted pursuant to G.S. 7A-795. Local ~~drug treatment court programs~~ judicially managed accountability and recovery courts established and funded pursuant to this Article may

consist of ~~adult drug treatment court programs, juvenile drug treatment court programs, family drug treatment court programs, or any combination of these programs.~~programs approved by the Administrative Office of the Courts. With the consent of either the chief district court judge or the senior resident superior court judge, a judicially managed accountability and recovery court may be established.

"**§ 7A-794. Fund administration.**

~~The Drug Treatment Court Program Fund is created in the Administrative Office of the Courts and is administered by the Director of the Administrative Office of the Courts in consultation with the State Drug Treatment Court Advisory Committee.~~The Administrative Office of the Courts shall administer funding related to the North Carolina Judicially Managed Accountability and Recovery Court Program.

"**§ 7A-795. State ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery Court Advisory Committee.**

The State ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery Court Advisory Committee is established to develop and recommend to the Director of the Administrative Office of the Courts guidelines for the ~~drug treatment court~~ judicially managed accountability and recovery court program and to monitor local ~~programs~~ courts wherever they are ~~implemented.~~ implemented and administered. The Committee shall be chaired by the Director or the Director's designee and shall consist of not less than seven members appointed by the Director and broadly representative of the courts, law enforcement, corrections, juvenile justice, child protective services, and substance abuse treatment communities. In developing guidelines, the Advisory Committee shall ~~consider the Substance Abuse and the Courts Action Plan and other recommendations of the Substance Abuse and the Courts State Task Force.~~provide minimum standards of judicially managed accountability and recovery courts.

"**§ 7A-796. Local ~~drug treatment court management~~ judicially managed accountability and recovery court committee.**

Each judicial district choosing to establish a ~~drug treatment court~~ judicially managed accountability and recovery court shall form a local ~~drug treatment court management~~ judicially managed accountability and recovery court committee, which shall be comprised to assure representation appropriate to the type or types of ~~drug treatment court~~ 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:

(1) A judge of the superior court;
(2) A judge of the district court;
(3) A district attorney or assistant district attorney;
(4) A public defender or assistant public defender in judicial districts served by a public ~~defender;~~defender, a member of the private criminal defense bar, or a member of the private bar who represents respondents in department of social services juvenile matters;
(5) An attorney representing a county department of social ~~services~~ services, the director or director's designee of the child welfare services division of a county department of social services, or a representative of the guardian ad litem from within the district;
~~(6) A representative of the guardian ad litem;~~
~~(7) A member of the private criminal defense bar;~~
~~(8) A member of the private bar who represents respondents in department of social services juvenile matters;~~
(9) A clerk of superior court;
~~(10) The trial court administrator in judicial districts served by a trial court administrator;~~

~~(11) The director or member of the child welfare services division of a county department of social services within the district;~~
(12) The chief juvenile court counselor for the district;
(13) A probation officer;
(13a) The sheriff or sheriff's designee;
(14) A local law enforcement officer;
(15) A representative of the local school administrative unit;
(16) A representative of the local community ~~college;~~college or other adjacent secondary educational institution with a school of social work;
(17) A representative of the treatment providers;
(18) A representative of the area mental health ~~program;~~entity managed care organization;
(19) Any local ~~drug treatment~~ recovery court coordinator; and
(20) Any other persons selected by the local management committee.

The local ~~drug treatment court management~~ judicially managed accountability and recovery court committee shall develop local guidelines and procedures, not inconsistent with the State ~~guidelines,~~ guidelines and minimum standards, that are necessary for the operation and evaluation of the local ~~drug treatment court.~~judicially managed accountability and recovery court.

"**§ 7A-797. Eligible population; drug treatment court procedures.**

The Director of the Administrative Office of the Courts, in conjunction with the State ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery Court Advisory Committee, shall develop criteria for ~~eligibility~~ eligibility, minimum standards, and other procedural and substantive guidelines for ~~drug treatment court~~ judicially managed accountability and recovery court operation.

…

"**§ 7A-799. Treatment not guaranteed.**

Nothing contained in this Article shall confer a right or an expectation of a right to treatment or recovery management for a defendant or offender within the criminal or juvenile justice system or a respondent in a juvenile petition for abuse, neglect, or both.

"**§ 7A-800. Payment of costs of treatment program.**

Each defendant, offender, or respondent in a juvenile petition for abuse, neglect, or both, who receives treatment under a local ~~drug treatment court program~~ judicially managed accountability and recovery court shall contribute to the cost of the alcohol and other ~~drug~~ substance abuse or dependency treatment received in the ~~drug treatment court program,~~ judicially managed accountability and recovery court, based upon guidelines developed by the local ~~drug treatment court management~~ judicially managed accountability and recovery court committee.

"**§ 7A-801. Monitoring and annual report.**

The Administrative Office of the Courts shall monitor all State-recognized and funded local ~~drug treatment~~ judicially managed accountability and recovery courts, prepare an annual report on the implementation, operation, and effectiveness of the statewide ~~drug treatment court~~ judicially managed accountability and recovery court program, and submit the report to the General Assembly by March 1 of each year. Each ~~local drug treatment court program~~ judicially managed accountability and recovery court shall submit evaluation reports to the Administrative Office of the Courts as requested.

"**§ 7A-802. Exemption from Article.**

This Article does not apply to drug treatment courts or judicially managed accountability and recovery courts in existence on or before December 1, 2021, to the extent that compliance with this Article would disqualify the court for grant funding provided by the National Association of Drug Court Professionals."

SECTION 16.5.(b) Pilot Program. – The Administrative Office of the Courts, in coordination with the District Attorney's Offices in Cumberland County, Harnett County, Haywood County, Onslow County, Pitt County, Robeson County, and Wayne County shall establish a pilot program in each 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 each accountability and recovery court are 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 courts established in this subsection in Cumberland County and Onslow County shall prioritize participation of offenders that are veterans of the United States Armed Forces.

SECTION 16.5.(c) Report. – The Administrative Office of the Courts shall report to the Joint Legislative Oversight Committee on Justice and Public Safety on the results of these pilot programs no later than February 1 of each year following a year in which a pilot program receives funding from the State.

SECTION 16.5.(d) Policy. – It is the intent of the General Assembly that appropriations made to aid Cumberland County, Harnett County, Haywood County, Onslow County, Pitt County, Robeson County, and Wayne County in the original creation and operation of each county's judicially managed accountability and recovery court will not continue beyond the 2022-2023 fiscal year but will instead be replaced by local expenditures, grants, and other available funding sources.

SECTION 16.5.(e) This section becomes effective January 1, 2022.

APPOINTED DISTRICT COURT JUDGES SHALL RUN IN NEXT GENERAL ELECTION

SECTION 16.6.(a) G.S. 7A-142 reads as rewritten:

"**§ 7A-142. Vacancies in office.**

(a) A vacancy in the office of district judge occurring for causes other than expiration of term shall be filled ~~for the unexpired term~~ by appointment of the ~~Governor. The~~ Governor, as provided in this section.

(b) An appointee shall hold office until January 1 next following the election for members of the General Assembly that is held more than 60 days after the vacancy occurs, at which time an election shall be held to fill the unexpired term of office. Provided, that when the unexpired term of the office in which the vacancy has occurred expires on the first day of January succeeding the next election for members of the General Assembly, the Governor shall appoint to fill the vacancy for the unexpired term of office.

(c) Prior to the appointment, the bar of the judicial district, as defined in G.S. 84-19, shall nominate five persons who are residents of the judicial district who are duly authorized to practice law in the district for consideration by the Governor. The nominees shall be selected by vote of only those bar members who reside in the district. In the event fewer than five persons are nominated, upon providing the nominations to the Governor, the bar shall certify that there were insufficient nominations in the district to comply with this section. Prior to filling the vacancy, the Governor shall give due consideration to the nominations provided by the bar of the judicial district."

SECTION 16.6.(b) This section is effective when it becomes law and applies to appointments made on or after that date.

MODIFY DISTRICT COURT JUDGE NUMBERS, DISTRICTS, AND RESIDENCY REQUIREMENTS AND ADD MAGISTRATES TO VARIOUS COUNTIES

SECTION 16.7.(a) 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
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates
		Pasquotank
		Perquimans
2	4	Martin
		Beaufort
		Tyrrell
		Hyde
		Washington
3A	6	Pitt
3B	6	Craven
		Pamlico
		Carteret
4	9	Sampson
		Duplin
		Jones
		Onslow
5	9	New Hanover
		Pender
6	4	Northampton
		Bertie
		Hertford
		Halifax
7	7	Nash
		Edgecombe
		Wilson
8	6	Wayne
		Greene
		Lenoir
9	5	Granville
		(part of Vance see subsection (b))
		Franklin
		Person
9B	2	Warren
		(part of Vance see subsection (b))
10A	3	(part of Wake see subsection (b))
10B	3	(part of Wake see subsection (b))

10C	3	(part of Wake see subsection (b))
10D	5	(part of Wake see subsection (b))
10E	3	(part of Wake see subsection (b))
10F	3	(part of Wake see subsection (b))
11	11	Harnett Johnston Lee
12	10	Cumberland
13	~~6~~7	Bladen Brunswick Columbus
14	7	Durham
15A	4	Alamance
15B	5	Orange Chatham
16A	4	Scotland Anson Richmond
16B	6	Robeson
17A	4	Caswell Rockingham
17B	4	Stokes Surry
18	14	Guilford
19A	6	Cabarrus
19B	5	Randolph
19C	5	Rowan
19D	~~4~~5	Hoke Moore
20A	3	Montgomery Stanly
20B	1	(part of Union see subsection (b))
20C	2	(part of Union see subsection (b))
20D	2	Union
21	11	Forsyth
22A	6	Alexander Iredell
22B	6	Davidson Davie
23	4	Alleghany Ashe Wilkes Yadkin

24	4	Avery Madison Mitchell Watauga Yancey
25	10	Burke Caldwell Catawba
26	21	Mecklenburg
27A	7	Gaston
27B	6	Cleveland Lincoln
28	7	Buncombe
29A	4	McDowell Rutherford
29B	4<u>5</u>	Henderson Polk Transylvania
30	6	Cherokee Clay Graham Haywood Jackson Macon Swain.

…

(b2) The qualified voters of District Court District 13 shall elect all ~~six~~ <u>seven</u> 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 ~~three~~ <u>four</u> of those judgeships. These district court judgeships shall be numbered and assigned for residency purposes as follows:

…

<u>(7) Seat number seven, established for residents of Brunswick County by this section, shall be the seat created on January 1, 2023.</u>

…

<u>(b8) The qualified voters of District Court District 19D shall elect all judges established for District 19D 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.</u>

…."

SECTION 16.7.(b) G.S. 7A-133, as amended by subsection (a) 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:

<u>District</u>	<u>Judges</u>	<u>County</u>
1	5	Camden Chowan Currituck

		Dare Gates Pasquotank Perquimans
2	4	Martin Beaufort Tyrrell Hyde Washington
3A	6	Pitt
3B	6	Craven Pamlico Carteret
4	9	Sampson Duplin Jones Onslow
5	9	New Hanover Pender
6	4	Northampton Bertie Hertford Halifax
7	7	Nash Edgecombe Wilson
8	6	Wayne Greene Lenoir
9	5	Granville (part of Vance see subsection (b)) Franklin Person
9B	2	Warren (part of Vance see subsection (b))
10A	3	(part of Wake see subsection (b))
10B	3	(part of Wake see subsection (b))
10C	3	(part of Wake see subsection (b))
10D	5	(part of Wake see subsection (b))
10E	3	(part of Wake see subsection (b))
10F	3	(part of Wake see subsection (b))
11	11	Harnett

		Johnston
		Lee
12	10	Cumberland
13	7	Bladen
		Brunswick
		Columbus
14	7	Durham
15A	4	Alamance
15B	5	Orange
		Chatham
16A	4	Scotland
		Anson
		Richmond
16B	6	Robeson
17A	4	Caswell
		Rockingham
17B	4	Stokes
		Surry
18	14	Guilford
19A	6	Cabarrus
19B	5	Randolph
19C	5	Rowan
19D	5	Hoke
		Moore
20A	3	Montgomery
		Stanly
~~20B~~	~~1~~	~~(part of Union see subsection (b))~~
~~20C~~	~~2~~	~~(part of Union see subsection (b))~~
~~20D~~20B	~~2~~5	Union
21	11	Forsyth
22A	6	Alexander
		Iredell
22B	6	Davidson
		Davie
23	4	Alleghany
		Ashe
		Wilkes
		Yadkin
24	4	Avery
		Madison
		Mitchell
		Watauga
		Yancey
25	10	Burke
		Caldwell
		Catawba
26	21	Mecklenburg

27A	7	Gaston
27B	6	Cleveland Lincoln
28	7	Buncombe
29A	4	McDowell Rutherford
29B	5	Henderson Polk Transylvania
30	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:

…

~~(3) District Court District 20C consists of the remainder of Union County not in District Court District 20B.~~

~~(4) District Court District 20B 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.

…."

SECTION 16.7.(c) 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
Camden	3	
Chowan	3	
Currituck	3	
Dare	~~4~~5	
Gates	2	
Pasquotank	4	
Perquimans	~~3~~4	
Martin	3	
Beaufort	4	
Tyrrell	3	
Hyde	3.5	
Washington	3	
Pitt	~~10.5~~11.5	Farmville Ayden
Craven	8	Havelock
Pamlico	3	
Carteret	6	
Sampson	5	
Duplin	4	
Jones	2	
Onslow	11	
New Hanover	~~11~~12	
Pender	~~3.8~~4.8	
Halifax	7	Roanoke Rapids, Scotland Neck
Northampton	3	
Bertie	3	
Hertford	3	
Nash	9	Rocky Mount
Edgecombe	7	Rocky Mount
Wilson	7	
Wayne	9	Mount Olive
Greene	3	
Lenoir	7	La Grange
Granville	5	

Vance	6	
Warren	3	
Franklin	4	
Person	4	
Caswell	3	
Wake	18.5	Apex, Wendell, Fuquay-Varina, Wake Forest
Harnett	8	Dunn
Johnston	10	Benson, Clayton, Selma
Lee	5	
Cumberland	19	
Bladen	3	
Brunswick	8	
Columbus	5	Tabor City
Durham	13	
Alamance	12	Burlington
Orange	7	Chapel Hill
Chatham	4	Siler City
Scotland	5	
Hoke	3	
Robeson	12	Fairmont, Maxton, Pembroke, Red Springs, Rowland, St. Pauls
Rockingham	7	Reidsville, Eden, Madison
Stokes	3	
Surry	6	Mt. Airy
Guilford	~~24.4~~25.4	High Point
Cabarrus	9	Kannapolis
Montgomery	3	
Randolph	9	Liberty
Rowan	9	
Stanly	5	
Union	~~7~~9	
Anson	3	
Richmond	5	Hamlet
Moore	~~5~~6	Southern Pines
Forsyth	~~15~~16	Kernersville
Alexander	3	
Davidson	~~8~~9	Thomasville
Davie	3	
Iredell	9	Mooresville
Alleghany	2	

Ashe	3	
Wilkes	6	
Yadkin	3	
Avery	3	
Madison	3	
Mitchell	3	
Watauga	4	
Yancey	3	
Burke	5.6	
Caldwell	6	
Catawba	10	Hickory
Mecklenburg	26.50	
Gaston	17	
Cleveland	7	
Lincoln	5	
Buncombe	15	
Henderson	6.5	
McDowell	3	
Polk	3	
Rutherford	6	
Transylvania	3	
Cherokee	3	
Clay	2	
Graham	2	
Haywood	5	Canton
Jackson	3	
Macon	3	
Swain	3."	

SECTION 16.7.(d) The Hoke County judicial residency requirement for District Court District 19D created in subsection (a) of this section shall apply to the judgeship added to District Court District 19D in subsection (a) of this section.

SECTION 16.7.(e) Subsections (a) and (d) of this section become effective January 1, 2023, and elections conducted in 2022 shall be held accordingly. Subsection (c) of this section becomes effective January 1, 2022. Subsection (b) of this section becomes effective January 1, 2025, and elections conducted in 2024 shall be held accordingly. The remainder of this section is effective when it becomes law.

ADD SUPERIOR COURT JUDGES TO CERTAIN DISTRICTS

SECTION 16.7A.(a) G.S. 7A-41(a) 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	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank,	2

		Perquimans	
First	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
First	3A	Pitt	2
Second	3B	Carteret, Craven, Pamlico	3
Second	4	Duplin, Jones, Onslow, Sampson	2
Second	5A	(part of New Hanover, Pender see subsection (b))	1 5
	5B	(part of New Hanover, see subsection (b))	1
	5C	(part of New Hanover, see subsection (b))	1
First	6A	Halifax	1
First	6B	Bertie, Hertford, Northampton	1
First	7A	Nash	1
First	7B	(part of Wilson, part of Edgecombe, see subsection (b))	1
First	7C	(part of Wilson, part of Edgecombe, see subsection (b))	1
Second	8A	Lenoir and Greene	1
Second	8B	Wayne	1
First	9	Franklin, Granville, Person, Vance, Warren	2
Third	10A	(part of Wake, see subsection (b))	1
Third	10B	(part of Wake, see subsection (b))	1
Third	10C	(part of Wake, see subsection (b))	1
Third	10D	(part of Wake, see subsection (b))	1
Third	10E	(part of Wake, see subsection (b))	1
Third	10F	(part of Wake, see subsection (b))	1
Third	11A	Harnett, Lee	1
Third	11B	Johnston	~~1~~2
Third	12A	(part of Cumberland, see subsection (b))	1
Third	12B	(part of Cumberland, see subsection (b))	1
Third	12C	(part of Cumberland, see subsection (b))	2

Second	13A	Bladen, Columbus	1
Second	13B	Brunswick	1
First	14A	(part of Durham, see subsection (b))	1
First	14B	(part of Durham, see subsection (b))	3
Third	15A	Alamance	2
Fourth	15B	Orange, Chatham	2
Third	16A	Anson, Richmond, Scotland	2
Second	16B	Robeson	2
Fourth	17A	Caswell, Rockingham	2
Fourth	17B	Stokes, Surry	1
Fourth	18A	(part of Guilford, see subsection (b))	1
Fourth	18B	(part of Guilford, see subsection (b))	1
Fourth	18C	(part of Guilford, see subsection (b))	1
Fourth	18D	(part of Guilford, see subsection (b))	1
Fourth	18E	(part of Guilford, see subsection (b))	1
Fourth	19A	Cabarrus	1
Third	19B	Randolph	2
Fourth	19C	Rowan	1
Third	19D	Hoke, Moore	2
Third	20A	Montgomery, Stanly	2
Third	20B	Union	2
Fourth	21A	(part of Forsyth, see subsection (b))	1
Fourth	21B	(part of Forsyth, see subsection (b))	~~1~~2
Fourth	21C	(part of Forsyth, see subsection (b))	1
Fourth	21D	(part of Forsyth, see subsection (b))	1
Fourth	22A	Alexander, Iredell	2
Fourth	22B	Davidson, Davie	2
Fourth	23	Alleghany, Ashe, Wilkes, Yadkin	1
Fifth	24	Avery, Madison, Mitchell, Watauga, Yancey	2
Fifth	25A	Burke, Caldwell	2
Fifth	25B	Catawba	2
Fifth	26A	(part of Mecklenburg, see subsection (b))	1
Fifth	26B	(part of Mecklenburg, see subsection (b))	1
Fifth	26C	(part of Mecklenburg,	1

		see subsection (b))	
	26D	(part of Mecklenburg, see subsection (b))	1
	26E	(part of Mecklenburg, see subsection (b))	1
	26F	(part of Mecklenburg, see subsection (b))	1
	26G	(part of Mecklenburg, see subsection (b))	1
	26H	(part of Mecklenburg, see subsection (b))	1
Fifth	27A	Gaston	2
Fifth	27B	Cleveland, Lincoln	2
Fifth	28	Buncombe	2
Fifth	29A	McDowell, Rutherford	1
Fifth	29B	Henderson, Polk, Transylvania	1
Fifth	30A	Cherokee, Clay, Graham, Macon, Swain	1
Fifth	30B	Haywood, Jackson	1."

SECTION 16.7A.(b) This section becomes effective January 1, 2023, and elections conducted in 2022 shall be held accordingly.

REQUEST INCREASE OF BUSINESS COURT JUDGE DESIGNATIONS

SECTION 16.7B.(a) G.S. 7A-45.1(a11) reads as rewritten:

"(a11) The Chief Justice is requested, pursuant to the authority under G.S. 7A-45.3 to designate business court judges, to maintain at least ~~five~~ six business court judgeships from among the special superior court judgeships authorized under this section."

SECTION 16.7B.(b) The Chief Justice is requested, pursuant to the authority under Section 11 of Article IV of the North Carolina Constitution to make assignments of judges of the Superior Court, to assign a duly designated business court judge to preside in Wake County in the business court courtroom funded by this act.

SECTION 16.7B.(c) This section is effective when it becomes law.

MODIFY ASSISTANT DISTRICT ATTORNEY ALLOCATION

SECTION 16.8.(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	*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	~~12~~14
4	Carteret, Craven, Pamlico	~~13~~14

5	Duplin, Jones, Onslow, Sampson	20
6	New Hanover, Pender	20
7	Bertie, Halifax, Hertford, Northampton	11
8	Edgecombe, Nash, Wilson	~~19~~21
9	Greene, Lenoir, Wayne	~~15~~16
10	Wake	~~42~~43
11	Franklin, Granville, Person Vance, Warren	~~15~~17
12	Harnett, Lee	12
13	Johnston	~~11~~13
14	Cumberland	25
15	Bladen, Brunswick, Columbus	15
16	Durham	18
17	Alamance	12
18	Orange, Chatham	10
20	Robeson	13
21	Anson, Richmond, Scotland	~~9~~11
22	Caswell, Rockingham	9
23	Stokes, Surry	8
24	Guilford	~~35~~39
25	Cabarrus	10
26	Mecklenburg	58
27	Rowan	9
29	Hoke, Moore	9
28	Montgomery, Stanly	6
30	Union	11
31	Forsyth	27
32	Alexander, Iredell	~~13~~14
33	Davidson, Davie	~~12~~13
34	Alleghany, Ashe, Wilkes, Yadkin	9
35	Avery, Madison, Mitchell, Watauga, Yancey	8
36	Burke, Caldwell, Catawba	~~20~~21
37	Randolph	10
38	Gaston	~~16~~18
39	Cleveland, Lincoln	13
40	Buncombe	14
41	McDowell, Rutherford	8
42	Henderson, Polk, Transylvania	~~9~~10
43	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	~~13~~14

SECTION 16.8.(b) This section becomes effective January 1, 2022.

TECHNICAL CORRECTION OF CONFLICTING LANGUAGE REGARDING CONTINUANCES IN COURT CASES

SECTION 16.9.(a) Section 2 of S.L. 2020-72 is repealed.

SECTION 16.9.(b) This section is effective when it becomes law.

JUDICIAL DEPARTMENT/USE OF OUTSIDE COUNSEL

SECTION 16.10.(a) G.S. 7A-343 is amended by adding a new subdivision to read:

"(17) Review requests for private counsel for the defense of a Judicial Department official or employee. The Director may approve the expenditure of lapsed salary savings to retain private counsel to provide litigation services for the defense of an official or employee of the Judicial Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services. For purposes of this subdivision, the terms "litigation services" and "private counsel" are as defined in G.S. 147-17 and G.S. 114-2.3."

SECTION 16.10.(b) G.S. 143C-6-9(b) reads as rewritten:

"(b) Lapsed salary savings shall not be used to pay for litigation services provided by private counsel. As used in this subsection, litigation services and private counsel are as defined in G.S. 147-17(c1) and G.S. 114-2.3(d). This subsection does not apply to litigation services provided by private counsel retained by the Judicial Department for the defense of an official or employee of the Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services."

SECTION 16.10.(c) G.S. 114-2.3(a) reads as rewritten:

"(a) Every agency, institution, department, bureau, board, or commission of the State, authorized by law to retain private counsel, shall obtain written permission from the Attorney General prior to employing private counsel. This section does not apply to counties, cities, towns, other municipal corporations or political subdivisions of the State, or any agencies of these municipal corporations or political subdivisions, or to county or city boards of education. This subsection does not apply to private counsel retained by the Judicial Department for the defense of an official or employee of the Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services."

SECTION 16.10.(d) G.S. 147-17(a) reads as rewritten:

"(a) No department, officer, agency, institution, commission, bureau or other organized activity of the State which receives support in whole or in part from the State shall employ private counsel, except with the approval of the Governor. The Governor shall give his approval only if the Attorney General has advised him, as provided in subsection (b) of this section, that it is impracticable for the Attorney General to render the legal services. In any case or proceeding, civil or criminal, in or before any court or agency of this State or any other state or the United States, or in any other matter in which the State of North Carolina is interested, the Governor may employ private counsel as he may deem proper or necessary to represent the interest of the State, and may fix the compensation for their services, subject to the provisions of subsection (c1) of this section. This subsection does not apply to private counsel retained by the Judicial Department for the defense of an official or employee of the Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services."

SECTION 16.10.(e) This section is effective when it becomes law.

COURTHOUSE RESPONSIVENESS RESOURCES

SECTION 16.11. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office of the Courts for temporary court personnel to address a backlog in cases due to the COVID-19 pandemic, up to seven hundred ninety-nine

thousand one hundred seventy dollars ($799,170) may be used to support up to 12.25 time-limited positions in the 2021-2022 fiscal year. Beginning in the 2022-2023 fiscal year, any remaining funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office of the Courts for temporary court personnel to address a backlog in cases due to the COVID-19 pandemic may be used to support up to 24.5 time-limited positions until the funds are expended.

CLARIFYING DUTIES OF COURT OF APPEALS DOCUMENT MANAGEMENT SHOP

SECTION 16.12.(a) G.S. 7A-20(b) reads as rewritten:

"(b) Subject to approval of the Supreme Court, the Court of Appeals shall promulgate from time to time a fee bill for services rendered by the clerk, and such fees shall be remitted to the State Treasurer. Charges to litigants for document management and the reproduction of appellate records and briefs shall be fixed by rule of the Supreme Court and remitted to the Appellate Courts Printing and Computer Operations Fund established in G.S. 7A-343.3. The operations of the Court of Appeals shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes."

SECTION 16.12.(b) G.S. 7A-343.3 reads as rewritten:

"**§ 7A-343.3. Appellate Courts Printing and Computer Operations Fund.**

The Appellate Courts Printing and Computer Operations Fund is established within the Judicial Department as a nonreverting, interest-bearing special revenue account. Accordingly, interest and other investment income earned by the Fund shall be credited to it. All moneys collected through charges to litigants for document management and the reproduction of appellate records and briefs under G.S. 7A-11 and G.S. 7A-20(b) shall be remitted to the State Treasurer and held in this Fund. Moneys in the Fund shall be used to support the ~~print shop~~ document management shop operations of the Supreme Court and the Court of Appeals, including personnel, maintenance, and capital costs. The Judicial Department may create and maintain receipt-supported positions for these purposes but shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety prior to creating such new positions."

SECTION 16.12.(c) This section becomes effective January 1, 2022, and applies to services rendered on or after that date.

MODIFY TRIAL COURT COSTS

SECTION 16.15.(a) G.S. 7A-304(a) reads as rewritten:

"(a) In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected. No costs may be assessed when a case is dismissed. Only upon entry of a written order, supported by findings of fact and conclusions of law, determining that there is just cause, the court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a), (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or costs without providing notice and opportunity to be heard by all government entities directly affected. The court shall provide notice to the government entities directly affected of (i) the date and time of the hearing and (ii) the right to be heard and make an objection to the remission or waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be made to the government entities affected by first-class mail to the address provided for receipt of court costs paid pursuant to the order. The costs referenced in this subsection are listed below:

…

~~(3b) For the services, staffing, and operations of the Criminal Justice Education and Training Standards Commission, the sum of three dollars ($3.00) to be remitted to the Department of Justice.~~

(3c) For legal representation to indigent defendants and others entitled to counsel under North Carolina law, the sum of ~~two~~ five dollars ~~($2.00)~~ ($5.00) to be remitted to the Office of Indigent Defense ~~Services.~~Services for the Private Assigned Counsel Fund.

…."

SECTION 16.15.(b) This section becomes effective February 1, 2022, and applies to costs assessed on or after that date.

EVIDENCE AND DISTRICT COURT SPEEDY TRIALS

SECTION 16.17.(a) The General Assembly finds all of the following:

(1) All criminal defendants have the right to court proceedings free from unreasonable delay, a right that is in jeopardy due to a perpetual district court case backlog, one which has been exacerbated by the COVID-19 pandemic.

(2) All criminal defendants have the right to court proceedings free from unreasonable delay, a right that is jeopardized when a district court case backlog exists.

(3) The North Carolina court system is bifurcated into the district and superior courts, and due to this bifurcation, the district courts function essentially as a preliminary proceeding that assures that the prosecution of a criminal defendant proceeds without the unreasonable delay that would be unavoidable if the district courts did not exist.

(4) The bifurcation of the North Carolina court system provides a criminal defendant with the unique opportunity to a "second bite of the apple" in the defendant's case.

(5) In superior court a defendant may exercise the defendant's right to a trial by jury, along with other rights, the exercise of which is unavailable in district court.

(6) The legal protections from being placed twice in jeopardy for the same conduct preclude the State from appealing an unfavorable outcome at trial in district court.

(7) A criminal defendant in a case before the district court may request, prior to trial, to have the case transferred to the superior court and may appeal to the superior court for a trial de novo following a final disposition in district court, retaining all rights that had previously been afforded the criminal defendant in district court.

(8) Though preliminary in nature, a district court can issue a final and binding disposition in a case before it.

(9) In a criminal proceeding in district court, the finder of fact is the district court judge presiding over the proceeding, who is legally trained to weigh the credibility, relevance, and veracity of evidence, including witness testimony.

(10) Simultaneous, two-way audio and video remote testimony in real time using state of the art technology allows a defendant to observe and cross-examine a witness, a district court judge to observe and question a witness to weigh the credibility and veracity of the witness's testimony, and a witness to observe a defendant against whom the witness is testifying.

(11) A witness in any court proceeding is one who, being duly sworn or affirmed, testifies as to the witness's knowledge of specific facts relevant to the case for which the witness testifies.

(12) A forensic or chemical analyst, and each person in the chain of custody of evidence produced by the analyst, does not play a role in initiating a criminal

charge against a criminal defendant or in deciding whether or not to prosecute a criminal defendant.

(13) The testimony of a forensic or chemical analyst is based upon objective, scientifically based testing that allows the analyst to reach dispassionate conclusions that may be presumed reliable and trustworthy.

(14) The testimony of a witness called to establish the chain of custody of evidence is not adversarial in nature and merely conveys the fact of a ministerial function performed by the witness in the course of the witness's work.

(15) In order to safeguard a criminal defendant's right to proceedings free from unreasonable delay, it is reasonable and prudent to allow forensic and chemical analysts, and each person in the chain of custody of evidence produced by the analysts, to provide real-time, remote, two-way audio and video testimony before the district courts of this State using state of the art technology and equipment that enable the criminal defendant, the judge, and the attorneys in the case to observe the demeanor of the forensic analyst throughout the direct examination and cross-examination of the forensic analyst and that enable the forensic analyst to likewise observe the demeanor of the criminal defendant.

SECTION 16.17.(b) G.S. 8-58.20 reads as rewritten:

"**§ 8-58.20. Forensic analysis admissible as evidence.**

(a) In any criminal prosecution, a laboratory report of a written forensic analysis, including an analysis of the defendant's DNA, or a forensic sample alleged to be the defendant's DNA, as that term is defined in G.S. 15A-266.2(2), that states the results of the analysis and that is signed and sworn to by the person performing the analysis ~~may~~ shall be admissible in evidence without the testimony of the analyst who prepared the report in accordance with the requirements of this section.

…

(g) Procedure for Establishing Chain of Custody of Evidence Subject to Forensic Analysis Without Calling Unnecessary Witnesses. –

…

Nothing in this subsection precludes the right of any party to call any ~~witness or~~ witness, except an analyst regarding the results of forensic testing and the testimony of each person in the associated chain of custody made available via remote testimony in real time in district court pursuant to G.S. 15A-1225.3. Nothing in this subsection precludes the right of any party to introduce any evidence supporting or contradicting the evidence contained in the statement.

…."

SECTION 16.17.(c) G.S. 15A-1225.3 reads as rewritten:

"**§ 15A-1225.3. Forensic analyst remote testimony.**

(a) Definitions. – The following definitions apply to this section:

(1) Criminal proceeding. – Any hearing or trial in superior court in a prosecution of a person charged with violating a criminal law of this State and any hearing or proceeding conducted under Subchapter II of Chapter 7B of the General Statutes where a juvenile is alleged to have committed an offense that would be a criminal offense if committed by an adult.

(1a) District court proceeding. – Any hearing or trial in district court in a prosecution of a person charged with violating a criminal law of this State.

(2) Remote testimony. – A method by which a forensic analyst testifies from a location other than the location where the hearing or trial is being conducted and outside the physical presence of a party or parties.

(b) Remote Testimony ~~Authorized.~~ in Real Time Authorized for Criminal Proceeding. – In any criminal proceeding, the testimony of an analyst regarding the results of forensic testing

admissible pursuant to G.S. 8-58.20, and reported by that analyst, shall be permitted by remote testimony if all of the following occur:

(1) The State has provided a copy of the report to the attorney of record for the defendant, or to the defendant if that person has no attorney, as required by G.S. 8-58.20(d). For purposes of this subdivision, "report" means the full laboratory report package provided to the district attorney.

(2) The State notifies the attorney of record for the defendant, or the defendant if that person has no attorney, at least 15 business days before the proceeding at which the evidence would be used of its intention to introduce the testimony regarding the results of forensic testing into evidence using remote testimony.

(3) The defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection with the court, with a copy to the State, at least five business days before the proceeding at which the testimony will be presented that the defendant objects to the introduction of the remote testimony.

If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection as provided in this subsection, then the objection shall be deemed waived and the analyst shall be allowed to testify by remote testimony.

(b1) Remote Testimony in Real Time Authorized in District Court. – In any district court proceeding, the testimony of an analyst regarding the results of forensic testing admissible pursuant to G.S. 8-58.20, and reported by that analyst, and the testimony of each person in the associated chain of custody admissible pursuant to G.S. 8-58.20(g) shall be permitted by remote testimony if each of the following occurs:

(1) The State has provided a copy of the report to the attorney of record for the defendant, or to the defendant if that person has no attorney, as required by G.S. 8-58.20(d) and (g). For purposes of this subdivision, "report" means the full laboratory report package provided to the district attorney.

(2) The State notifies the attorney of record for the defendant, or the defendant if that person has no attorney, at least 15 business days before the proceeding at which the evidence would be used of its intention to introduce the testimony regarding the results of forensic testing into evidence using remote testimony in real time.

Nothing in this subsection shall be construed to determine the admissibility of evidence in a criminal proceeding in superior court, including a trial de novo pursuant to G.S. 15A-1431.

(c) Testimony. – The method used for remote testimony authorized by this section shall allow the trier of fact and all parties to observe the demeanor of the ~~analyst~~ remote witness as the ~~analyst~~ witness testifies in a similar manner as if the ~~analyst~~ witness were testifying in the location where the hearing or trial is being conducted. The court shall ensure that the defendant's attorney, or the defendant if that person has no attorney, has a full and fair opportunity for examination and cross-examination of the ~~analyst.~~witness.

(d) Nothing in this section shall preclude the right of any party to call any ~~witness.~~witness, except an analyst regarding the results of forensic testing and the testimony of each person in the associated chain of custody made available via remote testimony in real time in a district court proceeding pursuant to subsection (b1) of this section.

(e) Nothing in this section shall obligate the Administrative Office of the Courts or the State Crime Laboratory to incur expenses related to remote testimony absent an appropriation of funds for that purpose."

SECTION 16.17.(d) G.S. 20-139.1 reads as rewritten:

"**§ 20-139.1. Procedures governing chemical analyses; admissibility; evidentiary provisions; controlled-drinking programs.**

…

(c1) Admissibility. – The results of a chemical analysis of blood or urine reported by the North Carolina State Crime Laboratory, the Charlotte, North Carolina, Police Department Laboratory, or any other laboratory approved for chemical analysis by the Department of Health and Human Services (DHHS), are admissible as evidence in all administrative hearings, and in any court, without further authentication and without the testimony of the analyst. For the purposes of this section, a "laboratory approved for chemical analysis" by the DHHS includes, but is not limited to, any hospital laboratory approved by DHHS pursuant to the program resulting from the federal Clinical Laboratory Improvement Amendments of 1988 (CLIA).

The results shall be certified by the person who performed the analysis. The provisions of this subsection may be utilized in any administrative hearing, but can only be utilized in cases tried in the district and superior court divisions, or in an adjudicatory hearing in juvenile court, if:

(1) The State notifies the defendant no later than 15 business days after receiving the report and at least 15 business days before the proceeding at which the evidence would be used of its intention to introduce the report into evidence under this subsection and provides a copy of the report to the ~~defendant, and~~defendant.

(2) The defendant fails to file a written objection with the court, with a copy to the State, at least five business days before the proceeding at which the report would be used that the defendant objects to the introduction of the report into evidence.

If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection as provided in this subsection, then the objection shall be deemed waived and the report shall be admitted into evidence without the testimony of the analyst. Upon filing a timely objection, the admissibility of the report shall be determined and governed by the appropriate rules of evidence.

If the proceeding at which the report would be introduced into evidence under this subsection is continued, the notice provided by the State, the written objection filed by the defendant, or the failure of the defendant to file a written objection shall remain effective at any subsequent calendaring of that proceeding.

The report containing the results of any blood or urine test may be transmitted electronically or via facsimile. A copy of the affidavit sent electronically or via facsimile shall be admissible in any court or administrative hearing without further authentication. A copy of the report shall be sent to the charging officer, the clerk of superior court in the county in which the criminal charges are pending, the Division of Motor Vehicles, and the Department of Health and Human Services.

Nothing in this subsection precludes the right of any party to call any ~~witness~~ witness, except a chemical analyst in district court as provided in subsection (c6) of this section, or to introduce any evidence supporting or contradicting the evidence contained in the report.

…

(c3) Procedure for Establishing Chain of Custody Without Calling Unnecessary Witnesses. –

…

(4) Nothing in this subsection precludes the right of any party to call any ~~witness or~~ witness, except an analyst regarding the results of chemical testing and the testimony of each person in the associated chain of custody made available via remote testimony in real time in district court pursuant to subsection (c6) of this section. Nothing in this subsection precludes the right of any party to introduce any evidence supporting or contradicting the evidence contained in the statement.

…

(c5) ~~The~~ Except as provided in subsection (c6) of this section, testimony of an analyst regarding the results of a chemical analysis of blood or urine admissible pursuant to subsection (c1) of this section, and reported by that analyst, shall be permitted by remote testimony, as defined in G.S. 15A-1225.3, in all administrative hearings, and in any superior court if all of the following occur:

…

If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection as provided in this subsection, then the objection shall be deemed waived and the analyst shall be allowed to testify by remote testimony.

The method used for remote testimony authorized by this subsection shall allow the trier of fact and all parties to observe the demeanor of the analyst as the analyst testifies in a similar manner as if the analyst were testifying in the location where the hearing or trial is being conducted. The court shall ensure that the defendant's attorney, or the defendant if that person has no attorney, has a full and fair opportunity for examination and cross-examination of the analyst.

Nothing in this section shall preclude the right of any party to call any witness. Nothing in this subsection shall obligate the Administrative Office of the Courts or the State Crime Laboratory to incur expenses related to remote testimony absent an appropriation of funds for that purpose.

(c6) The testimony of an analyst regarding the results of a chemical analysis of blood or urine admissible pursuant to subsection (c1) of this section, and reported by that analyst, and the testimony of each person in the associated chain of custody admissible pursuant to subsection (c3) of this section shall be permitted by remote testimony, as defined in G.S. 15A-1225.3, in district court, if each of the following occurs:

(1) The State has provided a copy of the report to the attorney of record for the defendant, or to the defendant if that person has no attorney, as required by subsections (c1) and (c3) of this section.

(2) The State notifies the attorney of record for the defendant, or the defendant if that person has no attorney, at least 15 business days before the proceeding at which the evidence would be used of its intention to introduce the testimony regarding the chemical analysis into evidence using remote testimony.

The method used for remote testimony authorized by this subsection shall allow the trier of fact and all parties to observe the demeanor of the remote witness as the witness testifies in a similar manner as if the witness were testifying in the location where the hearing or trial is being conducted. The court shall ensure that the defendant's attorney, or the defendant if that person has no attorney, has a full and fair opportunity for examination and cross-examination of the witness.

Nothing in this subsection shall obligate the Administrative Office of the Courts or the State Crime Laboratory to incur expenses related to remote testimony absent an appropriation of funds for that purpose.

Nothing in this subsection shall preclude the right of any party to call any witness, except an analyst regarding the results of chemical testing and the testimony of each person in the associated chain of custody made available via remote testimony in real time in district court pursuant to this subsection.

…

(e2) Except as governed by subsection (c1) or (c3) of this section, the State can only use the provisions of subsection (e1) of this section if:

(1) The State notifies the defendant no later than 15 business days after receiving the affidavit and at least 15 business days before the proceeding at which the affidavit would be used of its intention to introduce the affidavit into evidence

under this subsection and provides a copy of the affidavit to the ~~defendant, and~~defendant.

…

The failure to file a timely objection as provided in this subsection shall be deemed a waiver of the right to object to the admissibility of the affidavit, and the affidavit shall be admitted into evidence without the testimony of the analyst. Upon filing a timely objection, the admissibility of the report shall be determined and governed by the appropriate rules of evidence. The case shall be continued until the analyst can be present. The criminal case shall not be dismissed due to the failure of the analyst to appear, unless the analyst willfully fails to appear after being ordered to appear by the court. If the proceeding at which the affidavit would be introduced into evidence under this subsection is continued, the notice provided by the State, the written objection filed by the defendant, or the failure of the defendant to file a written objection shall remain effective at any subsequent calendaring of that proceeding.

Nothing in subsection (e1) or subsection (e2) of this section precludes the right of any party to call any ~~witness or~~ witness, except an analyst regarding the results of chemical testing and the testimony of each person in the associated chain of custody made available via remote testimony in real time in district court pursuant to subsection (c6) of this section. Nothing in subsection (e1) or subsection (e2) of this section precludes the right of any party to introduce any evidence supporting or contradicting the evidence contained in the affidavit.

…."

SECTION 16.17.(e) This section becomes effective January 1, 2022, and applies to criminal proceedings, administrative hearings, and adjudicatory hearings in juvenile court beginning on or after that date.

MODIFY TRAVEL REIMBURSEMENT FOR APPELLATE JUDGES AND JUSTICES

SECTION 16.18.(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 ~~week~~ 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 16.18.(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 ~~week~~ 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."

GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES TO VICTIMS OF HUMAN TRAFFICKING

SECTION 16.20A.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Human Trafficking Commission (Commission), the sum of three million two hundred sixty thousand dollars ($3,260,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to award and administer grants to organizations that provide direct services to victims of human trafficking. The Commission shall develop the grant program and, in consultation with the North Carolina Council for Women and Youth Involvement, establish program guidelines. The following criteria shall apply to the grant program:

(1) Each applicant shall submit a detailed proposal of its human trafficking service program as provided in subsection (b) of this section.

(2) The Commission shall establish matching requirements for grants, as it deems appropriate, and shall accept in-kind matching in lieu of cash matching.

(3) The Commission shall allocate grant funds in each fiscal year of the 2021-2023 fiscal biennium.

(4) The Commission shall post the program guidelines on its website and distribute them directly to the eligible nonprofit organizations.

(5) Grant recipients shall comply with all reporting requirements in G.S. 143C-6-23 and the contract between the recipient and the Commission.

(6) Only the following nonprofit organizations are eligible to participate in the grant program:

a. A Fresh Start CLT Inc
b. SAFE Place Inc.
c. AbolitionNC
d. Beloved Haven, Inc.
e. Christian Recovery Centers, Inc. (Brunswick Christian Recovery Center)
f. Changing Destinies Ministry
g. CrossRoads: Sexual Assault Response & Resource Center, Inc.
h. Wayne Pregnancy Care Center, Inc. (Cry Freedom Missions)
i. Five 14 Revolution, Inc.
j. Haven House, Inc.
k. Help, Incorporated: Center Against Violence
l. Ministry Seven (Hendersonville Rescue Mission)
m. Hyde County Hotline, Inc.
n. JusticeMatters, Inc.
o. LILY PAD HAVEN, INC.
p. On Eagles Wings
q. THE OUTER BANKS HOTLINE, INCORPORATED
r. Randolph County Family Crisis Center, Inc.

s. Resources, Education, Assistance, Counseling and Housing of Macon County, Inc. (REACH of Macon and Jackson)
t. The Salvation Army (Salvation Army Project Fight)
u. Onslow County Partnership for Children, Inc. (The One Place Child Advocacy Center)
v. Triad Ladder of Hope
w. World Relief Corporation of National Association of Evangelicals (World Relief Triad)

SECTION 16.20A.(b) Each grantee shall submit to the Commission a detailed proposal of its human trafficking service program which shall, at a minimum, include all 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 time line 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) A description of the applicant's plans and capability to continue each proposed initiative beyond June 30, 2023, if the applicant plans to do so.
(8) Any additional information deemed appropriate by the Commission.

SECTION 16.20A.(c) The Commission shall review each proposal submitted and, if it determines it meets the requirements of subsection (b) of this section, shall enter into a contract with the grantees to provide the human trafficking services. If the Commission determines a proposal does not contain all of the information required by subsection (b) of this section, the Commission shall notify the grantee of the deficiency, which shall be corrected before any funds for the 2021-2022 fiscal year are disbursed. Funds allocated for the 2021-2022 fiscal year shall be disbursed to each grantee in a lump sum only after the grantee has submitted a complete detailed proposal. Funds allocated for the 2022-2023 fiscal year shall be disbursed by the Commission to the grantees on a quarterly basis so long as the grantees have submitted the detailed proposal required by subsection (b) of this section in the 2021-2022 fiscal year. The Commission shall post on its website the detailed proposal required by subsection (b) of this section and the report required by subsection (d) of this section.

SECTION 16.20A.(d) On or before March 1 and September 1 of 2022 and 2023, 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 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.

SECTION 16.20A.(e) On or before March 1 and September 1 of 2022 and 2023, the Commission shall submit a report on the grant program established pursuant to this section 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 that contains 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 program initiatives that were funded by the grant awarded, 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 grant recipient.

SECTION 16.20A.(f) The Commission may use up to two hundred twenty thousand dollars ($220,000) of the funds appropriated in this section to administer the grant programs for victims of human trafficking described in this section and in Section 16.20B of this act in the 2021-2023 fiscal biennium.

GRANTS TO DEVELOP, STRENGTHEN, OR EXPAND HUMAN TRAFFICKING VICTIM SERVICE PROGRAMS

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 each fiscal year of the 2021-2023 fiscal biennium as follows:

(1) Two hundred fifty thousand dollars ($250,000) to Compassion to Act Incorporated, a nonprofit corporation.
(2) Three hundred twenty thousand dollars ($320,000) to the North Carolina Institute Against Human Trafficking.

SECTION 16.20B.(b) Each grantee shall submit to the Commission a detailed proposal of its human trafficking service program which shall, at a minimum, include all 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 time line 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) A description of the applicant's plans and capability to continue each proposed initiative beyond June 30, 2023, if the applicant plans to do so.

(8) Any additional information deemed appropriate by the Commission.

SECTION 16.20B.(c) The Commission shall review each proposal submitted and, if it determines it meets the requirements of subsection (b) of this section, shall enter into a contract with the grantees to provide the human trafficking services. If the Commission determines a proposal does not contain all of the information required by subsection (b) of this section, the Commission shall notify the grantee of the deficiency, which shall be corrected before any funds for the 2021-2022 fiscal year are disbursed. Funds allocated for the 2021-2022 fiscal year shall be disbursed to each grantee in a lump sum only after the grantee has submitted a complete detailed proposal. Funds allocated for the 2022-2023 fiscal year shall be disbursed by the Commission to the grantees on a quarterly basis so long as the grantees have submitted the detailed proposal required by subsection (b) of this section in the 2021-2022 fiscal year. The Commission shall post on its website the detailed proposal required by subsection (b) of this section and the report required by subsection (d) of this section. Grant recipients shall comply with all reporting requirements in G.S. 143C-6-23 and the contract between the recipient and the Commission.

SECTION 16.20B.(d) On or before March 1 and September 1 of 2022 and 2023, 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 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.

SECTION 16.20B.(e) On or before March 1 and September 1 of 2022 and 2023, the Commission shall submit a report on the grants awarded pursuant to subsection (a) of this section to the Senate and House Appropriations Committees on Justice and Public Safety, the Joint Legislative Oversight Committee on Justice and Public Safety, and the Fiscal Research Division that contains 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 program initiatives that were funded by each grant awarded, 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 grant recipient.

COMPETITIVE GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES TO VICTIMS OF HUMAN TRAFFICKING

SECTION 16.21.(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 four million four hundred thousand dollars ($4,400,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to develop and implement a grant program to provide funds to eligible organizations for economic assistance and to enhance services to victims of human trafficking. The Commission may use up to three hundred thousand dollars ($300,000) of the funds appropriated in this section in each fiscal year of the 2021-2023 fiscal biennium to establish three time-limited positions to administer the grant program.

SECTION 16.21.(b) 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. Demonstrate an economic loss resulting from the COVID-19 pandemic.
   d. Be ineligible for a grant under the provisions of G.S. 50B-9 and G.S. 143B-394.21.

(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 amount of the grant shall not exceed the organization's economic loss resulting from the COVID-19 pandemic.

(4) The Commission shall, upon receipt of all applications by the deadline set under grant program deadlines, expeditiously award and disburse grant funds.

(5) Grant recipients shall comply with all reporting requirements in G.S. 143C-6-23 and the contract between the recipient and the Commission.

SECTION 16.21.(c) If all funds appropriated as provided in subsection (a) of this section are not disbursed in the first round of grants, the Commission shall award a second round of grants to eligible organizations for the purpose of developing, strengthening, or expanding human trafficking victim service programs to help mitigate the increased risk of human trafficking as a result of the COVID-19 pandemic. The following criteria shall apply to the second round of 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 all 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 time line 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. A description of the applicant's plans and capability to continue each proposed initiative beyond June 30, 2022, if the applicant plans to do so.
8. Any additional information deemed appropriate by the Commission.

(2) The Commission shall, in consultation with the North Carolina Council for Women and Youth Involvement (Council), develop program guidelines and shall coordinate outreach efforts with the Council, State agencies, and local partners to make information regarding the grant funds available to eligible organizations.

(3) The Commission shall set the maximum amount of each grant based upon the availability of funds.

(4) No later than June 30, 2022, each grantee shall submit a report to the Commission that includes all of the following:

a. Progress on the development and implementation of each of its program initiatives.
b. Progress on meeting goals and objectives for each program initiative.
c. The number of human trafficking victims assisted through each program initiative.
d. A description and explanation of any delays in implementation of program initiatives.
e. A description and explanation of any changes in the proposal submitted pursuant to sub-subdivision d. of subdivision (1) of this subsection.
f. Planning and administrative costs to date for each program initiative, sorted by type, including staffing, fixed costs, contracts, and information technology.
g. Any additional information required by the Commission.

(5) Grant recipients shall comply with all reporting requirements in G.S. 143C-6-23 and the contract between the recipient and the Commission.

(6) The Commission shall post on its website the detailed proposal required by sub-subdivision d. of subdivision (1) of this subsection and the report required by subdivision (4) of this subsection.

SECTION 16.21.(d) Within 60 days of disbursing grants in the first round and the second round, if applicable, the Commission shall submit a report on the grants awarded 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 that contains 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 program initiatives that were funded by each grant awarded under subsection (c) of 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 subsection (c) of this section.

FACILITY IMPROVEMENT GRANTS FOR ORGANIZATIONS THAT PROVIDE SERVICES TO VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ASSAULT

SECTION 16.22.(a) Of the funds appropriated in this act to the Administrative Office of the Courts, Human Trafficking Commission (hereinafter "Commission"), for the 2022-2023 fiscal year, the sum of four million eight hundred thousand dollars ($4,800,000) in nonrecurring funds shall be used to establish a grant program to provide funds to qualifying domestic violence and sexual assault agencies for the purpose of making one-time facility upgrades or undertaking construction projects. The following criteria shall apply to the grant program:

(1) Only organizations that qualify for existing domestic violence or sexual assault grant programs pursuant to G.S. 50B-9 and G.S. 143B-394.21, respectively, are eligible.
(2) The maximum amount of each grant shall be forty-five thousand dollars ($45,000). Additional grant funds shall be made available during a second round of applications based on availability of funds. The maximum amount of second-round grants shall be determined by the Commission. The provisions of this section shall apply if a second round of grants is administered.
(3) The Commission shall establish matching requirements for grants, as it deems appropriate, and may accept in-kind matching in lieu of cash matching.
(4) The Commission shall establish policies and procedures for the distribution of grants awarded pursuant to this section.

SECTION 16.22.(b) The Commission shall submit a written report on the administration of the grants authorized by subsection (a) of this section to the Senate and House Appropriations Committees on Justice and Public Safety, Joint Legislative Oversight Committee on Justice and Public Safety, and the Fiscal Research Division within 60 days after the grants have been made. The report shall contain all of the following:

(1) The names of the grant recipients, the number of grants awarded, the average amount of each grant awarded, and the range of the amounts of the grants.
(2) A description of the facility upgrades and construction projects that were funded by the grants.

ECONOMIC ASSISTANCE FUNDS FOR ORGANIZATIONS THAT PROVIDE SERVICES TO VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ASSAULT

SECTION 16.23. 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 fifteen million dollars ($15,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to reduce the negative economic impact of the COVID-19 pandemic on organizations that provide domestic violence and sexual assault services across the State. The Commission shall allocate the funds as follows:

(1) Seven million five hundred thousand dollars ($7,500,000) to domestic violence organizations across the State eligible to receive grants pursuant to G.S. 50B-9(b). Eligible grant recipients shall receive an equal amount as provided in G.S. 50B-9(b).

(2) Seven million five hundred thousand dollars ($7,500,000) to sexual assault programs and organizations across the State eligible to receive grants pursuant to G.S. 143B-394.21. Eligible grant recipients shall receive an amount based on the formula provided in G.S. 143B-394.21.

PART XVII. INDIGENT DEFENSE SERVICES

DEBT SETOFF MODIFICATION

SECTION 17.3.(a) Notwithstanding the time limitations applicable to notice by a State agency pursuant to G.S. 105A-8, for notices to a debtor a State agency failed to timely send between March of 2020 and February of 2021 for reasons beyond the control of the Office of Indigent Defense Services, including the inability to obtain the information necessary to send the notice, the Office may send notice to the debtor within 30 days of the date this section becomes law; provided, the notice and rights afforded to the debtor otherwise complies with the requirements of G.S. 105A-8.

SECTION 17.3.(b) This section is effective when this act becomes law.

NEW PUBLIC DEFENDER DISTRICT 27B

SECTION 17.4.(a) 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
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans
3A	Pitt
3B	Craven, Pamlico, Carteret
5	New Hanover
10	Wake
12	Cumberland
14	Durham
15B	Orange, Chatham
16A	Scotland, Hoke
16B	Robeson
18	Guilford
21	Forsyth
26	Mecklenburg
27A	Gaston
27B	Cleveland, Lincoln

28	Buncombe
29A	McDowell, Rutherford
29B	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 17.4.(b) The Office of Indigent Defense Services may use up to the sum of two million one hundred fifty thousand dollars ($2,150,000) of funds appropriated in this act to create 21 new positions for the Public Defender District 27B created in subsection (a) of this section. These positions shall include the public defender, up to 13 assistant public defenders, and up to seven support positions.

PART XVIII. JUSTICE

NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB

SECTION 18.1. Article 9 of Chapter 114 of the General Statutes is amended by adding a new section to read:

"**§ 114-63.1. No hiring of sworn personnel to fill vacant positions.**

The Department of Justice shall not hire sworn personnel to fill vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be construed to require the termination of sworn personnel or to affect North Carolina State Crime Laboratory personnel who are sworn and employed by the Laboratory as of the effective date of this section and who continue to meet the sworn status retention standards mandated by the North Carolina Criminal Justice Education and Standards Commission."

REGULATE THE CREATION OF LAW ENFORCEMENT OFFICER CRITICAL INCIDENT OR DISCIPLINE DATABASES

SECTION 18.4A.(a) Subpart A of Part 4 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-907. Public law enforcement database regulation.**

Unless specifically authorized to do so by an act of the General Assembly, no State agency or political subdivision of the State may create or maintain a database that compiles and makes available to the public information or data regarding (i) critical incidents as defined by G.S. 17C-2(3a) or G.S. 17E-2(4) or (ii) disciplinary actions taken against law enforcement officers."

SECTION 18.4A.(b) This section is effective when it becomes law and applies to databases created before, on, or after that date.

EXPAND CRIMINAL JUSTICE FELLOWS PROGRAM

SECTION 18.6.(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 ~~125,000~~ 200,000 according to the latest federal decennial ~~census or a county designated as a development tier one area pursuant to G.S. 143B-437.08, or both.~~census.

…."

SECTION 18.6.(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:

…

(3) Target high school seniors who demonstrate an interest in ~~becoming~~ being employed in ~~a~~ an eligible criminal justice ~~professionals.~~profession.

(4) Engage with employees of eligible criminal justice ~~professionals~~ professions and leaders in eligible counties for input in the Program.

(5) Attend high school career days, job fairs, and other activities ~~in eligible counties~~ to recruit qualified individuals into the Program.

…

(d) Eligibility Criteria. – An applicant must be domiciled in ~~an eligible county~~ 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 ~~as a~~ in an eligible criminal justice ~~professional~~ profession in an eligible county. 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. The recipient must also accept employment in an eligible county ~~as a~~ in an eligible criminal justice ~~professional~~ profession for at least four out of five years following graduation. The Committee may adopt additional recipient obligations it deems appropriate.

…."

SECTION 18.6.(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 ~~as a~~ in an eligible criminal justice ~~professional~~ profession in an eligible county. 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 18.6.(d) This section is effective when it becomes law and applies to Criminal Justice Fellows Program applicants selected on or after that date.

PROHIBIT COLLUSIVE SETTLEMENTS BY THE ATTORNEY GENERAL

SECTION 18.7.(a) G.S. 114-2.2 is amended by adding a new subsection to read:

"(a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or provision of the North Carolina Constitution, and the Speaker of the House of Representatives and the President Pro Tempore of the Senate (i) have jointly intervened on behalf of the General Assembly in accordance with G.S. 1-72.2 or (ii) are otherwise jointly named in their official capacities as parties to the dispute, claim, or controversy, a consent judgment shall be jointly approved by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, or by and through counsel of their choice, before the judgment may be entered."

SECTION 18.7.(b) G.S. 114-2.4 is amended by adding a new subsection to read:

"(a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or provision of the North Carolina Constitution, and the Speaker of the House of Representatives and the President Pro Tempore of the Senate (i) have intervened on behalf of the General Assembly in accordance with G.S. 1-72.2 or (ii) are otherwise jointly named in their official capacities as parties to the dispute, claim, or controversy, a proposed settlement agreement or other agreement that would dispose of the dispute, claim, or controversy shall be jointly approved by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, or by and through counsel of their choice, before the agreement may be entered."

SECTION 18.7.(c) G.S. 163-22.2 reads as rewritten:

"**§ 163-22.2. Power of State Board to promulgate temporary rules and regulations.**

In the event any portion of Chapter 163 of the General Statutes or any State election law or form of election of any county board of commissioners, local board of education, or city officer is held unconstitutional or invalid by a State or federal court or is unenforceable because of objection interposed by the United States Justice Department under the Voting Rights Act of 1965 and such ruling adversely affects the conduct and holding of any pending primary or election, the State Board of Elections shall have authority to make reasonable interim rules and regulations with respect to the pending primary or election as it deems advisable so long as they do not conflict with any provisions of this Chapter 163 of the General Statutes and such rules and regulations shall become null and void 60 days after the convening of the next regular session of the General Assembly. ~~The State Board of Elections shall also be authorized, upon recommendation of the Attorney General, to enter into agreement with the courts in lieu of protracted litigation until such time as the General Assembly convenes.~~"

SECTION 18.7.(d) Subsections (a) and (b) of this section are effective when they become law and apply to consent judgments, settlement agreements, or other agreements that would dispose of a dispute, claim, or controversy entered on or after that date. Subsection (c) of this section is effective when it becomes law and applies to rulings on or after that date.

CRIME LAB STUDY

SECTION 18.9. Of the funds appropriated in this act to the Department of Justice (Department) for the 2021-2022 fiscal year, the Department shall utilize up to one million five hundred thousand dollars ($1,500,000) to conduct a study, in partnership with Elizabeth City State University, on the siting of an Eastern Regional Laboratory to be located on the campus of Elizabeth City State University. The Department shall report on the study outlined in this section to the Chairs of the House Justice and Public Safety Appropriations Committee, the Chairs of the Senate Appropriations on Justice and Public Safety Committee, and the Fiscal Research Division on or before February 1, 2023. The report shall include (i) the estimated cost of completing the laboratory, (ii) the estimated cost of operating the laboratory during its first five years of operation, (iii) an estimated time line for completion of the laboratory, and (iv) any other relevant information.

PART XIX. PUBLIC SAFETY

PART XIX-A. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION

JPS GRANT REPORTING

SECTION 19A.1.(a) Article 29 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-350.1. Annual report on grant funds received or preapproved for receipt.**

The Judicial Department shall report by May 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 grant funds received or preapproved for receipt by the Department. The report shall include information on the amount of grant funds received or preapproved for receipt by the Department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the Department intends to continue the program beyond the end of the grant period, the Department shall report on the proposed method for continuing the funding of the program at the end of the grant period. The Department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant."

SECTION 19A.1.(b) Article 1 of Chapter 114 of the General Statutes is amended by adding a new section to read:

"**§ 114-2.5B. Annual report on grant funds received or preapproved for receipt.**

The Department of Justice shall report by May 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 grant funds received or preapproved for receipt by the Department. The report shall include information on the amount of grant funds received or preapproved for receipt by the Department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the Department intends to continue the program beyond the end of the grant period, the Department shall report on the proposed method for continuing the funding of the program at the end of the grant period. The Department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant."

SECTION 19A.1.(c) Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-602.2. Annual report on grant funds received or preapproved for receipt.**

The Department of Public Safety shall report by May 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 grant funds received or preapproved for receipt by the Department. The report shall include information on the amount of grant funds received or preapproved for receipt by the Department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the Department intends to continue the program beyond the end of the grant period, the Department shall report on the proposed method for continuing the funding of the program at the end of the grant period. The Department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant."

NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES

SECTION 19A.2.(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 2021-2023 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium.

SECTION 19A.2.(b) This section shall not apply to consolidation of information technology positions into the Department of Information Technology pursuant to G.S. 143B-1325.

ALLOCATION OF GRANT FUNDS TO VARIOUS SHERIFFS' OFFICES

SECTION 19A.3.(a) Of the funds appropriated in this act to the Department of Public Safety in the 2021-2022 fiscal year to be used to provide grant funds to county sheriffs' offices, the funds shall be allocated in equal amounts to the sheriffs' offices located in counties with a population of 210,000 or fewer, based upon 2019 Certified County Population Estimates from the State Demographer in the Office of State Budget and Management.

SECTION 19A.3.(b) Funds provided to sheriffs' offices pursuant to this section shall be used for expenses incurred by the offices from enforcing the laws of this State and carrying out other duties set by law.

SECTION 19A.3.(c) Funds provided to sheriffs' offices pursuant to this section shall be supplemental to and shall not supplant local funding for sheriffs' offices.

INTERNET CRIMES AGAINST CHILDREN INVESTIGATIONS

SECTION 19A.4.(a) Of the funds appropriated in this act to the Department of Public Safety, the sum of three million dollars ($3,000,000) in nonrecurring funds in the 2021-2022 fiscal year shall be allocated to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation, to be used as grants to sheriffs' offices and other local law enforcement agencies to investigate reports of internet crimes against children.

SECTION 19A.4.(b) The grant funds allocated under subsection (a) of this section shall be administered by the North Carolina Sheriffs' Association, which shall develop guidelines and procedures for the administration and distribution of grants to participating sheriffs' offices and local law enforcement agencies. These guidelines and procedures shall include the following requirements and limitations:

(1) The maximum grant amount shall not exceed seventy-five thousand dollars ($75,000) per recipient per fiscal year.

(2) Recipient agencies shall be required to enter into a memorandum of agreement with the State Bureau of Investigation (SBI) governing the investigation of internet crimes against children.

SECTION 19A.4.(c) The North Carolina Sheriffs' Association shall submit the following reports to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, to the chairs of the House and Senate Appropriations Committees on Justice and Public Safety, and to the Fiscal Research Division:

(1) No later than February 1, 2022, a report on the guidelines and procedures that will govern distribution and administration of grant funds distributed pursuant to this section.

(2) No later than October 1 of each year of the 2021-2023 fiscal biennium, as long as funds remain, a report on grant funds distributed pursuant to this section.

SECTION 19A.4.(d) It is the intent of the General Assembly to strongly encourage sheriffs to enter into memoranda of agreement with the SBI to expeditiously investigate reports and tips regarding internet crimes against children and to consult with the SBI Computer Crimes Unit and North Carolina Internet Crimes Against Children Task Force.

SECTION 19A.4.(e) Funds provided to sheriffs' offices pursuant to this section shall be supplemental to and shall not supplant local funding for sheriffs' offices.

SECTION 19A.4.(f) Notwithstanding any other provision of law, funds allocated under subsection (a) of this section shall not revert until June 30, 2023.

TRANSFER AND RENAME THE BOXING COMMISSION

SECTION 19A.7.(a) The Boxing Commission created under G.S. 143-652.2 is transferred to the Department of Public Safety and renamed the "North Carolina Boxing and Combat Sports Commission." This transfer has all of the elements of a Type II transfer, as

described in G.S. 143A-6, except that the management functions of the Commission shall not be performed under the direction and supervision of the Secretary of Public Safety.

SECTION 19A.7.(b) G.S. 143-651(4b) reads as rewritten:

"(4b) Commission. – The ~~Boxing~~ North Carolina Boxing and Combat Sports Commission."

SECTION 19A.7.(c) G.S. 143-652.1(b) reads as rewritten:

"(b) Enforcement. – Except as otherwise authorized under G.S. 143-652.2(f), the Executive Director of the Commission shall investigate and enforce violations of this Article through the ALE Division. The ALE Division shall assist the Executive Director in investigating and enforcing violations of this Article."

SECTION 19A.7.(d) G.S. 143-652.2 reads as rewritten:

"**§ 143-652.2. ~~Boxing~~ The North Carolina Boxing and Combat Sports Commission.**

(a) Creation. – The ~~Boxing~~ North Carolina Boxing and Combat Sports Commission is created for the purposes set forth in G.S. 143-652.1. The Commission shall be administratively located within the Department of ~~Commerce,~~ Public Safety, but shall exercise its powers independently of the Secretary of ~~Commerce.~~ Public Safety. The Commission shall consist of six voting members and two nonvoting advisory members. All the members shall be residents of North Carolina. The members shall be appointed as follows:

…

(4) One voting member shall be appointed by the Secretary of ~~Commerce~~ Public Safety for an initial term of three years.

…

Appointments by the General Assembly pursuant to subdivisions (2) and (3) of this subsection shall be made in accordance with G.S. 120-121. The member appointed pursuant to subdivision (6) of this subsection may serve on the Commission only if an agreement exists and remains in effect between the Tribal Council of the Eastern Band of the Cherokee and the Commission authorizing the Commission to regulate professional boxing matches within the Cherokee Indian Reservation as provided by the Professional Boxing Safety Act of 1996.

The two nonvoting advisory members appointed pursuant to subdivisions (7) and (8) of this subsection shall advise the Commission on matters concerning the health and physical condition of boxers and health issues relating to the conduct of exhibitions and boxing matches. They may prepare and submit to the Commission for its approval any rules that in their judgment will safeguard the physical welfare of all participants engaged in boxing.

Terms for all members of the Commission except for the initial appointments shall be for three years.

The Governor shall designate which member of the Commission is to serve as chair. A member appointed pursuant to subdivision (1) or (6) of this subsection shall serve at the Governor's pleasure. The other members of the Commission may be removed from office by the member's appointing authority for cause. Members of the Commission are subject to the conflicts of interest requirements of 15 U.S.C. § 6308 (contained in the Professional Boxing Safety Act of 1996, as amended). Each member, before entering upon the duties of a member, shall take and subscribe an oath to perform the duties of the office faithfully, impartially, and justly to the best of the member's ability. A record of these oaths shall be filed in the Department of ~~Commerce.~~Public Safety.

…

(f) Staff Assistance. – The Commission shall hire a person to serve as Executive Director of the Commission. If necessary, the Executive Director may train and contract with independent contractors for the purpose of regulating and monitoring events, issuing licenses, collecting fees, and enforcing rules of the Commission. The Executive Director may initiate and review criminal background checks on persons requesting to work as independent contractors for the Commission or persons applying to be licensed by the Commission. The Commission may also hire additional

staff. The Executive Director is exempt from provisions of the North Carolina Human Resources Act as provided by G.S. 126-5. All other staff of the Commission are subject to the North Carolina Human Resources Act.

…."

SECTION 19A.7.(e) G.S. 126-5(c1) is amended by adding a new subdivision to read:

"(37) The Executive Director of the North Carolina Boxing and Combat Sports Commission created pursuant to G.S. 143-652.2."

SECTION 19A.7.(f) The initial appointment to the North Carolina Boxing and Combat Sports Commission under G.S. 143-652.2(a)(4), as amended by subsection (d) of this section, shall be for a term commencing July 1, 2021. The term of the member serving on the Boxing Commission pursuant to G.S. 143-652.2(a)(4) as of June 30, 2021, expires on the effective date of this section.

SECTION 19A.7.(g) Funds in the State Boxing Revenue Account within the Department of Commerce as of the effective date of this section shall be transferred into the State Boxing Revenue Account within the Department of Public Safety. Once these funds have been transferred, the State Boxing Revenue Account within the Department of Commerce shall be closed.

SECTION 19A.7.(h) The North Carolina Boxing and Combat Sports Commission shall take all steps necessary to ensure the Commission is fully receipt-supported by the beginning of the 2023-2025 fiscal biennium, including the adjustment of fees authorized to be collected under G.S. 143-655. By October 1, 2022, the Commission shall submit a report to the Joint Legislative Oversight Committee on Justice and Public Safety detailing the steps taken by the Commission to complete the requirement set forth in this subsection.

SECTION 19A.7.(i) The implementation of this section shall not affect any investigation pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the effective date of this section. Any hearing or proceeding pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the effective date of this section shall continue. Prosecutions for offenses or violations committed prior to the effective date of this section are not abated or affected by this section, and the statutes that would be applicable but for this section shall remain applicable to those prosecutions.

SECTION 19A.7.(j) This section becomes effective January 1, 2022.

TRANSFER THE CRIMINAL JUSTICE INFORMATION NETWORK TO THE DEPARTMENT OF PUBLIC SAFETY

SECTION 19A.7A.(a) Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 8. Criminal Justice Information."

SECTION 19A.7A.(b) G.S. 143B-1390, 143B-1391, 143B-1392, 143B-1393, and 143B-1394 in Part 9 of Article 15 of Chapter 143B of the General Statutes are recodified as G.S. 143B-1203, 143B-1204, 143B-1205, 143B-1206, and 143B-1207 in Part 8 of Chapter 143B of the General Statutes, as created by subsection (a) of this section.

SECTION 19A.7A.(c) Part 8 of Chapter 143B of the General Statutes, as created and amended by this section, reads as rewritten:

"Part 8. Criminal Justice Information.

"**§ 143B-1203. ~~Definitions.~~Transfer; definitions.**

(a) The statutory authority, powers, duties, functions, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds of the Criminal Justice Information Network Governing Board are transferred to the Department of Public Safety as a Type II transfer as defined in G.S. 143A-6.

(b) As used in this Part:

(1) "Board" means the Criminal Justice Information Network Governing Board established by ~~G.S. 143B-1391.~~G.S. 143B-1204.

(1a) "Department" means the Department of Public Safety.

…

"**§ 143B-1204. Criminal Justice Information Network Governing Board – creation; purpose; membership; conflicts of interest.**

(a) The Criminal Justice Information Network Governing Board is established within the ~~Department of Information Technology,~~ Department, as a Type II transfer, to operate the State's Criminal Justice Information Network, the purpose of which shall be to provide the governmental and technical information systems infrastructure necessary for accomplishing State and local governmental public safety and justice functions in the most effective manner by appropriately and efficiently sharing criminal justice and juvenile justice information among law enforcement, judicial, and corrections agencies. The Board is established within the ~~Office of the State Chief Information Officer,~~ Department for organizational and budgetary purposes only and the Board shall exercise all of its statutory powers in this Part independent of control by the ~~Office of the State Chief Information Officer.~~Department.

(b) The Board shall consist of 21 members, appointed as follows:

(1) Five members appointed by the Governor, including one member who is a director or employee of a State correction agency for a term to begin September 1, 1996 and to expire on June 30, 1997, one member who is an employee of the ~~North Carolina~~ Department ~~of Public Safety~~ for a term beginning September 1, 1996 and to expire on June 30, 1997, one member selected from the North Carolina Association of Chiefs of Police for a term to begin September 1, 1996 and to expire on June 30, 1999, one member who is an employee of the Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the ~~Department of Public Safety,~~ Department, and one member who represents the Division of Motor Vehicles.

…

"**§ 143B-1206. Powers and duties.**

(a) The Board shall have the following powers and duties:

…

(8) To employ the services of an Executive Director who shall report solely to the Board.

(9) To exercise administrative control over the operational budget established by the Board and appropriated by the General Assembly.

(10) To exercise sole authority and control over employee positions allotted to the Board, including the authority to establish qualifications, classification, and salary levels for its employees and determine appropriate methods of screening for candidates, interviewing, hiring, and day-to-day management of Board employees.

…

"**§ 143B-1207. Election of officers; meetings; staff, etc.**

…

(c) The Department shall provide office space and administrative support for the Board's staff and shall provide technical assistance to the Board at the request of the Board."

SECTION 19A.7A.(d) G.S. 143B-1320(a)(2) and G.S. 143B-1323(c)(2) are repealed.

SECTION 19A.7A.(e) G.S. 143B-1321(a)(30) reads as rewritten:

"(30) Support the operation of the CGIA, GICC, GDAC, ~~CJIN,~~ and 911 Board."

SECTION 19A.7A.(f) G.S. 143B-1322(c)(19) reads as rewritten:

"(19) Supervise and support the operations of the CGIA, GICC, GDAC, ~~CJIN,~~ and 911 Board."

SECTION 19A.7A.(g) This section becomes effective January 1, 2022.

REQUEST FOR PROPOSALS FOR STATEWIDE DOMESTIC VIOLENCE VICTIM NOTIFICATION PROGRAM

SECTION 19A.7B.(a) Findings. – The General Assembly finds that the criminal justice system faces many challenges, including high recidivism rates, increases in domestic violence, escalated alcohol and drug offenses, overcrowding in prisons, backlogs of court cases, and overall reduced public safety. It further finds that alcohol consumption, especially excessive drinking, is a major contributor to the occurrence of domestic violence and increases the risk for other violent offenses. It is the intent of the General Assembly that in order to combat these unprecedented challenges, the North Carolina judicial system must have access to new innovative technology, such as global positioning system (GPS) electronic monitoring.

SECTION 19A.7B.(b) Fund Creation. – There is established the Alternatives to Pre-trial Detention Fund within the Department of Public Safety as a special revenue fund to be used to create a statewide domestic violence notification system (Program) in accordance with the product and service requirements established in subsections (c) and (d) of Section 4.2C of Session Law 2020-80.

SECTION 19A.7B.(c) Criteria. – The Criminal Justice Information Network, under the direction of the Criminal Justice Information Network Governing Board, shall consult, collaborate, and provide direction for the chief district court judges when developing the Program. In accordance with the provisions of subsections (c) and (d) of Section 4.2C of Session Law 2020-80, the Program provider shall also operate a 24-hour in-State call monitoring center and shall offer victims access to a tangible GPS notification device that provides victims instantaneous notification if the defendant or offender is within close proximity. The device shall have the ability to automatically switch cellular networks, thus ensuring the device is not dependent upon one particular cellular network provider. The Program shall also be accessible and available for other specialty courts in the State.

SECTION 19A.7B.(d) Administrative. – Of the funds allocated to the Criminal Justice Information Network in this act in the 2021-2022 fiscal year to be used for the Program, the Criminal Justice Information Network may retain up to two hundred thousand dollars ($200,000) for administrative costs associated with the implementation of the Program. For the 2022-2023 fiscal year and subsequent fiscal years, the Criminal Justice Information Network may retain up to two percent (2%) annually for administrative costs associated with the Program.

SECTION 19A.7B.(e) Report. – Beginning on October 1, 2022, and annually thereafter, the Criminal Justice Information Network shall report to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on the results of the Program. The report, at a minimum, shall include a percentage breakdown on the usage per case subject area and any legislative recommendations for improving the Program.

COMPETITIVE GRANTS TO SHERIFFS' OFFICES FOR ADDICTION TREATMENT IN JAILS

SECTION 19A.10.(a) Of the funds appropriated to the Department of Public Safety in this act, the sum of two million dollars ($2,000,000) in recurring funds in each fiscal year of the 2021-2023 biennium shall be used to provide competitive grants to sheriffs' offices to assist in establishing, maintaining, or expanding Medication-Assisted Treatment (MAT) programs for alcohol or opioid addiction for jails.

SECTION 19A.10.(b) The funds allocated for competitive grants in subsection (a) of this section shall be used as follows:

(1) $750,000 for the establishment of new MAT programs.

(2) $750,000 for the expansion of existing MAT programs.

(3) $500,000 for the maintenance of existing MAT programs.

SECTION 19A.10.(c) The grants awarded pursuant to subsection (a) of this section shall meet the following criteria:

(1) No sheriff may receive grants pursuant to more than one category under subsection (b) of this section.

(2) No sheriff may receive grants totaling the entire allotment of funds provided for one of the categories listed in subsection (b) of this section.

(3) Counties receiving grants shall be prioritized based upon the following criteria regarding each county:

a. The rate of opioid-related deaths.

b. The rate of opioid-related hospital admissions.

c. The rate of violations of probation or parole due to ongoing opioid or alcohol use.

d. The accessibility of mental and physical health care.

SECTION 19A.10.(d) If qualified grant applications do not exhaust the funds allotted for one of the categories under subsection (b) of this section, the remaining funds may be redistributed equally between the other two categories.

SECTION 19A.10.(e) The Secretary of Public Safety may assign staff to support the grant program created under this section and shall convene a working group comprised of the following members:

(1) The Director of the Section of Community Corrections of the Department of Public Safety or their designee.

(2) The Director of the Office of Rural Health of the Department of Health and Human Services or their designee.

(3) The Section Chief for Addictions and Management Operations of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services or their designee.

(4) Other relevant stakeholders as determined by the Secretary of Public Safety.

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.

SECTION 19A.10.(g) Notwithstanding any other provision of law, funds allotted under subsection (a) of this section for the 2021-2022 fiscal year shall not revert until June 30, 2023.

PILOT SUPPORT TEAM ASSISTED RESPONSE (STAR) PROGRAMS IN CERTAIN CITY POLICE DEPARTMENTS

SECTION 19A.13.(a) The pilot STAR Programs funded in this act shall be created for the purpose of providing alternative responses to citizens in crisis. Each STAR Program should allow for the response of behavioral and medical health personnel to nonviolent situations deemed appropriate by the city police department. At a minimum, those responding to citizens on behalf of each STAR Program should be equipped to provide individuals with information regarding shelter, food aid, counseling, and medication, as necessary.

SECTION 19A.13.(b) No later than April 1, 2022, the Department of Public Safety, in consultation with the city police departments of Charlotte, Greensboro, and Greenville, shall

report to the Joint Legislative Oversight Committee on Justice and Public Safety regarding the following:

(1) The general progress of each STAR Program.
(2) The number of incidents in which each police department utilized its STAR Program.
(3) The outcomes of the incidents in which each police department utilized its STAR Program.
(4) An itemized accounting from each police department of the use of grant funds received for pilot STAR Programs funded in this act.

SECTION 19A.13.(c) No later than April 1, 2022, the Department of Public Safety shall provide the same report created pursuant to subsection (b) of this section to the Criminal Justice Education and Training Standards Commission and the Sheriffs' Education and Training Standards Commission. No later than May 1, 2022, each Commission shall make the report publicly available on its website and shall jointly and electronically deliver a copy of the report to each county sheriff and municipal chief of police in the State.

PART XIX-B. LAW ENFORCEMENT

STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS

SECTION 19B.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 19B.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 19B.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 19B.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 19B.2.(a) Seized and forfeited assets transferred to the Department of Justice or to the Department of Public Safety during the 2021-2023 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 Public Safety and the Department of Justice 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 19B.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 and the Department of Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

SECTION 19B.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 19B.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 2022 Regular Session of the 2021 General Assembly.

REQUEST FOR PROPOSALS FOR VIPER SYSTEM

SECTION 19B.4.(a) Prior to using the funds appropriated in this act for the purchase of equipment or maintenance or both of the Voice Interoperability Plan for Emergency Responders (VIPER) System, the Department of Public Safety shall issue a request for proposals for that equipment or maintenance or both. Selected proposals shall ensure operational compatibility with existing VIPER software and hardware.

SECTION 19B.4.(b) The Department of Public Safety shall report the proposals submitted pursuant to subsection (a) of this section to the Joint Legislative Oversight Committee on Justice and Public Safety no later than 20 days after the deadline to submit proposals has passed.

SECTION 19B.4.(c) The Department of Public Safety shall not award a contract in response to the request for proposals required by subsection (a) of this section until 30 days have passed following the submission of the report required by subsection (b) of this section. Once a contract has been awarded pursuant to this section, the Department of Public Safety may use the funds referenced in subsection (a) of this section to contract with a vendor to equip, maintain, or equip and maintain the VIPER System.

MODIFY TERM OF DIRECTOR OF THE STATE BUREAU OF INVESTIGATION

SECTION 19B.6.(a) G.S. 143B-926(a) reads as rewritten:

"(a) The Director of the State Bureau of Investigation shall be appointed by the Governor for a term of ~~eight~~ six years subject to confirmation by the General Assembly by joint resolution. The term of office of the Director of the State Bureau of Investigation shall be for ~~eight~~ six years; the first full six-year term shall begin July 1, ~~2015.~~ 2023. The name of the person to be appointed by the Governor shall be submitted by the Governor to the General Assembly for confirmation by the General Assembly on or before May 1 of the year in which the term for which the appointment is to be made expires. Upon failure of the Governor to submit a name as herein

provided, the President Pro Tempore of the Senate and the Speaker of the House of Representatives jointly shall submit a name of an appointee to the General Assembly on or before May 15 of the same year. 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, the effective date of the appointment, the date of expiration of the term, the residence of the appointee, and that the appointment is made upon the joint recommendation of the Speaker of the House of Representatives and the President Pro Tempore of the Senate. Nothing precludes any member of the General Assembly from proposing an amendment to any bill making such an appointment. If there is no vacancy in the office of the Director of the State Bureau of Investigation, and a bill that would confirm the appointment of the person as Director fails a reading in either chamber of the General Assembly, then the Governor shall submit a new name within 30 days."

SECTION 19B.6.(b) This section becomes effective June 30, 2023.

MODIFY PAYMENT SOURCE OF GOVERNOR'S SECURITY DETAIL

SECTION 19B.8. G.S. 20-189 reads as rewritten:

"**§ 20-189. Patrolmen assigned to Governor's office.**

The Secretary of Public Safety, at the request of the Governor, shall assign and attach two members of the State Highway Patrol to the office of the Governor, there to be assigned such duties and perform such services as the Governor may direct. The ~~salary~~ cost of the State Highway Patrol members so assigned to the office of the Governor shall be paid from appropriations made to the ~~office of the Governor and shall be fixed in an amount to be determined by the Governor.~~Department of Public Safety."

RESTRICTIONS ON USE OF CERTAIN STATE HIGHWAY PATROL FUNDS

SECTION 19B.9. Notwithstanding any provision of law to the contrary, the funds appropriated in this act to the State Highway Patrol for a third State Highway Patrol cadet class in the 2022-2023 fiscal year shall only be used for that purpose. No other use for those funds is authorized and all funds remaining at the end of the 2022-2023 fiscal year shall revert to the General Fund.

RELOCATION OF ALE HEADQUARTERS AND REGIONAL OFFICES

SECTION 19B.10.(a) Subsections (b) and (c) of Section 1 of S.L. 2019-203 are repealed.

SECTION 19B.10.(b) From funds appropriated in this act to the Department of Public Safety, the Department shall relocate the Alcohol Law Enforcement (ALE) headquarters and regional offices.

SECTION 19B.10.(c) This section becomes effective January 1, 2022.

PART XIX-C. ADULT CORRECTION

CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT

SECTION 19C.1. The Department of Public Safety 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 2021-2023 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 Public Safety.

STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT

SECTION 19C.2. 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 to do so.

The North Carolina Sheriffs' Association shall:

(1) Report no later than the fifteenth day of each month to the Office of State Budget and Management and the Fiscal Research Division on the Statewide Misdemeanant Confinement Program. Each monthly report shall include all of the following:
   a. The daily population delineated by misdemeanant or DWI monthly housing.
   b. The cost of housing prisoners under the Program.
   c. The cost of transporting prisoners under the Program.
   d. Personnel costs.
   e. Inmate medical care costs.
   f. The number of counties that volunteer to house inmates under the Program.
   g. The administrative costs paid to the Sheriffs' Association and to the Department of Public Safety.

(2) Report no later than October 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 and the Joint Legislative Oversight Committee on Justice and Public Safety on the Statewide Misdemeanant Confinement Program. The report shall include the following with respect to the prior fiscal year:
   a. The cost of housing prisoners by county under the Program.
   b. The cost of transporting prisoners by county under the Program.
   c. Personnel costs by county.
   d. Inmate medical care costs by county.
   e. The number of counties that volunteer to house inmates under the Program.
   f. The administrative costs paid to the Sheriffs' Association and to the Department of Public Safety."

STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER

SECTION 19C.3. 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 Division of Adult Correction for its administrative and operating expenses for the Program.

INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND EQUIPMENT PURCHASES SECTIONS

SECTION 19C.4.(a) Notwithstanding the provisions of G.S. 148-65.7, fees collected for the Interstate Compact Fund during the 2021-2023 fiscal biennium may be used by the Division of Adult Correction and Juvenile Justice of the Department of Public Safety during the 2021-2023 fiscal biennium to provide training programs and equipment purchases for the Section of Community Corrections, but only to the extent sufficient funds remain available in the Fund to support the mission of the Interstate Compact Program.

SECTION 19C.4.(b) No later than October 1 of each fiscal year, the Department of Public Safety 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.

NURSE STAFFING AT STATE PRISONS REPORT

SECTION 19C.5.(a) The Department of Public Safety shall report the following information to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2022, and by February 1, 2023:

(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 19C.5.(b) Notwithstanding any other provision of law, the Department of Public Safety 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.

DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS

SECTION 19C.6. The Department of Public Safety, Division of Adult Correction and Juvenile Justice, shall report the following information to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2022, and by February 1, 2023:

(1) The number of Division 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 Division uses to verify the information provided by an applicant.

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL EXPENSES

SECTION 19C.7. Notwithstanding G.S. 143C-6-9, the Department of Public Safety may use funds available to the Department for the 2021-2023 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, 2021, 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.

DOT CONTRACT OF INMATE LITTER CREW

SECTION 19C.8.(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 Division of Adult Correction and Juvenile Justice upon the same terms and conditions as the most favorable bid received by the Department of Transportation from a suitable contractor. The Division of Adult Correction and Juvenile Justice shall have 30 days to accept or decline the offered contract.

SECTION 19C.8.(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.

CREATE THE DEPARTMENT OF ADULT CORRECTION AND OTHER CONFORMING CHANGES

SECTION 19C.9.(a) The Department of Adult Correction is established in this section as a single, unified cabinet-level department. All functions, powers, duties, and obligations vested in the following programs, divisions, and entities located in the Department of Public Safety are transferred to, vested in, and consolidated within the Department of Adult Correction in the manner of a Type I transfer, as defined in G.S. 143A-6:

(1) Prisons Section.
(2) Alcohol and Chemical Dependency Treatment Program.
(3) Health Services Section.
(4) Correction Enterprises Section.
(5) Community Corrections Section.

SECTION 19C.9.(b) The Grievance Resolution Board is transferred to the Department of Adult Correction in the manner of a Type II transfer, as defined in G.S. 143A-6.

SECTION 19C.9.(c) The Post-Release Supervision and Parole Commission is transferred to the Department of Adult Correction in the manner of a Type II transfer, as defined in G.S. 143A-6.

SECTION 19C.9.(d) 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:

…

(12) Department of Adult Correction."

SECTION 19C.9.(e) 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:

…

(14) Department of Adult Correction."

SECTION 19C.9.(f) G.S. 126-5(d)(1) reads as rewritten:

"(d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of 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:

…

o. Department of Adult Correction."

SECTION 19C.9.(g) Chapter 143B of the General Statutes is amended by adding a new Article to read:

"Article 16.

"Department of Adult Correction.

"Part 1. Organization; General Provisions for Department.

"**§ 143B-1440. Organization.**

There is established the Department of Adult Correction. The Department shall perform all functions of the executive branch of the State in relation to the detention and correction of adult offenders, including the supervision of offenders' reentry into the community.

"**§ 143B-1442. Powers and duties of the Secretary.**

The head of the Department is the Secretary of the Department of Adult Correction. The Secretary shall have the powers and duties as are conferred on the Secretary by this Article, delegated to the Secretary by the Governor, and conferred on the Secretary by the Constitution and laws of this State. The Secretary is authorized to adopt rules and procedures for the implementation of this Article.

"**§ 143B-1444. Definitions.**

As used in this Article, the following meanings shall apply:

(1) Commission. – The Post-Release Supervision and Parole Commission.

(2) Department. – The Department of Adult Correction.

(3) Justice and Public Safety Appropriations Committees. – The Senate Appropriations Committee on Justice and Public Safety and the House of Representatives Appropriations Committee on Justice and Public Safety.

(4) Program. – The Alcoholism and Chemical Dependency Treatment Program.

(5) Secretary. – The Secretary of the Department of Adult Correction."

SECTION 19C.9.(h) G.S. 143B-601(10) and G.S. 143B-711 are repealed. G.S. 143B-630 of Part 1A of Article 13 of Chapter 143B of the General Statutes and G.S. 143B-701 through 143B-705, 143B-707, 143B-707.4, and 143B-709 of Subpart A of Part 2 of Article 13 of Chapter 143B of the General Statutes are recodified as Part 2 of Article 16 of Chapter 143B of the General Statutes as follows:

Former Citation	Recodified Citation
Part 1A	Part 2
143B-630	143B-1450
Subpart A	
143B-701	143B-1451
143B-702	143B-1452

143B-703	143B-1453
143B-704	143B-1454
143B-705	143B-1455
143B-707	143B-1456
143B-707.4	143B-1457
143B-709	143B-1458

SECTION 19C.9.(i) G.S. 143B-707.5 through 707.10 of Subpart A of Part 2 of Article 13 of Chapter 143B of the General Statutes are recodified as Part 3 of Article 16 of Chapter 143B of the General Statutes as follows:

Former Citation	Recodified Citation
Subpart A	Part 3
143B-707.3	143B-1470
143B-707.5	143B-1471
143B-707.6	143B-1472
143B-707.7	143B-1473
143B-707.8	143B-1474
143B-707.9	143B-1475
143B-707.10	143B-1476

SECTION 19C.9.(j) G.S. 143B-707.1, 143B-707.2, and 143B-708 of Subpart A of Part 2 of Article 13 of Chapter 143B of the General Statutes and G.S. 143B-604 of Part 1 of Article 13 of Chapter 143B of the General Statutes are recodified as Part 4 of Article 16 of Chapter 143B of the General Statutes as follows:

Former Citation	Recodified Citation
Subpart A	Part 4
143B-707.1	143B-1481
143B-707.2	143B-1482
143B-708	143B-1483
Part 1	
143B-604	143B-1484

SECTION 19C.9.(k) Subpart C of Part 2 of Article 13 of Chapter 143B of the General Statutes is recodified as Part 5 of Article 16 of Chapter 143B of the General Statutes as follows:

Former Citation	Recodified Citation
Subpart C	Part 5
143B-720	143B-1490
143B-721	143B-1491
143B-721.1	143B-1492

SECTION 19C.9.(*l*) Subpart B of Part 6 of Article 13 of Chapter 143B of the General Statutes is recodified as Part 6 of Article 16 of Chapter 143B of the General Statutes as follows:

Former Citation	Recodified Citation
Subpart B	Part 6
143B-1150	143B-1495
143B-1151	143B-1496
143B-1152	143B-1497
143B-1153	143B-1498
143B-1154	143B-1499
143B-1155	143B-1500
143B-1156	143B-1501
143B-1160	143B-1502
143B-1161	143B-1503

SECTION 19C.9.(m) Parts 2 through 6 of Article 16 of Chapter 143B of the General Statutes read as rewritten:

"Part 2. General Provisions for Division of Prisons.

"**§ 143B-1450. Creation of Division of ~~Adult Correction and Juvenile Justice;~~ Prisons; powers.**

There is hereby created and established a division to be known as the Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety.~~ Prisons within the Department. The Division of Prisons shall have the power and duty to implement Parts 2 and 3 of this Article and shall have such other powers and duties as are set forth in this ~~Chapter~~ Article and are prescribed by the ~~Secretary of the Department of Public Safety.~~Secretary.

"**§ 143B-1451. Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons – duties.**

It shall be the duty of the Division of Prisons to provide the necessary custody, supervision, and treatment to control and rehabilitate criminal offenders and thereby to reduce the rate and cost of crime and delinquency.

"**§ 143B-1452. Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons – rules and regulations.**

(a) The Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons shall adopt rules and regulations related to the conduct, supervision, rights and privileges of persons in its custody or under its supervision. Such rules and regulations shall be filed with and published by the office of the Attorney General and shall be made available by the Division for public inspection. The rules and regulations shall include a description of the organization of the Division. A description or copy of all forms and instructions used by the Division, except those relating solely to matters of internal management, shall also be filed with the office of the Attorney General.

(b) The rules and regulations adopted under this section shall be subject to the requirements of Article 2B of Chapter 148 of the General Statutes.

"**§ 143B-1453. Repair or replacement of personal property.**

(a) The Secretary ~~of Public Safety~~ may adopt rules governing repair or replacement of personal property items excluding private passenger vehicles that belong to employees of State facilities within the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department ~~of Public Safety~~ and that are damaged or stolen by inmates of the State facilities provided that the item is determined by the Secretary to be damaged or stolen on or off facility grounds during the performance of employment and necessary for the employee to have in ~~his~~ the employee's possession to perform ~~his~~ the employee's assigned duty.

…

(e) The Secretary ~~of Public Safety~~ shall establish by rule an appeals process consistent with Chapter 150B of the General Statutes.

"**§ 143B-1454. Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons – functions with respect to adults.**

(a) The functions of the Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons shall include all functions of the executive branch of the State in relation to corrections and the rehabilitation of adult offenders, including ~~detention, parole, and aftercare supervision,~~ detention and further including those prescribed powers, duties, and functions enumerated in the laws of this State. All such functions, powers, duties, and obligations heretofore vested in the State Department of Correction and Commission of Correction are hereby transferred to and vested in the Division of Prisons of the Department of Adult Correction except as otherwise provided by the Executive Organization Act of 1973.

~~(b) All such functions, powers, duties, and obligations heretofore vested in the Department of Social Rehabilitation and Control and any agency enumerated in Article 14 of Chapter 143A of the General Statutes and laws of this State are hereby transferred to and vested~~

~~in the Division of Adult Correction and Juvenile Justice of the Department of Public Safety except as otherwise provided by the Executive Organization Act of 1973. They shall include, by way of extension and not of limitation, the functions of:~~

~~(1) The State Department of Correction and Commission of Correction,~~

~~(2) Repealed by Session Laws 1999-423, s. 8, effective July 1, 1999.~~

~~(3) The State Probation Commission,~~

~~(4) The State Board of Paroles,~~

~~(5) The Interstate Agreement on Detainers, and~~

~~(6) The Uniform Act for Out-of-State Parolee Supervision.~~

…

(d) The Division shall establish ~~an alcoholism and chemical dependency treatment program.~~ the Alcoholism and Chemical Dependency Treatment Program. The ~~program~~ Program shall consist of a continuum of treatment and intervention services for male and female inmates, established in medium and minimum custody prison ~~facilities, and for male and female probationers and parolees, established in community-based residential treatment~~ facilities.

…

"**§ 143B-1455. Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons – Alcoholism and Chemical Dependency Treatment Program.**

(a) The Program established by ~~G.S. 143B-704~~ G.S. 143B-1454 shall be offered in correctional facilities, or a portion of correctional facilities that are self-contained, so that the residential and program space is separate from any other programs or inmate housing, and shall be operational ~~by January 1, 1988,~~ at those facilities as the Secretary or the Secretary's designee may designate.

(b) A ~~Section Chief~~ deputy director for the Alcoholism and Chemical Dependency Treatment Program shall be employed and shall report directly to ~~a deputy director for the Division of Adult Correction and Juvenile Justice as designated by the Deputy Commissioner~~ the Director for the Division of ~~Adult Correction and Juvenile Justice.~~ Prisons. The duties of the ~~Section Chief~~ deputy director and staff shall include the following:

(1) Administer and coordinate all substance abuse programs, grants, contracts, and related functions in the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety.~~Adult Correction.

(2) Develop and maintain working relationships and agreements with agencies and organizations that will assist in developing and operating alcoholism and chemical dependency treatment and recovery programs in the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety.~~Adult Correction.

…

(5) Develop programs that provide effective treatment for ~~inmates, probationers, and parolees~~ inmates with alcohol and chemical dependency problems.

…

(7) Supervise directly the facility and district program managers, other specialized personnel, and programs that exist or may be developed in the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety.~~Adult Correction.

(8) Repealed by Session Laws 2012-83, s. 10, effective June 26, 2012.

(c) In each prison that houses an alcoholism and chemical dependency program, there shall be a unit superintendent under the ~~Section~~ Division of Prisons of the ~~Division of~~ Department of Adult Correction ~~and Juvenile Justice~~ and other custodial, administrative, and support staff as required to maintain the proper custody level at the facility. The unit superintendent shall be responsible for all matters pertaining to custody and administration of the unit. The ~~Section Chief~~

deputy director of the Alcoholism and Chemical Dependency Treatment Program shall designate and direct employees to manage treatment programs at each location. Duties of unit treatment program managers shall include program development and implementation, supervision of personnel assigned to treatment programs, adherence to all pertinent policy and procedural requirements of the Department, and other duties as assigned.

…

"**§ 143B-1456. Reports to the General Assembly.**

The Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety~~ Adult Correction shall report by March 1 of each year to the Chairs of the ~~Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees in~~ Justice and Public Safety Appropriations Committees on their efforts to provide effective treatment to offenders with substance abuse problems. The report shall include:

…

~~(3) Utilization of the community-based programs at DART-Cherry and Black Mountain Substance Abuse Treatment Center for Women.~~

…

(7) Evaluation of each substance abuse treatment program funded by the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety.~~ Adult Correction. Evaluation measures shall include reduction in alcohol and drug dependency, improvements in disciplinary and infraction rates, recidivism (defined as return-to-prison rates), and other measures of the programs' success.

"**§ 143B-1457. Annual report on safekeepers.**

The Department ~~of Public Safety~~ shall report by October 1 of each year to the chairs of the ~~House of Representatives and Senate~~ Justice and Public Safety Appropriations Committees ~~on Justice and Public Safety~~ and the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on county prisoners housed in the State prison system pursuant to safekeeping orders under G.S. 162-39. The report shall include:

…

"**§ 143B-1458. Security Staffing.**

(a) The Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety~~ Adult Correction shall conduct:

…

(b) The Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety~~ Adult Correction shall update the security staffing relief formula at least every three years. Each update shall include a review of all annual training requirements for security staff to determine which of these requirements should be mandatory and the appropriate frequency of the training. The Division shall survey other states to determine which states use a vacancy factor in their staffing relief formulas.

"Part 3. Medical Costs; Medicaid Services.

"**§ 143B-1470. Medical costs for ~~inmates and juvenile offenders.~~inmates.**

(a) The Department of ~~Public Safety~~ Adult Correction shall reimburse those providers and facilities providing approved medical services to inmates ~~and juvenile offenders~~ outside the correctional ~~or juvenile~~ facility the lesser amount of either a rate of seventy percent (70%) of the provider's then-current prevailing charge or two times the then-current Medicaid rate for any given service. The Department shall have the right to audit any given provider to determine the actual prevailing charge to ensure compliance with this provision.

This section does apply to vendors providing services that are not billed on a fee-for-service basis, such as temporary staffing. Nothing in this section shall preclude the Department from contracting with a provider for services at rates that provide greater documentable cost avoidance

for the State than do the rates contained in this section or at rates that are less favorable to the State but that will ensure the continued access to care.

(b) The Department of ~~Public Safety~~ Adult Correction shall make every effort to contain medical costs for inmates ~~and juvenile offenders~~ by making use of its own hospital and health care facilities to provide health care services to ~~inmates and juvenile offenders.~~ inmates. To the extent that the Department of ~~Public Safety~~ Adult Correction must utilize other facilities and services to provide health care services to ~~inmates and juvenile offenders,~~ inmates, the Department shall make reasonable efforts to make use of hospitals or other providers with which it has a contract or, if none is reasonably available, hospitals with available capacity or other health care facilities in a region to accomplish that goal. The Department shall make reasonable efforts to equitably distribute inmates ~~and juvenile offenders~~ among all hospitals or other appropriate health care facilities.

(c) The Department of ~~Public Safety~~ Adult Correction shall report quarterly to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the ~~House of Representatives and Senate~~ Justice and Public Safety Appropriations Committees ~~on Justice and Public Safety~~ on:

(1) The percentage of the total inmates ~~and juvenile offenders~~ requiring hospitalization or hospital services who receive that treatment at each hospital.

…

(5) The volume of inpatient medical services provided to Medicaid-eligible ~~inmates and juvenile offenders,~~ inmates, the cost of treatment, the estimated savings of paying the nonfederal portion of Medicaid for the services, and the length of time between the date the claim was filed and the date the claim was paid.

…

(6) The hospital utilization, including the amount paid to individual hospitals, the number of inmates ~~and juvenile offenders~~ served, the number of claims, and whether the hospital was a contracted or noncontracted facility.

…

~~(d) The Department of Public Safety shall study whether contracts to provide inmate health services can be expanded to additional hospitals. The Department shall report the findings of its study to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety no later than February 1, 2017. The report shall include a list of hospitals considered for expansion and reasons for or against expanding to each hospital.~~

"**§ 143B-1471. Medicaid services for inmates.**

(a) The ~~Department of Public Safety~~ Division of Health Services of the Department of Adult Correction and the Department of Health and Human Services shall work together to enable social workers in the Department of Public Safety, Health Services Section, to qualify for and receive federal reimbursement for performing administrative activities related to Medicaid eligibility for inmates. The Department of ~~Public Safety, Health Services Section,~~ Adult Correction, Division of Health Services, shall develop policies and procedures to account for the time social workers in the Division of Health Services ~~Section~~ spend on administrative activities related to Medicaid eligibility for inmates. All social workers in the Division of Health Services ~~Section~~ who perform administrative activities related to Medicaid eligibility shall be required to receive eligibility determination training provided by the Department of Health and Human Services at least quarterly.

(b) The Department of ~~Public Safety, Health Services Section,~~ Adult Correction, Division of Health Services, shall require each social worker performing administrative activities related to Medicaid eligibility for inmates to document the following:

…

(3) The number of 24-hour community provider stays prescreened for potential applications, the number of applications submitted, and the number and percentage of applications approved, denied, and withdrawn, which shall be reported to the Health Services ~~Section~~ Division Director on a monthly basis.

(c) In addition to the requirements in subsection (b) of this section, each Department of ~~Public Safety, Health Services Section,~~ Adult Correction, Division of Health Services, social ~~workers~~ worker performing administrative activities related to Medicaid eligibility for inmates shall submit Medicaid applications and any supporting documents electronically through the ePass portal in the Department of Health and Human Services or through other electronic means, unless paper copies are required by federal law or regulation.

"**§ 143B-1472. Medication losses related to inmate transfer.**

(a) The Health Services ~~Section~~ Division shall collect data on medication losses that occur during inmate transfer. The collection methods shall provide, at a minimum, for all of the following:

…

(c) The Department shall also establish disciplinary actions for staff who are found to be responsible for inmate medication losses during transfer. The Health Services Section shall be responsible for addressing disciplinary actions for ~~DPS~~ Health Services prison staff who are found to be responsible for medications lost during inmate transfers and shall refer incidents involving custody staff to the appropriate unit for action.

"**§ 143B-1473. Contract for limited use of local purchase of inmate pharmacy needs.**

(a) The Health Services ~~Section~~ Division shall adopt a statewide reimbursement for local purchases of limited quantities of medicine. The statewide reimbursement rate shall be based on the North Carolina State Health Plan for Teachers and State Employees reimbursement rate for prescription drugs. Any pharmacy willing to accept the statewide reimbursement rate shall have the right to participate in the plan.

(b) The Health Services ~~Section~~ Division shall obtain monthly electronic invoices of prescriptions filled by each prison from the vendor chosen under subsection (a) of this section and shall develop a mechanism to collect information on purchases made outside the contract. At a minimum, the following information shall be collected for each prescription: (i) the inmate's prison, (ii) the requesting provider, (iii) the medication requested, (iv) the quantity of the medication requested, and (v) the total cost of the prescription.

(c) The Department shall establish a formal oversight mechanism to ensure prescriptions written by providers to be filled at local pharmacies do not exceed the quantities specified in the Department's policy. The Health Services ~~Section~~ Division central office shall be responsible for implementing the oversight function, shall use the data collected under subsections (a) and (b) of this section to implement the function, and shall implement corrective and disciplinary actions as needed.

"**§ 143B-1474. Federal 340B Program – Department of ~~Public Safety/Department~~ Adult Correction/Department of Health and Human Services partnership.**

The Department of ~~Public Safety (DPS)~~ Adult Correction (DAC) shall establish and implement a partnership with the Department of Health and Human Services (DHHS) in order for ~~DPS~~ DAC to be eligible to operate as a 340B covered entity. The ~~Department of Public Safety~~ DAC shall contract for consultant services in order to implement this section. In order to implement the requirements of this section, ~~DPS~~ DAC shall do all of the following:

…

(3) Ensure that the ~~DPS~~ DAC Apex Central Pharmacy, and any other ~~DPS~~ DAC pharmacies necessary, are compliant dispensing pharmacies under the 340B Program.

…

"**§ 143B-1475. Federal 340B Program – Department of ~~Public Safety/University~~ Adult Correction/University of North Carolina Health Care System partnership.**

(a) The Department of Public Safety shall partner with the University of North Carolina Health Care System (UNC-HCS) by October 1, 2019, to begin receiving all 340B Program savings realized from medications prescribed to inmates, but not administered, at a 340B Program-registered UNC-HCS site for non-HIV and non-HCV medications pursuant to subsections (b) and (c) of this section. The Department of Adult Correction (DAC) shall be the successor in interest for the partnership established under this section.

(b) Pursuant to subsection (c) of this section, ~~DPS~~ DAC shall direct that the prescribing authority of ~~DPS~~ DAC providers be transferred to UNC-HCS providers for identified inmates treated at a 340B Program-registered UNC-HCS site.

(c) By October 1, 2019, DPS and UNC-HCS shall:

…

(3) Develop mechanisms to ensure that the communication between the UNC-HCS prescriber and the ~~DPS~~ DAC physician maintains the quality and continuity of care that inmates currently receive.

(4) Select the UNC-HCS pharmacy, the ~~DPS~~ DAC Apex Central Pharmacy, or a combination of both, as the pharmacy through which medications will be dispensed pursuant to this section.

"**§ 143B-1476. Reports related to the federal 340B Program.**

(a) The Department of ~~Public Safety~~ Adult Correction shall report to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division by October 1, 2020, and annually thereafter, regarding:

…

(b) The Department of ~~Public Safety~~ Adult Correction shall report to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division by October 1, 2021, and annually thereafter, on savings achieved from the partnerships between the four prison regions and North Carolina 340B Program entities for the provision of inmate medications and services under the federal 340B Program.

"Part 4. General Provisions for Division of Community Supervision and Reentry.

"**§ 143B-1480. Creation of Division of Community Supervision and Reentry; powers.**

There is hereby created and established a division to be known as the Division of Community Supervision and Reentry within the Department. The Division of Community Supervision and Reentry shall have the power and duty to implement Parts 4 through 6 of this Article and shall have such other powers and duties as are set forth in this Article and are prescribed by the Secretary.

"**§ 143B-1481. Report on probation and parole caseloads.**

(a) The Department of ~~Public Safety~~ Adult Correction shall report by March 1 of each year to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on caseload averages for probation and parole officers. The report shall include:

…

(b) The Department of ~~Public Safety~~ Adult Correction shall report by March 1 of each year to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the following:

…

"**§ 143B-1482. Mutual agreement parole program report; medical release program report.**

(a) The Department of ~~Public Safety~~ Adult Correction and the Post-Release Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and to

the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on the number of inmates enrolled in the mutual agreement parole program, the number completing the program and being paroled, and the number who enrolled but were terminated from the program. The information should be based on the previous calendar year.

(b) The Department of ~~Public Safety~~ Adult Correction and the Post-Release Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the House of Representatives Appropriations Subcommittee on Justice and Public Safety, to the Chairs of the Senate Appropriations Committee on Justice and Public Safety, and to the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on the number of inmates proposed for release, considered for release, and granted release under Article 84B of Chapter 15A of the General Statutes, providing for the medical release of inmates who are either permanently and totally disabled, terminally ill, or geriatric.

"**§ 143B-1483. Community service program.**

(a) The ~~Division of Adult Correction and Juvenile Justice of the~~ Department of ~~Public Safety~~ Adult Correction may conduct a community service program. The program shall provide oversight of offenders placed under the supervision of the ~~Section of Community Corrections of the Division of Adult Correction and Juvenile Justice~~ Division of Community Supervision and Reentry and ordered to perform community service hours for criminal violations, including driving while impaired violations under G.S. 20-138.1. This program shall assign offenders, either on supervised or on unsupervised probation, to perform service to the local community in an effort to promote the offender's rehabilitation and to provide services that help restore or improve the community. The program shall provide appropriate work site placement for offenders ordered to perform community service hours. The Division may adopt rules to conduct the program. Each offender shall be required to comply with the rules adopted for the program.

(b) The Secretary of ~~Public Safety~~ the Department of Adult Correction may assign one or more employees to each district court district as defined in G.S. 7A-133 to assure and report to the Court the offender's compliance with the requirements of the program. Each county shall provide office space in the courthouse or other convenient place, for the use of the employees assigned to that county.

…

(e) The community service staff shall report to the court in which the community service was ordered, a significant violation of the terms of the probation, deferred prosecution, or conditional discharge related to community service, including a willful failure to pay any moneys due the State under any court order or payment schedule adopted by the ~~Section of Community Corrections of the Division of Adult Correction and Juvenile Justice.~~ Division of Community Supervision and Reentry. The community service staff shall give notice of the hearing to determine if there is a willful failure to comply to the person who was ordered to perform the community service. This notice shall be given by either personal delivery to the person to be notified or by depositing the notice in the United States mail in an envelope with postage prepaid, addressed to the person at the last known address available to the preparer of the notice and reasonably believed to provide actual notice to the person. The notice shall be mailed at least 10 days prior to any hearing and shall state the basis of the alleged willful failure to comply. The court shall then conduct a hearing, even if the person ordered to perform the community service fails to appear, to determine if there is a willful failure to complete the work as ordered by the community service staff within the applicable time limits. The hearing may be held in the county in which the order requiring the performance of community service was imposed, the county in which the violation occurred, or the county of residence of the person. If the court determines there is a willful failure to comply, it shall revoke any drivers license issued to the person and notify the Division of Motor Vehicles to revoke any drivers license issued to the person until the community service requirement has been met. In addition, if the person is present, the court may

take any further action authorized by Article 82 of Chapter 15A of the General Statutes for violation of a condition of probation.

"**§ 143B-1484. State Reentry Council Collaborative.**

(a) The Secretary shall establish the State Reentry Council Collaborative (SRCC). The SRCC shall include up to two representatives from each of the following:

…

(5) The Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety.~~Community Supervision and Reentry.

…

"Part 5. Parole Commission.

"**§ 143B-1490. Post-Release Supervision and Parole Commission – creation, powers and duties.**

(a) There is hereby created a Post-Release Supervision and Parole Commission of the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction with the authority to grant paroles, including both regular and temporary paroles, to persons held by virtue of any final order or judgment of any court of this State as provided in Chapter 148 of the General Statutes and laws of the State of North Carolina, except that persons sentenced under Article 81B of Chapter 15A of the General Statutes are not eligible for parole but may be conditionally released into the custody and control of United States Immigration and Customs Enforcement pursuant to G.S. 148-64.1. The Commission shall also have authority to revoke, terminate, and suspend paroles of such persons (including persons placed on parole on or before the effective date of the Executive Organization Act of 1973) and to assist the Governor in exercising his authority in granting reprieves, commutations, and pardons, and shall perform such other services as may be required by the Governor in exercising his powers of executive clemency. The Commission shall also have authority to revoke and terminate persons on post-release supervision, as provided in Article 84A of Chapter 15A of the General Statutes. The Commission shall also have the authority to punish for criminal contempt for willful refusal to accept post-release supervision or to comply with the terms of post-release supervision by a prisoner whose offense requiring post-release supervision is a reportable conviction subject to the registration requirement of Article 27A of Chapter 14 of the General Statutes. Any contempt proceeding conducted by the Commission shall be in accordance with G.S. 5A-15 as if the Commission were a judicial official.

…

(c) The Commission is authorized and empowered to adopt ~~such rules and regulations,~~ rules not inconsistent with the laws of this State, in accordance with which prisoners eligible for parole consideration may have their cases reviewed and investigated and by which such proceedings may be initiated and considered. All rules and regulations heretofore adopted by the Board of Paroles shall remain in full force and effect unless and until repealed or superseded by action of the ~~Post-Release Supervision and Parole~~ Commission. All rules ~~and regulations~~ adopted by the Commission shall be enforced by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety.~~Adult Correction.

…

"**§ 143B-1491. Post-Release Supervision and Parole Commission – members; selection; removal; chair; compensation; quorum; services.**

…

(f) All clerical and other services required by the Commission shall be supplied by the Secretary of the Department of ~~Public Safety.~~Adult Correction.

"**§ 143B-1492. Parole eligibility reports.**

(a) Each fiscal year the Post-Release Supervision and Parole Commission shall, with the assistance of the North Carolina Sentencing and Policy Advisory Commission and the Department of ~~Public Safety,~~ Adult Correction, analyze the amount of time each inmate who is

eligible for parole on or before July 1 of the previous fiscal year has served compared to the time served by offenders under Structured Sentencing for comparable crimes. The Commission shall determine if the person has served more time in custody than the person would have served if sentenced to the maximum sentence under the provisions of Article 81B of Chapter 15A of the General Statutes. The "maximum sentence", for the purposes of this section, shall be calculated as set forth in subsection (b) of this section.

…

"Part 6. Treatment for Effective Community Supervision Program.

"**§ 143B-1495. Short title.**

…

"**§ 143B-1496. Legislative policy.**

…

"**§ 143B-1497. Definitions.**

The following definitions apply in this Subpart:

…

(2) Division. – The Division of ~~Adult Correction and Juvenile Justice.~~Community Supervision and Reentry.

…

(6) Secretary. – The Secretary of ~~Public Safety.~~the Department of Adult Correction.

~~(6a) Section. – The Section of Community Corrections of the Division of Adult Correction and Juvenile Justice.~~

…

"**§ 143B-1498. Goals of community-based corrections programs funded under this Subpart.**

…

"**§ 143B-1499. Eligible population.**

…

(b) The priority populations for programs funded under this Subpart shall be as follows:

…

(2) Offenders identified by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry using a validated risk assessment instrument to have a high likelihood of reoffending and a moderate to high need for substance abuse treatment.

"**§ 143B-1500. Duties of Division of ~~Adult Correction and Juvenile Justice.~~Community Supervision and Reentry.**

(a) In addition to those otherwise provided by law, the Division ~~of Adult Correction and Juvenile Justice~~ shall have the following duties:

…

(b) The ~~Section~~ Division of Community ~~Corrections of the Division of Adult Correction and Juvenile Justice~~ Supervision and Reentry shall develop and publish a recidivism reduction plan for the State that accomplishes the following:

…

(c) The Department of ~~Public Safety, Community Corrections Section,~~ Adult Correction, Division of Community Supervision and Reentry, shall report by March 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the status of the programs funded through the Treatment for Effective Community Supervision Program. The report shall include the following information from each of the following components:

…

"**§ 143B-1501. Contract for services.**

(a) The Division ~~of Adult Correction and Juvenile Justice~~ shall contract with service providers through a competitive procurement process to provide community-based services to offenders on probation, parole, or post-release supervision.

…

(c) The ~~Division of Adult Correction and Juvenile Justice,~~ Division, in partnership with the Department of Health and Human Services, shall develop standard service definitions and performance measures for substance abuse and aftercare support services for inclusion in the contracts.

…

(e) The Division ~~of Adult Correction and Juvenile Justice~~ shall pay service providers the contract base award upon the initiation of services with the remaining payments made as milestones are reached as stated in the contract for services. If the service provider cancels or terminates the contract prior to its conclusion, the service provider shall reimburse the Division for the unearned pro rata portion of the base award.

…

"**§ 143B-1502. Program types eligible for funding; community-based corrections programs.**

…

"**§ 143B-1503. Justice Reinvestment Council.**

(a) The Justice Reinvestment Council is established to act as an advisory body to the ~~Commissioner of Adult Correction~~ Secretary with regard to this ~~Subpart.~~ Part. The Council shall consist of 13 members as follows, to be appointed as provided in subsection (b) of this section:

…

(d) The purpose of the Justice Reinvestment Council in conjunction with the Department of ~~Public Safety,~~ Adult Correction, Division of ~~Adult Correction and Juvenile Justice,~~ Community Supervision and Reentry, is to:

…."

CONFORMING CHANGES REGARDING DEPARTMENT OF ADULT CORRECTION

SECTION 19C.9.(n) The following statutes are amended by deleting the language "Department of Public Safety" wherever it appears and substituting "Department of Adult Correction": G.S. 15-188, 15-194, 58-31-26, 97-13, 130A-4.4, and 143-134.

SECTION 19C.9.(o) The following statutes are amended by deleting the language "Secretary of Public Safety" wherever it appears and substituting "Secretary of the Department of Adult Correction": G.S. 15-10.2, 15-10.3, 15-206, 15A-1340.36, 15A-1371, 122C-312, 130A-25, 148-4, 148-5, 148-10.1, 148-11, 148-18.1, 148-19, 148-20, 148-22, 148-22.1, 148-24, 148-25, 148-26, 148-26.5, 148-28, 148-33, 148-33.1, 148-33.2, 148-36, 148-37, 148-41, 148-45, 148-46, 148-46.2, 148-57, 148-65.6, 148-65.9, 148-74, 148-78, 148-118.9, 148-121, 148-122, and 164-37.

SECTION 19C.9.(p) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice of the Department of Public Safety" wherever it appears and substituting "Division of Prisons of the Department of Adult Correction": G.S. 1-110, 7A-109.3, 7A-313, 7A-451, 7A-474.18, 7A-498.3, 7B-2517, 14-202, 14-208.20, 14-208.22, 14-254.5, 14-258.1, 14-258.3, 15-10.1, 15-194, 15-196.3, 15A-544.3, 15A-544.5, 15A-615, 15A-821, 15A-1340.13, 15A-1340.20, 15A-1353, 15A-1354, 15A-1355, 15A-1368.2, 15A-1368.3, 15B-31, 15B-32, 20-81.12, 65-4, 66-25, 66-58, 97-13, 122C-55, 122C-62, 122C-312, 122C-313, 122C-402, 131E-98, 131E-214.1, 143-300.7, 143-599, 146-33, 147-12, 148-2, 148-3, 148-4, 148-6, 148-10, 148-10.1, 148-10.2, 148-10.3, 148-10.4, 148-10.5, 148-12, 148-18, 148-18.1, 148-19, 148-19.2, 148-22, 148-22.1, 148-23, 148-23.1, 148-23.2, 148-24, 148-26, 148-26.5, 148-28, 148-32.1, 148-32.2, 148-33, 148-33.1, 148-36, 148-37, 148-37.3, 148-41, 148-45, 148-46.1, 148-59, 148-64, 148-64.1, 148-66, 148-67, 148-70, 148-74, 148-78,

148-118.1, 148-118.2, 148-118.4, 148-118.5, 153A-221, 153A-230.1, 153A-230.2, 153A-230.3, 153A-230.5, and 163-82.20A.

SECTION 19C.9.(q) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Prisons": G.S. 14-208.40B, 14-208.42, 14-208.44, 20-79.4, 126-23, 148-10.4, 148-19.2, 148-32.1, 164-42, and 164-50.

SECTION 19C.9.(r) The following statutes are amended by deleting the language "Section of Prisons of the Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Prisons": G.S. 14-208.40C, 14-258.2, 66-58, 130A-25, 148-11, 148-18, and 148-130.

SECTION 19C.9.(s) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice of the Department of Public Safety" wherever it appears and substituting "Department of Adult Correction": G.S. 15A-145, 15A-145.1, 15A-145.7, 15A-145.8A, 15A-146, 15A-147, and 15A-149.

SECTION 19C.9.(t) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice of the Department of Public Safety" wherever it appears and substituting "Division of Community Supervision and Reentry of the Department of Adult Correction": G.S. 14-208.45, 15-206, 15-209, 15A-534, 15A-534.1, 15A-1332, 15A-1343.3, 15A-1368, 15A-1368.4, 15A-1374, 20-19, 20-28, 20-179, 50-13.2, 135-1, 148-53, 148-54, and 148-65.7.

SECTION 19C.9.(u) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Community Supervision and Reentry": G.S. 14-208.40, 14-208.43, and 135-1.

SECTION 19C.9.(v) The following statutes are amended by deleting the language "Section of Community Corrections of the Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Community Supervision and Reentry": G.S. 7B-3000, 7B-3001, 14-208.40C, 14-208.41, 15A-837, 15A-1368.4, 15A-1369.4, 15A-1371, 20-179, 20-179.3, 115C-46.2, and 148-65.6.

SECTION 19C.9.(v1) The following statutes are amended by deleting the language "Section of Community Corrections of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety" wherever it appears and substituting "Division of Community Supervision and Reentry of the Department of Adult Correction": G.S. 7B-3000, 7B-3001, 15A-1342, and 105-259.

CREATE DIVISION OF JUVENILE JUSTICE

SECTION 19C.9.(w) Subpart A of Part 3 of Article 13 of Chapter 143B of the General Statutes reads as rewritten:

"Part 3. Division of Juvenile ~~Justice Section.~~Justice.

"Subpart A. Creation of Division.

"**§ 143B-800. Creation of Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.**

There is hereby created and constituted a ~~section~~ division to be known as the ~~"Juvenile~~ "Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety", with the organization, powers, and duties as set forth in this Article or as prescribed by the Director of the Division of ~~Adult Correction and~~ Juvenile Justice.

"**§ 143B-801. Transfer of Office of Juvenile Justice authority to the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.**

(a) All (i) statutory authority, powers, duties, and functions, including directives of S.L. 1998-202, rule making, budgeting, and purchasing, (ii) records, (iii) personnel, personnel positions, and salaries, (iv) property, and (v) unexpended balances of appropriations, allocations,

reserves, support costs, and other funds of the Office of Juvenile Justice under the Office of the Governor are transferred to and vested in the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety. This transfer has all of the elements of a Type I transfer as defined in G.S. 143A-6.

(b) The ~~Section~~ Division shall be considered a continuation of the Office of Juvenile Justice for the purpose of succession to all rights, powers, duties, and obligations of the Office and of those rights, powers, duties, and obligations exercised by the Office of the Governor on behalf of the Office of Juvenile Justice. Where the Office of Juvenile Justice or the Division of Adult Correction and Juvenile Justice of the Department of Public Safety is referred to by law, contract, or other document, that reference shall apply to the Division of Juvenile ~~Justice Section of the Division of Adult Correction and Juvenile~~ Justice. Where the Office of the Governor is referred to by contract or other document, where the Office of the Governor is acting on behalf of the Office of Juvenile Justice, that reference shall apply to the ~~Section.~~Division.

(c) All institutions previously operated by the Office of Juvenile Justice and the ~~present~~ central office of the Office of Juvenile Justice, including land, buildings, equipment, supplies, personnel, or other properties rented or controlled by the Office or by the Office of the Governor for the Office of Juvenile Justice, shall be administered by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.

"**§ 143B-802. Medical costs for juvenile offenders.**

(a) The Department of Public Safety shall reimburse those providers and facilities providing approved medical services to juvenile offenders outside the juvenile facility the lesser amount of either a rate of seventy percent (70%) of the provider's then-current prevailing charge or two times the then-current Medicaid rate for any given service. The Department shall have the right to audit any given provider to determine the actual prevailing charge to ensure compliance with this provision.

This section does apply to vendors providing services that are not billed on a fee-for-service basis, such as temporary staffing. Nothing in this section shall preclude the Department from contracting with a provider for services at rates that provide greater documentable cost avoidance for the State than do the rates contained in this section or at rates that are less favorable to the State but that will ensure the continued access to care.

(b) The Department shall make every effort to contain medical costs for juvenile offenders by making use of health care facilities to provide health care services to juvenile offenders. To the extent that the Department must utilize other facilities and services to provide health care services to juvenile offenders, the Department shall make reasonable efforts to make use of hospitals or other providers with which it has a contract or, if none is reasonably available, hospitals with available capacity or other health care facilities in a region to accomplish that goal. The Department shall make reasonable efforts to equitably distribute juvenile offenders among all hospitals or other appropriate health care facilities.

(c) The Department shall report quarterly to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety on:

(1) The percentage of the total juvenile offenders requiring hospitalization or hospital services who receive that treatment at each hospital.

(2) The volume of scheduled and emergent services listed by hospital and, of that volume, the number of those services that are provided by contracted and noncontracted providers.

(3) The volume of scheduled and emergent admissions listed by hospital and, of that volume, the percentage of those services that are provided by contracted and noncontracted providers.

(4) The volume of inpatient medical services provided to Medicaid-eligible juvenile offenders, the cost of treatment, the estimated savings of paying the nonfederal portion of Medicaid for the services, and the length of time between the date the claim was filed and the date the claim was paid.

(5) The status of the implementation of the claims processing system and efforts to address the backlog of unpaid claims.

(6) The hospital utilization, including the amount paid to individual hospitals, the number of juvenile offenders served, the number of claims, and whether the hospital was a contracted or noncontracted facility.

(7) A list of hospitals under contract.

(8) The reimbursement rate for contracted providers. The Department shall randomly audit high-volume contracted providers to ensure adherence to billing at the contracted rate.

Reports submitted on August 1 shall include totals for the previous fiscal year for all the information requested."

SECTION 19C.9.(x) G.S. 143B-805 reads as rewritten:

"**§ 143B-805. Definitions.**

In this Part, unless the context clearly requires otherwise, the following words have the listed meanings:

(1) Chief court counselor. – The person responsible for administration and supervision of juvenile intake, probation, and post-release supervision in each judicial district, operating under the supervision of the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.

…

(9a) Division. – The Division of Juvenile Justice of the Department of Public Safety.

…

~~(19a) Section. – The Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety.~~

…."

SECTION 19C.9.(y) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Juvenile Justice": G.S. 7B-1501, 106-915, 115C-106.3, 115C-107.6, 115C-108.1, 115C-296.2, 115C-325.10, 126-5, and 143B-853.

SECTION 19C.9.(z) The following statutes are amended by deleting the language "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Juvenile Justice": G.S. 7A-109.3, 7A-302, 14-239, 14-258.1, 14-316.1, 15-6, 15A-1301, 66-58, 114-12.1, 115D-1, 122C-113, 122C-115.4, 122C-117, 143B-152.14, 143B-153, 143B-806, 143B-809, 143B-853, 143B-935, 143B-1391, 148-32.1, 153A-221.1, and 162-60.

SECTION 19C.9.(aa) The following statutes are amended by deleting the language "Section" wherever it appears and substituting "Division": G.S. 15A-1301, 143B-807, 143B-808, 143B-815, 143B-816, 143B-817, 143B-818, 143B-819, 143B-820, 143B-821, 143B-830, 143B-840, and 143B-851.

OTHER CONFORMING CHANGES

SECTION 19C.9.(bb) G.S. 7B-1402(b) reads as rewritten:

"(b) The Task Force shall be composed of 36 members, 12 of whom shall be ex officio members, four of whom shall be appointed by the Governor, 10 of whom shall be appointed by the Speaker of the House of Representatives, and 10 of whom shall be appointed by the President

Pro Tempore of the Senate. The ex officio members other than the Chief Medical Examiner may designate representatives from their particular departments, divisions, or offices to represent them on the Task Force. In making appointments or designating representatives, appointing authorities and ex officio members shall use best efforts to select members or representatives with sufficient knowledge and experience to effectively contribute to the issues examined by the Task Force and, to the extent possible, to reflect the geographical, political, gender, and racial diversity of this State. The members shall be as follows:

…

(11a) The Director of the Division of Juvenile ~~Justice Section, Division of Adult Correction and Juvenile Justice,~~ Justice of the Department of Public Safety.

…."

SECTION 19C.9.(cc) G.S. 7B-1501 reads as rewritten:

"**§ 7B-1501. Definitions.**

In this Subchapter, unless the context clearly requires otherwise, the following words have the listed meanings. The singular includes the plural, unless otherwise specified:

(1) Chief court counselor. – The person responsible for administration and supervision of juvenile intake, probation, and post-release supervision in each judicial district, operating under the supervision of the Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety.

…

(10a) Division. – The Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety created under Article ~~12~~ 13 of Chapter 143B of the General Statutes.

…."

SECTION 19C.9.(dd) G.S. 7B-1905(b) reads as rewritten:

"(b) Pursuant to G.S. 7B-1903(b), (c), or (d), a juvenile may be temporarily detained in an approved detention facility. It shall be unlawful for a sheriff or any unit of government to operate a juvenile detention facility unless the facility meets the standards and rules adopted by the Department of Public Safety and has been approved by the ~~Juvenile Justice Section of the~~ Division of Juvenile Justice for operation as a juvenile detention facility."

SECTION 19C.9.(ee) G.S. 7B-2055 reads as rewritten:

"**§ 7B-2055. Responsibilities of the Division of ~~Adult Correction and~~ Juvenile Justice.**

(a) Notwithstanding Articles 30 and 31 of Subchapter III of this Chapter, if a victim has requested to be notified of the juvenile's release pursuant to G.S. 7B-2053, at least 45 days before releasing to post-release supervision a juvenile who was committed to the Division of Juvenile Justice of the Department of Public Safety for placement in a youth development center, the Division shall notify the victim as requested. The notification shall include only the juvenile's initials, offense, date of commitment, projected release date, and any no-contact release conditions related to the victim.

…."

SECTION 19C.9.(ff) G.S. 7B-2204 reads as rewritten:

"**§ 7B-2204. Right to pretrial release; detention.**

(a) Once the order of transfer has been entered, the juvenile has the right to pretrial release as provided in G.S. 15A-533 and G.S. 15A-534. The release order shall specify the person or persons to whom the juvenile may be released. Pending release, the court shall order that the juvenile be detained in a detention facility while awaiting trial. Personnel of the Division of Juvenile Justice ~~Section~~ of the ~~Division,~~ Department of Public Safety, or personnel approved by the ~~Juvenile Justice Section,~~ Division, shall transport the juvenile from the detention facility to court.

(b) The court may order the juvenile to be held in a holdover facility at any time the presence of the juvenile is required in court for pretrial hearings or trial, if the court finds that it

would be inconvenient to return the juvenile to the detention facility. Personnel of the ~~Justice Section of the~~ Division, or personnel approved by the ~~Juvenile Justice Section,~~ Division, shall transport the juvenile from the holdover facility to court and shall transport the juvenile back to the detention center.

(c) If the juvenile reaches the age of 18 years while awaiting the completion of proceedings in superior court, the juvenile shall be transported by personnel of the ~~Juvenile Justice Section of the~~ Division, or personnel approved by the ~~Juvenile Justice Section,~~ Division, to the custody of the sheriff of the county where the charges arose.

(d) Should the juvenile be found guilty, or enter a plea of guilty or no contest to a criminal offense in superior court and receive an active sentence, then immediate transfer to the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ shall be ordered. Until such time as the juvenile is transferred to the Division of Prisons of the Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety,~~ Correction, the juvenile may be detained in a holdover facility. The juvenile may not be detained in a detention facility pending transfer to the Division of Prisons of the Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety,~~ Correction, unless the detention facility is operated by the sheriff pursuant to G.S. 7B-1905(b).

(e) The juvenile may be kept by the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ as a safekeeper until the juvenile is placed in an appropriate correctional program."

SECTION 19C.9.(gg) G.S. 7B-3100(a) reads as rewritten:

"(a) The ~~Division,~~ Division of Juvenile Justice of the Department of Public Safety, after consultation with the Conference of Chief District Court Judges, shall adopt rules designating certain local agencies that are authorized to share information concerning juveniles in accordance with the provisions of this section. Agencies so designated shall share with one another, upon request and to the extent permitted by federal law and regulations, information that is in their possession that is relevant to any assessment of a report of child abuse, neglect, or dependency or the provision or arrangement of protective services in a child abuse, neglect, or dependency case by a local department of social services pursuant to the authority granted under Chapter 7B of the General Statutes or to any case in which a petition is filed alleging that a juvenile is abused, neglected, dependent, undisciplined, or delinquent and shall continue to do so until the protective services case is closed by the local department of social services, or if a petition is filed when the juvenile is no longer subject to the jurisdiction of juvenile court. Agencies that may be designated as "agencies authorized to share information" include local mental health facilities, local health departments, local departments of social services, local law enforcement agencies, local school administrative units, the district's district attorney's office, the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety, and the Office of Guardian ad Litem Services of the Administrative Office of the Courts, and, pursuant to the provisions of G.S. 7B-3000(e1), the ~~Section of Community Corrections of the~~ Division of Community Supervision and Reentry of the Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~ Correction. Any information shared among agencies pursuant to this section shall remain confidential, shall be withheld from public inspection, and shall be used only for the protection of the juvenile and others or to improve the educational opportunities of the juvenile, and shall be released in accordance with the provisions of the Family Educational and Privacy Rights Act as set forth in 20 U.S.C. § 1232g. Nothing in this section or any other provision of law shall preclude any other necessary sharing of information among agencies. Nothing herein shall be deemed to require the disclosure or release of any information in the possession of a district attorney."

SECTION 19C.9.(hh) G.S. 14-196.3(b) reads as rewritten:

"(b) It is unlawful for a person to:

…

(5) Knowingly install, place, or use an electronic tracking device without consent, or cause an electronic tracking device to be installed, placed, or used without consent, to track the location of any person. The provisions of this subdivision do not apply to the installation, placement, or use of an electronic tracking device by any of the following:

a. A law enforcement officer, judicial officer, probation or parole officer, or employee of the Division of ~~Corrections,~~ Prisons of the Department of ~~Public Safety,~~ Adult Correction, when any such person is engaged in the lawful performance of official duties and in accordance with State or federal law.

…."

SECTION 19C.9.(ii) G.S. 14-208.6 reads as rewritten:

"**§ 14-208.6. Definitions.**

The following definitions apply in this Article:

…

(2) Penal institution. – Any of the following:

a. A detention facility operated under the jurisdiction of the ~~Section~~ Division of Prisons of the ~~Division of~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~Correction.

…."

SECTION 19C.9.(jj) G.S. 14-208.40A reads as rewritten:

"**§ 14-208.40A. Determination of satellite-based monitoring requirement by court.**

…

(d) If the court finds that the offender committed an offense that involved the physical, mental, or sexual abuse of a minor, that the offense is not an aggravated offense or a violation of G.S. 14-27.23 or G.S. 14-27.28 and the offender is not a recidivist, the court shall order that the ~~Division of~~ Department of Adult Correction do a risk assessment of the offender. The ~~Division of Adult Correction and Juvenile Justice~~ Department shall have a minimum of 30 days, but not more than 60 days, to complete the risk assessment of the offender and report the results to the court.

(e) Upon receipt of a risk assessment from the ~~Division of Adult Correction and Juvenile Justice~~ Department of Adult Correction pursuant to subsection (d) of this section, the court shall determine whether, based on the ~~Division of Adult Correction and Juvenile Justice's~~ Department's risk assessment, the offender requires the highest possible level of supervision and monitoring. If the court determines that the offender does require the highest possible level of supervision and monitoring, the court shall order the offender to enroll in a satellite-based monitoring program for a period of time to be specified by the court."

SECTION 19C.9.(kk) G.S. 14-415.10 reads as rewritten:

"**§ 14-415.10. Definitions.**

The following definitions apply to this Article:

…

(4a) Qualified retired correctional officer. – An individual who retired from service as a State correctional officer, other than for reasons of mental disability, who has been retired as a correctional officer two years or less from the date of the permit application and who meets all of the following criteria:

a. Immediately before retirement, the individual met firearms training standards of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ and was authorized by the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ to carry a handgun in the course of assigned duties.

b. The individual retired in good standing and was never a subject of a disciplinary action by the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ that would have prevented the individual from carrying a handgun.

…

(4c) Qualified retired probation or parole certified officer. – An individual who retired from service as a State probation or parole certified officer, other than for reasons of mental disability, who has been retired as a probation or parole certified officer two years or less from the date of the permit application and who meets all of the following criteria:

a. Immediately before retirement, the individual met firearms training standards of the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction and was authorized by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction to carry a handgun in the course of duty.

b. The individual retired in good standing and was never a subject of a disciplinary action by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction that would have prevented the individual from carrying a handgun.

…."

SECTION 19C.9.(*ll*) G.S. 14-258.7(a) reads as rewritten

"(a) The Department of Public Safety and ~~Juvenile Justice~~ the Department of Adult Correction shall each report the following to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 15 of each year:

…."

SECTION 19C.9.(mm) G.S. 14-269(b)(9) reads as rewritten:

"(b) This prohibition shall not apply to the following persons:

…

(9) State correctional officers, when off-duty, provided that an officer does not carry a concealed weapon while consuming alcohol or an unlawful controlled substance or while alcohol or an unlawful controlled substance remains in the officer's body. If the concealed weapon is a handgun, the correctional officer must meet the firearms training standards of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~Correction."

SECTION 19C.9.(nn) G.S. 15-6.1 reads as rewritten:

"**§ 15-6.1. Changing place of confinement of prisoner committing offense.**

In all cases where a defendant has been convicted in a court inferior to the superior court and sentenced to a term in the county jail or to serve in some county institution other than under the supervision of the ~~State Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety,~~ Correction, and such defendant is subsequently brought before such court for an offense committed prior to the expiration of the term to be served in such county institution, upon conviction, plea of guilty or nolo contendere, the judge shall have the power and authority to change the place of confinement of the prisoner and commit such defendant to work under the supervision of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~ Correction. This provision shall apply whether or not the terms of

the new sentence are to run concurrently with or consecutive to the remaining portion of the old sentence."

SECTION 19C.9.(oo) G.S. 15A-145.2 reads as rewritten:

"**§ 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.**

…

(a2) 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, the ~~Division of Adult Correction and Juvenile Justice,~~ Department of Adult Correction, the Division of Motor Vehicles, and any other State and local government agencies identified by the petitioner as 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.

…

(c) Whenever any person who has not previously been convicted of (i) any felony offense under any state or federal laws; (ii) any offense under Chapter 90 of the General Statutes; or (iii) an offense under any statute of the United States or any state relating to controlled substances included in any schedule of Chapter 90 of the General Statutes or to that paraphernalia included in Article 5B of Chapter 90 of the General Statutes, pleads guilty to or has been found guilty of a misdemeanor under Article 5 of Chapter 90 of the General Statutes by possessing a controlled substance included within Schedules I through VI of Chapter 90, or by possessing drug paraphernalia as prohibited by G.S. 90-113.22 or pleads guilty to or has been found guilty of a felony under G.S. 90-95(a)(3), the court may, upon application of the person not sooner than 12 months after conviction, order cancellation of the judgment of conviction and expunction of the records of the person's arrest, indictment or information, trial, and conviction. A conviction in which the judgment of conviction has been canceled and the records expunged pursuant to this subsection shall not be thereafter deemed a conviction for purposes of this subsection or for purposes of disqualifications or liabilities imposed by law upon conviction of a crime, except as provided in G.S. 15A-151.5. Cancellation and expunction under this subsection may occur only once with respect to any person. Disposition of a case under this subsection at the district court division of the General Court of Justice shall be final for the purpose of appeal.

…

The court shall also order all law enforcement agencies, the Department of ~~Public Safety,~~ Adult Correction, the Division of Motor Vehicles, and any other State or local agencies identified by the petitioner as bearing records of the conviction and records relating thereto to expunge their records of the conviction. The clerk shall notify State and local agencies of the court's order as provided in G.S. 15A-150.

…."

SECTION 19C.9.(pp) G.S. 15A-521 reads as rewritten:

"**§ 15A-521. Commitment to detention facility pending trial.**

(a) Commitment. – Every person charged with a crime and held in custody who has not been released pursuant to Article 26 of this Chapter, Bail, must be committed by a written order of the judicial official who conducted the initial appearance as provided in Article 24 to an appropriate detention facility as provided in this section. If the person being committed by written order is under the age of 18, that person must be committed to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles, or to a holdover facility as defined in G.S. 7B-1501(11). If the person being committed reaches the age of 18 years while held in custody, the person shall be transported by personnel of the Juvenile Justice ~~Section of the~~ Division, or personnel approved by the Juvenile Justice ~~Section,~~ Division, to the custody of the sheriff of the county where the charges arose.

…

(c) Copies and Use of Order, Receipt of Prisoner. –

(1) The order of commitment must be delivered to a law-enforcement officer, who must deliver the order and the prisoner to the detention facility named therein.

(2) The jailer or personnel of the Juvenile Justice ~~Section~~ Division must receive the prisoner and the order of commitment, and note on the order of commitment the time and date of receipt. As used in this subdivision, "jailer" includes any person having control of a detention facility and "personnel of the Juvenile Justice ~~Section"~~ Division" includes personnel approved by the Juvenile Justice ~~Section.~~Division.

(3) Upon releasing the prisoner pursuant to the terms of the order, or upon delivering the prisoner to the court, the jailer or personnel of the Juvenile Justice ~~Section~~ Division must note the time and date on the order and return it to the clerk. Personnel of the Juvenile Justice ~~Section,~~ Division, or personnel approved by the Juvenile Justice ~~Section,~~ Division, shall transport the person under the age of 18 from the juvenile detention facility or holdover facility to court and shall transfer the person back to the juvenile detention facility or holdover facility.

…."

SECTION 19C.9.(qq) G.S. 15A-830(a)(3) reads as rewritten:

"(a) The following definitions apply in this Article:

…

(3) Custodial agency. – The agency that has legal custody of an accused or defendant arising from a charge or conviction of a crime covered by this Article including, but not limited to, local jails or detention facilities, regional jails or detention facilities, facilities designated under G.S. 122C-252 for the custody and treatment of involuntary clients, the Department of Adult Correction, or the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of Public Safety."

SECTION 19C.9.(rr) G.S. 15A-832(g) reads as rewritten:

"(g) At the sentencing hearing, the prosecuting attorney shall submit to the court a copy of a form containing the identifying information set forth in G.S. 15A-831(c) about any victim's electing to receive further notices under this Article. The clerk of superior court shall include the form with the final judgment and commitment, or judgment suspending sentence, transmitted to the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of Public ~~Safety~~ Safety, the Department of Adult Correction, or other agency receiving custody of the defendant and shall be maintained by the custodial agency as a confidential file."

SECTION 19C.9.(ss) G.S. 15A-1340.14(f) reads as rewritten:

"(f) Proof of Prior Convictions. – A prior conviction shall be proved by any of the following methods:

(1) Stipulation of the parties.

(2) An original or copy of the court record of the prior conviction.

(3) A copy of records maintained by the Department of Public Safety, the Department of Adult Correction, the Division of Motor Vehicles, or of the Administrative Office of the Courts.

(4) Any other method found by the court to be reliable.

The State bears the burden of proving, by a preponderance of the evidence, that a prior conviction exists and that the offender before the court is the same person as the offender named in the prior conviction. The original or a copy of the court records or a copy of the records maintained by the Department of Public Safety, the Department of Adult Correction, the Division of Motor Vehicles, or of the Administrative Office of the Courts, bearing the same name as that by which the offender is charged, is prima facie evidence that the offender named is the same

person as the offender before the court, and that the facts set out in the record are true. For purposes of this subsection, "a copy" includes a paper writing containing a reproduction of a record maintained electronically on a computer or other data processing equipment, and a document produced by a facsimile machine. The prosecutor shall make all feasible efforts to obtain and present to the court the offender's full record. Evidence presented by either party at trial may be utilized to prove prior convictions. Suppression of prior convictions is pursuant to G.S. 15A-980. If a motion is made pursuant to that section during the sentencing stage of the criminal action, the court may grant a continuance of the sentencing hearing. If asked by the defendant in compliance with G.S. 15A-903, the prosecutor shall furnish the defendant's prior criminal record to the defendant within a reasonable time sufficient to allow the defendant to determine if the record available to the prosecutor is accurate. Upon request of a sentencing services program established pursuant to Article 61 of Chapter 7A of the General Statutes, the district attorney shall provide any information the district attorney has about the criminal record of a person for whom the program has been requested to provide a sentencing plan pursuant to G.S. 7A-773.1."

SECTION 19C.9.(tt) G.S. 15A-1340.16(d) reads as rewritten:

"(d) Aggravating Factors. – The following are aggravating factors:

…

(6) The offense was committed against or proximately caused serious injury to a present or former law enforcement officer, employee of the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of Public Safety, the Department of Adult Correction, jailer, fireman, emergency medical technician, ambulance attendant, social worker, justice or judge, clerk or assistant or deputy clerk of court, magistrate, prosecutor, juror, or witness against the defendant, while engaged in the performance of that person's official duties or because of the exercise of that person's official duties.

…."

SECTION 19C.9.(uu) G.S. 15A-1340.18 reads as rewritten:

"**§ 15A-1340.18. Advanced supervised release.**

…

(b) The Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ is authorized to create risk reduction incentives consisting of treatment, education, and rehabilitative programs. The incentives shall be designed to reduce the likelihood that the prisoner who receives the incentive will reoffend.

(c) When imposing an active sentence for an eligible defendant, the court, in its discretion and without objection from the prosecutor, may order that the Department of Adult Correction admit the defendant to the ASR program. The Department of Adult Correction shall admit to the ASR program only those defendants for which ASR is ordered in the sentencing judgment.

…."

SECTION 19C.9.(vv) G.S. 15A-1340.21(c) reads as rewritten:

"(c) Proof of Prior Convictions. – A prior conviction shall be proved by any of the following methods:

(1) Stipulation of the parties.

(2) An original or copy of the court record of the prior conviction.

(3) A copy of records maintained by the Department of Public Safety, the Department of Adult Correction, the Division of Motor Vehicles, or of the Administrative Office of the Courts.

(4) Any other method found by the court to be reliable.

The State bears the burden of proving, by a preponderance of the evidence, that a prior conviction exists and that the offender before the court is the same person as the offender named in the prior conviction. The original or a copy of the court records or a copy of the records

maintained by the Department of Public Safety, the Department of Adult Correction, the Division of Motor Vehicles, or of the Administrative Office of the Courts, bearing the same name as that by which the offender is charged, is prima facie evidence that the offender named is the same person as the offender before the court, and that the facts set out in the record are true. For purposes of this subsection, "copy" includes a paper writing containing a reproduction of a record maintained electronically on a computer or other data processing equipment, and a document produced by a facsimile machine. Evidence presented by either party at trial may be utilized to prove prior convictions. Suppression of prior convictions is pursuant to G.S. 15A-980. If a motion is made pursuant to that section during the sentencing stage of the criminal action, the court may grant a continuance of the sentencing hearing."

SECTION 19C.9.(ww) G.S. 15A-1343 reads as rewritten:

"**§ 15A-1343. Conditions of probation.**

…

(a1) Community and Intermediate Probation Conditions. – In addition to any conditions a court may be authorized to impose pursuant to G.S. 15A-1343(b1), the court may include any one or more of the following conditions as part of a community or intermediate punishment:

…

(3) Submission to a period or periods of confinement in a local confinement facility for a total of no more than six days per month during any three separate months during the period of probation. The six days per month confinement provided for in this subdivision may only be imposed as two-day or three-day consecutive periods. When a defendant is on probation for multiple judgments, confinement periods imposed under this subdivision shall run concurrently and may total no more than six days per month. If the person being ordered to a period or periods of confinement is under the age of 18, that person must be confined in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of confinement reaches the age of 18 years while in confinement, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Division of Juvenile ~~Justice Section,~~ Justice, to the custody of the sheriff of the applicable local confinement facility.

…

(b) Regular Conditions. – As regular conditions of probation, a defendant must:

…

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 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.

…

(b2) Special Conditions of Probation for Sex Offenders and Persons Convicted of Offenses Involving Physical, Mental, or Sexual Abuse of a Minor. – As special conditions of probation, a defendant who has been convicted of an offense which is a reportable conviction as defined in G.S. 14-208.6(4), or which involves the physical, mental, or sexual abuse of a minor, must:

…

(9) Submit at reasonable times to warrantless searches by a probation officer of the probationer's person and of the probationer's vehicle and premises while the probationer is present, for purposes specified by the court and reasonably related to the probation supervision, but the probationer may not be required to submit to any other search that would otherwise be unlawful. For purposes of this subdivision, warrantless searches of the probationer's computer or other electronic mechanism which may contain electronic data shall be considered reasonably related to the probation supervision. Whenever the warrantless search consists of testing for the presence of illegal drugs, the probationer may also be required to reimburse the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction for the actual cost of drug screening and drug testing, if the results are positive.

…

(b3) Screening and Assessing for Chemical Dependency. – A defendant ordered to submit to a period of residential treatment in the Drug Alcohol Recovery Treatment program (DART) or the Black Mountain Substance Abuse Treatment Center for Women operated by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction must undergo a screening to determine chemical dependency. If the screening indicates the defendant is chemically dependent, the court shall order an assessment to determine the appropriate level of treatment. The assessment may be conducted either before or after the court imposes the condition, but participation in the program shall be based on the results of the assessment.

(b4) Intermediate Conditions. – The following conditions of probation apply to each defendant subject to intermediate punishment:

(1) If required in the discretion of the defendant's probation officer, perform community service under the supervision of the ~~Section~~ Division of Community ~~of the Division of Adult Correction and Juvenile Justice~~ Supervision and Reentry and pay the fee required by ~~G.S. 143B-708.~~G.S. 143B-1483.

…

(c) Statement of Conditions. – A defendant released on supervised probation must be given a written statement explicitly setting forth the conditions on which the defendant is being released. If any modification of the terms of that probation is subsequently made, the defendant must be given a written statement setting forth the modifications.

Upon entry of an order of supervised probation by the court, a defendant shall submit to the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry for filing with the clerk of superior court a signed document stating that:

…."

SECTION 19C.9.(xx) G.S. 15A-1343.2 reads as rewritten:

"**§ 15A-1343.2. Special probation rules for persons sentenced under Article 81B.**

…

(b) Purposes of Probation for Community and Intermediate Punishments. – The Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction shall develop a plan to handle offenders sentenced to community and intermediate punishments. The probation program designed to handle these offenders shall have the following principal purposes: to hold offenders accountable for making restitution, to ensure compliance with the court's judgment, to effectively rehabilitate offenders by directing them to specialized treatment or education programs, and to protect the public safety.

(b1) Departmental Risk Assessment by Validated Instrument Required. – As part of the probation program developed by the Division of ~~Adult Correction and Juvenile Justice~~

Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction pursuant to subsection (b) of this section, the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction shall use a validated instrument to assess each probationer for risk of reoffending and shall place a probationer in a supervision level based on the probationer's risk of reoffending and criminogenic needs.

…

(e) Delegation to Probation Officer in Community Punishment. – Unless the presiding judge specifically finds in the judgment of the court that delegation is not appropriate, the ~~Section~~ Division of Community ~~of the Division of Adult Correction and Juvenile Justice~~ Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction may require an offender sentenced to community punishment to do any of the following:

…

If the ~~Section~~ Division imposes any of the above requirements, then it may subsequently reduce or remove those same requirements.

The probation officer may exercise authority delegated to him or her by the court pursuant to subsection (e) of this section after administrative review and approval by a Chief Probation Officer. The offender may file a motion with the court to review the action taken by the probation officer. The offender shall be given notice of the right to seek such a court review. However, the offender shall have no right of review if he or she has signed a written waiver of rights as required by this subsection. The ~~Section~~ Division may exercise any authority delegated to it under this subsection only if it first determines that the offender has failed to comply with one or more of the conditions of probation imposed by the court or the offender is determined to be high risk based on the results of the risk assessment in G.S. 15A-1343.2, except that the condition at subdivision (5) of this subsection may not be imposed unless the ~~Section~~ Division determines that the offender failed to comply with one or more of the conditions imposed by the court. Nothing in this section shall be construed to limit the availability of the procedures authorized under G.S. 15A-1345.

The Division shall adopt guidelines and procedures to implement the requirements of this section, which shall include a supervisor's approval prior to exercise of the delegation of authority authorized by this section. Prior to imposing confinement pursuant to subdivision (5) of this subsection, the probationer must first be presented with a violation report, with the alleged violations noted and advised of the right (i) to a hearing before the court on the alleged violation, with the right to present relevant oral and written evidence; (ii) to have counsel at the hearing, and that one will be appointed if the probationer is indigent; (iii) to request witnesses who have relevant information concerning the alleged violations; and (iv) to examine any witnesses or evidence. The probationer may be confined for the period designated on the violation report upon the execution of a waiver of rights signed by the probationer and by two officers acting as witnesses. Those two witnesses shall be the probation officer and another officer to be designated by the ~~Chief~~ Director of the Division of Community ~~Section~~ Supervision and Reentry in written Division policy.

(f) Delegation to Probation Officer in Intermediate Punishments. – Unless the presiding judge specifically finds in the judgment of the court that delegation is not appropriate, the ~~Section~~ Division of Community ~~of the Division of Adult Correction and Juvenile Justice~~ Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction may require an offender sentenced to intermediate punishment to do any of the following:

…

(6) Submit to a period or periods of confinement in a local confinement facility for a total of no more than six days per month during any three separate months during the period of probation. The six days per month confinement provided for in this subdivision may only be imposed as two-day or three-day

consecutive periods. When a defendant is on probation for multiple judgments, confinement periods imposed under this subdivision shall run concurrently and may total no more than six days per month. If the person being ordered to a period or periods of confinement is under the age of 18, that person must be confined in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of confinement reaches the age of 18 years while in confinement, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Division of Juvenile ~~Justice Section,~~ Justice, to the custody of the sheriff of the applicable local confinement facility.

…

If the ~~Section~~ Division of Community Supervision and Reentry imposes any of the above requirements, then it may subsequently reduce or remove those same requirements.

The probation officer may exercise authority delegated to him or her by the court pursuant to subsection (f) of this section after administrative review and approval by a Chief Probation Officer. The offender may file a motion with the court to review the action taken by the probation officer. The offender shall be given notice of the right to seek such a court review. However, the offender shall have no right of review if he or she has signed a written waiver of rights as required by this subsection. The ~~Section~~ Division may exercise any authority delegated to it under this subsection only if it first determines that the offender has failed to comply with one or more of the conditions of probation imposed by the court or the offender is determined to be high risk based on the results of the risk assessment in G.S. 15A-1343.2, except that the condition at subdivision (6) of this subsection may not be imposed unless the ~~Section~~ Division determines that the offender failed to comply with one or more of the conditions imposed by the court. Nothing in this section shall be construed to limit the availability of the procedures authorized under G.S. 15A-1345.

The Division shall adopt guidelines and procedures to implement the requirements of this section, which shall include a supervisor's approval prior to exercise of the delegation of authority authorized by this section. Prior to imposing confinement pursuant to subdivision (6) of this subsection, the probationer must first be presented with a violation report, with the alleged violations noted and advised of the right (i) to a hearing before the court on the alleged violation, with the right to present relevant oral and written evidence; (ii) to have counsel at the hearing, and that one will be appointed if the probationer is indigent; (iii) to request witnesses who have relevant information concerning the alleged violations; and (iv) to examine any witnesses or evidence. The probationer may be confined for the period designated on the violation report upon the execution of a waiver of rights signed by the probationer and by two officers acting as witnesses. Those two witnesses shall be the probation officer and another officer to be designated by the ~~Chief~~ Director of the Division of Community ~~Section~~ Supervision and Reentry in written Division policy.

…."

SECTION 19C.9.(yy) G.S. 15A-1344 reads as rewritten:

"**§ 15A-1344. Response to violations; alteration and revocation.**

…

(c) Procedure on Altering or Revoking Probation; Returning Probationer to District Where Sentenced. – When a judge reduces, terminates, extends, modifies, or revokes probation outside the county where the judgment was entered, the clerk must send a copy of the order and any other records to the court where probation was originally imposed. A court on its own motion may return the probationer to the district court district as defined in G.S. 7A-133 or superior court

district or set of districts as defined in G.S. 7A-41.1, as the case may be, where probation was imposed or where the probationer resides for reduction, termination, continuation, extension, modification, or revocation of probation. In cases where the probation is revoked in a county other than the county of original conviction the clerk in that county must issue a commitment order and must file the order revoking probation and the commitment order, which will constitute sufficient permanent record of the proceeding in that court, and must send a certified copy of the order revoking probation, the commitment order, and all other records pertaining thereto to the county of original conviction to be filed with the original records. The clerk in the county other than the county of original conviction must issue the formal commitment to the Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety.~~Prisons of the Department of Adult Correction.

…

(d2) Confinement in Response to Violation. – When a defendant under supervision for a felony conviction has violated a condition of probation other than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of confinement of 90 consecutive days to be served in the custody of the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety.~~ Adult Correction. The court may not revoke probation unless the defendant has previously received a total of two periods of confinement under this subsection. A defendant may receive only two periods of confinement under this subsection. The 90-day term of confinement ordered under this subsection for a felony shall not be reduced by credit for time already served in the case. Any such credit shall instead be applied to the suspended sentence. However, if the time remaining on the maximum imposed sentence on a defendant under supervision for a felony conviction is 90 days or less, then the term of confinement is for the remaining period of the sentence. Confinement under this section shall be credited pursuant to G.S. 15-196.1.

When a defendant under supervision for a misdemeanor conviction sentenced pursuant to Article 81B of Chapter 15A of the General Statutes has violated a condition of probation other than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of confinement pursuant to G.S. 15A-1343(a1)(3). If the person being ordered to a period of confinement is under the age of 18, that person must be confined in a detention facility approved by the ~~Juvenile Justice Section of the~~ Division of ~~Adult Correction and~~ Juvenile Justice to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period of confinement reaches the age of 18 years while in confinement, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Division of Juvenile ~~Justice Section,~~ Justice, to the custody of the sheriff of the applicable local confinement facility. The court may not revoke probation unless the defendant has previously received at least two periods of confinement for violating a condition of probation other than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a). Those periods of confinement may have been imposed pursuant to G.S. 15A-1343(a1)(3), 15A-1343.2(e)(5), or 15A-1343.2(f)(6). The second period of confinement must have been imposed for a violation that occurred after the defendant served the first period of confinement. Confinement under this section shall be credited pursuant to G.S. 15-196.1.

…

(e) Special Probation in Response to Violation. – When a defendant has violated a condition of probation, the court may modify the probation to place the defendant on special probation as provided in this subsection. In placing the defendant on special probation, the court may continue or modify the conditions of probation and in addition require that the defendant submit to a period or periods of imprisonment, either continuous or noncontinuous, at whatever time or intervals within the period of probation the court determines. In addition to any other conditions of probation which the court may impose, the court shall impose, when imposing a

period or periods of imprisonment as a condition of special probation, the condition that the defendant obey the rules and regulations of the Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons of the Department of Adult Correction governing conduct of inmates, and this condition shall apply to the defendant whether or not the court imposes it as a part of the written order. If imprisonment is for continuous periods, the confinement may be in either the custody of the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction or a local confinement facility. Noncontinuous periods of imprisonment under special probation may only be served in a designated local confinement or treatment facility. If the person being ordered to a period or periods of imprisonment, either continuous or noncontinuous, is under the age of 18, that person must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Division of Juvenile ~~Justice Section,~~ Justice, to the custody of the sheriff of the applicable local confinement facility.

…

(e1) Criminal Contempt in Response to Violation. – If a defendant willfully violates a condition of probation, the court may hold the defendant in criminal contempt as provided in Article 1 of Chapter 5A of the General Statutes. A finding of criminal contempt by the court shall not revoke the probation. If the offender serves a sentence for contempt in a local confinement facility, the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction shall pay for the confinement at the standard rate set by the General Assembly pursuant to G.S. 148-32.1(a) regardless of whether the offender would be eligible under the terms of that subsection.

…."

SECTION 19C.9.(zz) G.S. 15A-1351(a) reads as rewritten:

"(a) The judge may sentence to special probation a defendant convicted of a criminal offense other than impaired driving under G.S. 20-138.1, if based on the defendant's prior record or conviction level as found pursuant to Article 81B of this Chapter, an intermediate punishment is authorized for the class of offense of which the defendant has been convicted. A defendant convicted of impaired driving under G.S. 20-138.1 may also be sentenced to special probation. Under a sentence of special probation, the court may suspend the term of imprisonment and place the defendant on probation as provided in Article 82, Probation, and in addition require that the defendant submit to a period or periods of imprisonment in the custody of the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction or a designated local confinement or treatment facility at whatever time or intervals within the period of probation, consecutive or nonconsecutive, the court determines, as provided in this subsection. For probationary sentences for misdemeanors, including impaired driving under G.S. 20-138.1, all imprisonment under this subsection shall be in a designated local confinement or treatment facility. If the person being ordered to a period or periods of imprisonment is under the age of 18, that person must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Division of Juvenile ~~Justice Section,~~ Justice, to the custody of the sheriff of the applicable local confinement facility. In addition to any other conditions of probation which the court may impose, the court shall impose, when imposing a period or periods of imprisonment as a condition

of special probation, the condition that the defendant obey the Rules and Regulations of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ governing conduct of inmates, and this condition shall apply to the defendant whether or not the court imposes it as a part of the written order. Except for probationary sentences for misdemeanors, including impaired driving under G.S. 20-138.1, if imprisonment is for continuous periods, the confinement may be in the custody of either the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction or a local confinement facility. Noncontinuous periods of imprisonment under special probation may only be served in a designated local confinement or treatment facility. If the person being ordered continuous or noncontinuous periods of imprisonment is under the age of 18, that person must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Juvenile Justice ~~Section,~~ Division, to the custody of the sheriff of the applicable local confinement facility. Except for probationary sentences of impaired driving under G.S. 20-138.1, the total of all periods of confinement imposed as an incident of special probation, but not including an activated suspended sentence, may not exceed one-fourth the maximum sentence of imprisonment imposed for the offense, and no confinement other than an activated suspended sentence may be required beyond two years of conviction. For probationary sentences for impaired driving under G.S. 20-138.1, the total of all periods of confinement imposed as an incident of special probation, but not including an activated suspended sentence, shall not exceed one-fourth the maximum penalty allowed by law. In imposing a sentence of special probation, the judge may credit any time spent committed or confined, as a result of the charge, to either the suspended sentence or to the imprisonment required for special probation. The original period of probation, including the period of imprisonment required for special probation, shall be as specified in G.S. 15A-1343.2(d), but may not exceed a maximum of five years, except as provided by G.S. 15A-1342(a). The court may revoke, modify, or terminate special probation as otherwise provided for probationary sentences."

SECTION 19C.9.(aaa) G.S. 15A-1352 reads as rewritten:

"**§ 15A-1352. Commitment to Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ or local confinement facility.**

(a) Except as provided in subsection (f) of this section, a person sentenced to imprisonment for a misdemeanor under this Article or for nonpayment of a fine for conviction of a misdemeanor under Article 84 of this Chapter shall be committed for the term designated by the court to the Statewide Misdemeanant Confinement Program as provided in G.S. 148-32.1 or, if the period is for 90 days or less, to a local confinement facility, except as provided for in G.S. 148-32.1(b).

If a person is sentenced to imprisonment for a misdemeanor under this Article or for nonpayment of a fine under Article 84 of this Chapter, the sentencing judge may make a finding of fact as to whether the person would be suitable for placement in a county satellite jail/work release unit operated pursuant to G.S. 153A-230.3. If the sentencing judge makes a finding of fact that the person would be suitable for placement in a county satellite jail/work release unit and the person meets the requirements listed in G.S. 153A-230.3(a)(1), then the custodian of the local confinement facility may transfer the misdemeanant to a county satellite jail/work release unit.

If the person sentenced to imprisonment is under the age of 18, the person must be committed to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of~~

~~Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles. Personnel of the Division of Juvenile Justice ~~Section of the Division~~ or personnel approved by the Division of Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the person sentenced to imprisonment reaches the age of 18 years while imprisoned, the person may be transported by personnel of the Juvenile Justice ~~Section of the~~ Division, or personnel approved by the Juvenile Justice ~~Section,~~ Division, to the custody of the sheriff of the applicable local confinement facility.

(b) A person sentenced to imprisonment for a felony under this Article or for nonpayment of a fine for conviction of a felony under Article 84 of this Chapter shall be committed for the term designated by the court to the custody of the Division of Prisons of the Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~Correction.

…

(f) A person sentenced to imprisonment of any duration for impaired driving under G.S. 20-138.1, other than imprisonment required as a condition of special probation under G.S. 15A-1351(a) or G.S. 15A-1344(e), shall be committed to the Statewide Misdemeanant Confinement Program established under G.S. 148-32.1.

If the person sentenced to imprisonment is under the age of 18, the person must be committed to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles. Personnel of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the person sentenced to imprisonment reaches the age of 18 years while imprisoned, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Division of Juvenile ~~Justice Section,~~ Justice, to the custody of the sheriff of the applicable local confinement facility."

SECTION 19C.9.(bbb) G.S. 15A-1368.6 reads as rewritten:

"**§ 15A-1368.6. Arrest and hearing on post-release supervision violation.**

…

(c) Officers to Conduct Preliminary Hearing. – The preliminary hearing on post-release supervision violation shall be conducted by a judicial official, or by a hearing officer designated by the Commission. A person employed by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction shall not serve as a hearing officer at a hearing provided by this section unless that person is a member of the Commission, or is employed solely as a hearing officer.

(d) Procedure for Preliminary Hearing. – The Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction shall give the supervisee notice of the preliminary hearing and its purpose, including a statement of the violations alleged. At the hearing, the supervisee may appear and speak in the supervisee's own behalf, may present relevant information, and may, on request, personally question witnesses and adverse informants, unless the hearing officer finds good cause for not allowing confrontation. If the person holding the hearing determines there is probable cause to believe the supervisee violated conditions of supervision, the hearing officer shall summarize the reasons for the determination and the evidence relied on. Formal rules of evidence do not apply at the hearing. If probable cause is found, the supervisee may be held in the custody of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ to serve the appropriate term of imprisonment, subject to the outcome of a revocation hearing under subsection (e) of this section.

…."

SECTION 19C.9.(ccc) G.S. 15A-1369 reads as rewritten:

"**§ 15A-1369. Definitions.**

For purposes of this Article, the term:

…

(1a) "Department" means the Department of Adult Correction.

~~(2) "Division" means the Division of Adult Correction and Juvenile Justice of the Department of Public Safety.~~

…

(4) "Inmate" means any person sentenced to the custody of the ~~Division of Adult Correction and Juvenile Justice of the Department of Public Safety.~~Department.

…."

SECTION 19C.9.(ddd) G.S. 15A-1369.4(a) reads as rewritten:

"(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:~~include all of the following:

(1) That the released inmate's care be consistent with the care specified in the medical release plan as approved by the ~~Commission;~~Commission.

(2) That the released inmate shall cooperate with and comply with the prescribed medical release plan and with reasonable requirements of medical providers to whom the released inmate is to be referred to continued ~~treatment;~~treatment.

(3) That the released inmate shall be subject to supervision by the ~~Section of Community Corrections of the Division of Adult Correction and Juvenile Justice~~ 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;~~elsewhere.

(4) That the released inmate shall comply with any conditions of release set by the ~~Commission; and~~Commission.

(5) That the Commission shall receive periodic assessments from the inmate's treating physician."

SECTION 19C.9.(eee) G.S. 15A-1376 reads as rewritten:

"**§ 15A-1376. Arrest and hearing on parole violation.**

…

(c) Officers to Conduct Hearing. – The preliminary hearing on parole violation must be conducted by a judicial official, or by a hearing officer designated by the Post-Release Supervision and Parole Commission. No person employed by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction may serve as a hearing officer at a hearing provided in this section unless he is a member of the Post-Release Supervision and Parole Commission or is employed solely as a hearing officer.

(d) Procedure for Preliminary Hearing on Parole Violation. – The Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction must give the parolee notice of the preliminary hearing and its purpose, including a statement of the violations alleged. At the hearing, the parolee may appear and speak in his own behalf, may present relevant information, and may, on request, personally question witnesses and adverse informants, unless the hearing officer finds good cause for not allowing confrontation. If the person holding the hearing determines there is probable cause to believe the parolee violated his parole, he must summarize the reasons for his determination and the evidence he relied on. Formal rules of evidence do not apply at the hearing. If probable cause is found, the parolee may be held in the custody of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ to serve the appropriate term of imprisonment, subject to the outcome of a revocation hearing under subsection (e).

…."

SECTION 19C.9.(fff) G.S. 15A-2000(e) reads as rewritten:

"(e) Aggravating Circumstances. – Aggravating circumstances which may be considered are limited to the following:

…

(8) The capital felony was committed against a law-enforcement officer, employee of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety,~~ Correction, an employee of the Division of Juvenile Justice of the Department of Public Safety, jailer, fireman, judge or justice, former judge or justice, prosecutor or former prosecutor, juror or former juror, or witness or former witness against the defendant, while engaged in the performance of his official duties or because of the exercise of his official duty.

…."

SECTION 19C.9.(ggg) G.S. 15B-21 reads as rewritten:

"**§ 15B-21. Annual report.**

The Commission shall, by March 15 each year, prepare and transmit to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and to the chairs of the House and Senate Appropriations Committees on Justice and Public Safety a report of its activities in the prior fiscal year and the current fiscal year to date. The report shall include:

…

(9) The amount of funds expected to be received in the current fiscal year, as well as the amount actually received in the current fiscal year on the date of the report, from ~~the Division of Adult Correction and Juvenile Justice of~~ the Department of Public ~~Safety~~ Safety, the Department of Adult Correction, and from the compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.

…."

SECTION 19C.9.(hhh) G.S. 17C-3 reads as rewritten:

"**§ 17C-3. North Carolina Criminal Justice Education and Training Standards Commission established; members; terms; vacancies.**

(a) There is established the North Carolina Criminal Justice Education and Training Standards Commission, hereinafter called "the Commission." The Commission shall be composed of ~~34~~ 35 members as follows:

…

(3) Departments. – The Attorney General of the State of North Carolina; the Secretary of Public Safety; the Secretary of the Department of Adult Correction, the Director of the State Bureau of Investigation, the Commander of the State Highway Patrol, and the President of the North Carolina Community Colleges System.

…

(6) Adult Correction and Juvenile Justice. – Four correctional officers in management positions employed by the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ shall be ~~appointed,~~ appointed by the General Assembly, two from the ~~Section of Community Corrections~~ Division of Community Supervision and Reentry upon the recommendation of the Speaker of the House of Representatives and two from the ~~Section~~ Division of Prisons upon the recommendation of the President Pro Tempore of the Senate. Appointments by the General Assembly shall be made in accordance with G.S. 120-122. Appointments by the General Assembly shall serve two-year terms to conclude on June 30th in odd-numbered years or until the appointee no longer serves in a management

position with the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice,~~ Correction, whichever occurs first. The Governor shall appoint one correctional officer employed by the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ and assigned to the Office of Staff Development and Training, and one juvenile justice officer employed by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice.~~ of the Department of Public Safety. The Governor's appointments shall serve three-year terms or until the appointee is no longer assigned to the Office of Staff Development and Training or is no longer a juvenile justice officer, whichever occurs first.

(b) The members shall be appointed for staggered terms. The initial appointments shall be made prior to September 1, 1983, and the appointees shall hold office until July 1 of the year in which their respective terms expire and until their successors are appointed and qualified as provided hereafter:

…

The Attorney General, the President of The University of North Carolina, the Dean of the School of Government at the University of North Carolina at Chapel Hill, the President of the North Carolina Community Colleges System, the Director of the State Bureau of Investigation, the Commander of the State Highway Patrol, the Secretary of Adult Correction, and the Secretary of Public Safety shall be continuing members of the Commission during their tenure. These members of the Commission shall serve ex officio and shall perform their duties on the Commission in addition to the other duties of their offices. The ex officio members may elect to serve personally at any or all meetings of the Commission or may designate, in writing, one member of their respective office, department, university or agency to represent and vote for them on the Commission at all meetings the ex officio members are unable to attend.

…."

SECTION 19C.9.(iii) G.S. 90-113.75E(a) reads as rewritten:

"(a) There is hereby created the Opioid and Prescription Drug Abuse Advisory Committee, to be housed in and staffed by the Department. The Committee shall develop and, through its members, implement a statewide strategic plan to combat the problem of opioid and prescription drug abuse. The Committee shall include representatives from the following, as well as any other persons designated by the Secretary of Health and Human Services:

…

(5) The ~~Divisions of Adult Correction and~~ Division of Juvenile Justice of the Department of Public Safety.

(5a) The Division of Community Supervision and Reentry of the Department of Adult Correction.

(5b) The Division of Prisons of the Department of Adult Correction.

…."

SECTION 19C.9.(jjj) G.S. 108A-14(a)(9) reads as rewritten:

"(a) The director of social services shall have the following duties and responsibilities:

…

(9) To assist and cooperate with the ~~Division~~ Department of Adult Correction and the Division of Juvenile Justice of the Department of Public Safety and their respective representatives;"

SECTION 19C.9.(kkk) G.S. 115C-112.1(b) reads as rewritten:

"(b) The Council shall consist of a minimum of 24 members to be appointed as follows: four ex officio members; one individual with a disability and one representative of a private school appointed by the Governor; one member of the Senate and one parent of a child with a disability between the ages of birth and 26 appointed by the President Pro Tempore of the Senate; one member of the House of Representatives and one parent of a child with a disability appointed

by the Speaker of the House of Representatives; and 14 members appointed by the State Board of Education. The State Board shall appoint members who represent individuals with disabilities, teachers, local school administrative units, institutions of higher education that prepare special education and related services personnel, administrators of programs for children with disabilities, charter schools, parents of children with disabilities, a State or local official who carries out activities under the federal McKinney-Vento Homeless Assistance Act, vocational, community, or business organizations concerned with the provision of transition services, and others as required by IDEA. The majority of members on the Council shall be individuals with disabilities or parents of children with disabilities. The Council shall designate a chairperson from among its members. The designation of the chairperson is subject to the approval of the State Board of Education. The Board shall adopt rules to carry out this subsection.

Ex officio members of the Council shall be the following:

…

(2) The Secretary of Public Safety or the Secretary's designee.

(3) The Secretary of ~~Public Safety~~ Adult Correction or the Secretary's designee.

…."

SECTION 19C.9.(*lll*) G.S. 115D-5(b) reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds. The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for the following:

…

(2) Courses requested by the following entities that support the organizations' training needs and are on a specialized course list approved by the State Board of Community Colleges:

…

g. The Division of Prisons of the Department of Adult Correction and the Division of Juvenile Justice of the Department of Public Safety for the training of full-time custodial employees and employees of the ~~Division~~ Divisions required to be certified under Article 1 of Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission.

…."

SECTION 19C.9.(mmm) G.S. 120-12.1 reads as rewritten:

"**§ 120-12.1. Reports on vacant positions in ~~the Judicial Department and two other~~ various departments.**

The Judicial Department, the Department of Justice, the Department of Adult Correction, and the Department of Public Safety shall each report by February 1 of each year to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety on all positions within that department that have remained vacant for 12 months or more. The report shall include the original position vacancy dates, the dates of any postings or repostings of the positions, and an explanation for the length of the vacancies."

SECTION 19C.9.(nnn) G.S. 120-70.94(a) reads as rewritten:

"(a) The Joint Legislative Oversight Committee on Justice and Public Safety shall examine, on a continuing basis, the correctional, law enforcement, and juvenile justice systems

in North Carolina, in order to make ongoing recommendations to the General Assembly on ways to improve those systems and to assist those systems in realizing their objectives of protecting the public and of punishing and rehabilitating offenders. In this examination, the Committee shall:

(1) Study the budget, programs, and policies of the Department of Public Safety and the Department of Adult Correction to determine ways in which the General Assembly may improve the effectiveness of the ~~Department.~~Departments.

(2) Examine the effectiveness of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ in implementing the public policy stated in G.S. 148-26 of providing work assignments and employment for inmates as a means of reducing the cost of maintaining the inmate population while enabling inmates to acquire or retain skills and work habits needed to secure honest employment after their release.

…

(2b) Examine the effectiveness of the Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety in implementing the duties and responsibilities charged to the Division in Part 3 of Article 13 of Chapter 143B of the General Statutes and the overall effectiveness and efficiency of the juvenile justice system in the State.

…

(10) Study the needs of juveniles. This study may include, but is not limited to:

a. Determining the adequacy and appropriateness of services:

1. To children and youth receiving child welfare ~~services;~~services.
2. To children and youth in the juvenile court ~~system;~~system.
3. Provided by the Division of Social Services of the Department of Health and Human Services and the Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public ~~Safety;~~Safety.
4. To children and youth served by the Mental Health, Developmental Disabilities, and Substance Abuse Services system.

…."

SECTION 19C.9.(ooo) G.S. 122C-22(a) reads as rewritten:

"(a) All of the following are excluded from the provisions of this Article and are not required to obtain licensure under this Article:

…

(10) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of ~~Public Safety,~~ Adult Correction, as described in G.S. 148-19.1.

…."

SECTION 19C.9.(ppp) The title of Part 10 of Article 5 of Chapter 122C of the General Statutes reads as rewritten:

"Part 10. Voluntary Admissions, Involuntary Commitments and Discharges, Inmates and Parolees, ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~Correction."

SECTION 19C.9.(qqq) G.S. 122C-421(b) reads as rewritten:

"(b) These special police officers may exercise any and all of the powers enumerated in this Part upon or in pursuit from the property formerly occupied by the Black Mountain Center

and now occupied by the ~~Division~~ Department of Adult ~~Correction of the Department of Public Safety.~~ Correction. These special police officers shall exercise said powers upon the property transferred to the ~~Division~~ Department of Adult Correction ~~of the Department of Public Safety~~ only by agreement of the ~~Division~~ Department of Adult Correction ~~of the Department of Public Safety~~ and the Department of Health and Human Services."

SECTION 19C.9.(rrr) G.S. 127A-54(c) reads as rewritten:

"(c) Any defendant whose sentence by a military court includes confinement shall be placed into the custody of the Division of Prisons of the Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~ Correction. The Division of ~~Adult Correction~~ Prisons of the Department of ~~Public Safety~~ Adult Correction is authorized to transfer physical custody of the defendant to a local confinement facility."

SECTION 19C.9.(sss) G.S. 131E-184(d) reads as rewritten:

"(d) In accordance with, and subject to the limitations of G.S. 148-19.1, the Department shall exempt from certificate of need review the construction and operation of a new chemical dependency or substance abuse facility for the purpose of providing inpatient chemical dependency or substance abuse services solely to inmates of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~ Correction. If an inpatient chemical dependency or substance abuse facility provides services both to inmates of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ and to members of the general public, only the portion of the facility that serves inmates shall be exempt from certificate of need review."

SECTION 19C.9.(ttt) G.S. 143-138(g) reads as rewritten:

"(g) Publication and Distribution of Code. – The Building Code Council shall cause to be printed, after adoption by the Council, the North Carolina State Building Code and each amendment thereto. It shall, at the State's expense, distribute copies of the Code and each amendment to State and local governmental officials, departments, agencies, and educational institutions, as is set out in the table below. (Those marked by an asterisk will receive copies only on written request to the Council.)

OFFICIAL OR AGENCY	NUMBER OF COPIES
…	
Division of Prisons of the Department of Adult Correction	1
~~and~~ Division of Juvenile Justice of the Department of Public Safety	1
…."	

SECTION 19C.9.(uuu) G.S. 143-166.1 reads as rewritten:

"**§ 143-166.1. Purpose.**

In consideration of hazardous public service rendered to the people of this State, there is hereby provided a system of benefits for dependents of law-enforcement officers, firefighters, rescue squad workers, and senior Civil Air Patrol members killed in the discharge of their official duties, and for dependents of noncustodial employees of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ killed by an individual or individuals in the custody of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~Correction."

SECTION 19C.9.(vvv) G.S. 143-166.2 reads as rewritten:

"**§ 143-166.2. Definitions.**

The following definitions apply in this Article:

(1) Covered person. – This term shall apply to all of the following individuals:
   a. Firefighters.
   b. Law enforcement officers.

c. Noncustodial employees of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~Correction.

d. Rescue squad workers.

e. Senior Civil Air Patrol members.

(2) Custodial employee. – An employee of the ~~Division~~ Department of Adult Correction and or the Division of Juvenile Justice of the Department of Public Safety who is a detention officer or a correctional officer or who otherwise has direct care and control over individuals in the custody of the ~~Division~~ Department of Adult Correction ~~and~~ or the Division of Juvenile Justice of the Department of Public Safety.

…

(6) Killed in the line of duty. – This term shall apply to all of the following deaths:

…

c. The death of a noncustodial employee who, while performing his or her official duties, is killed in a manner reasonably determined by the Industrial Commission to be directly caused by an individual or individuals in the custody of the Division of Prisons or the Division of Community Supervision and Reentry of the Department of Adult ~~Correction and~~ Correction, or the Division of Juvenile Justice of the Department of Public Safety.

…

(7) Law enforcement officer or officer. – This term shall apply to all of the following individuals:

…

b. Full-time custodial employees and probation and parole officers of the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of ~~Public Safety.~~Adult Correction.

c. Full-time institutional and full-time, permanent part-time, and temporary detention employees of the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.

…

(8) Noncustodial employee. – An employee of the ~~Division~~ Department of Adult Correction ~~and~~ who is not a custodial employee or the Division of Juvenile Justice of the Department of Public Safety who is not a custodial employee.

…."

SECTION 19C.9.(www) G.S. 143-166.7 reads as rewritten:

"**§ 143-166.7. Applicability of Article.**

The provisions of this Article shall apply and be in full force and effect with respect to any law-enforcement officer, firefighter, rescue squad worker or senior Civil Air Patrol member killed in the line of duty on or after May 13, 1975. The provisions of this Article shall apply with respect to full-time, permanent part-time and temporary employees of the North Carolina Forest Service of the Department of Agriculture and Consumer Services killed in the line of duty on or after July 1, 1975. The provisions of this Article shall apply to county fire marshals and emergency services coordinators killed in the line of duty on and after July 1, 1988. The provisions of this Article shall apply to noncustodial employees of the Division of ~~Adult~~ Prisons of the Department of Adult Correction and noncustodial employees of the Division of Juvenile Justice of the Department of Public Safety who are killed in the line of duty on and after April 1, 2017."

SECTION 19C.9.(xxx) G.S. 143-166.13(a) reads as rewritten:

"(a) The following persons who are subject to the Criminal Justice Training and Standards Act are entitled to benefits under this Article:

…

(2) State Correctional Officers, Division of Prisons of the Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety;~~Correction;

(3) State Probation and Parole Officers, Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety;~~Adult Correction;

(4) Sworn State Law-Enforcement Officers with the power of arrest, ~~Division~~ Department of Adult Correction ~~and~~ or Division of Juvenile Justice of the Department of Public Safety;

…

(9) Juvenile Justice Officers, Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety;

…."

SECTION 19C.9.(yyy) G.S. 143B-179(a) reads as rewritten:

"(a) The Council on Developmental Disabilities of the Department of Health and Human Services shall consist of 32 members appointed by the Governor. The composition of the Council shall be as follows:

(1) Eleven members from the General Assembly and State government agencies as follows: One person who is a member of the Senate, one person who is a member of the House of Representatives, one representative of the Department of Public Instruction, one representative of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety,~~ Correction, and seven representatives of the Department of Health and Human Services to include the Secretary or his designee.

…."

SECTION 19C.9.(zzz) G.S. 143B-394.15(c) reads as rewritten:

"(c) Membership. – The Commission shall consist of ~~38~~ 39 members, who reflect the geographic and cultural regions of the State, as follows:

…

(4) The following persons or their designees, ex officio:

…

g1. The Secretary of the Department of Adult Correction.

…."

SECTION 19C.9.(aaaa) G.S. 143B-1100 reads as rewritten:

"(a) There is hereby created the Governor's Crime Commission of the Department of Public Safety. The Commission shall consist of ~~37~~ 38 voting members and five nonvoting members. The composition of the Commission shall be as follows:

(1) The voting members shall be:

a. The Governor, the Chief Justice of the Supreme Court of North Carolina (or the Chief Justice's designee), the Attorney General, the Director of the Administrative Office of the Courts, the Secretary of the Department of Health and Human Services, the Secretary of Public Safety (or the Secretary's designee), the Secretary of the Department of Adult Correction (or the Secretary's designee), and the Superintendent of Public Instruction;

…

(2) The nonvoting members shall be the Director of the State Bureau of Investigation, the Deputy ~~Chief~~ Director of the Division of Juvenile Justice

~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety who is responsible for Intervention/Prevention programs, the Deputy ~~Chief~~ Director of the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety who is responsible for Youth Development programs, the ~~Section Chief of the Section~~ Director of the Division of Prisons of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice and~~ Correction, and the ~~Section Chief~~ Director of the ~~Section~~ Division of Community Supervision and Reentry of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice.~~Correction.

(b) The membership of the Commission shall be selected as follows:

(1) The following members shall serve by virtue of their office: the Governor, the Chief Justice of the Supreme Court, the Attorney General, the Director of the Administrative Office of the Courts, the Secretary of the Department of Health and Human Services, the Secretary of Public Safety, the Secretary of the Department of Adult Correction, the Director of the State Bureau of Investigation, the ~~Section Chief of the Section~~ Director of the Division of Prisons of the ~~Division of Adult Correction and Juvenile Justice,~~ Department of Adult Correction, the ~~Section Chief of the Section~~ Director of the Division of Community Supervision and Reentry of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice,~~ Correction, the Deputy ~~Chief~~ Director who is responsible for Intervention/Prevention of the Juvenile Justice ~~Section~~ Division of the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of Public Safety, the Deputy ~~Chief~~ Director who is responsible for Youth Development of the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety, and the Superintendent of Public Instruction. Should the Chief Justice of the Supreme Court choose not to serve, his alternate shall be selected by the Governor from a list submitted by the Chief Justice which list must contain no less than three nominees from the membership of the Supreme Court.

…."

SECTION 19C.9.(bbbb) G.S. 143B-1311(d) reads as rewritten:

"(d) The following office holders or their designee, shall serve as nonvoting ex officio members of the Commission:

…

(2a) Secretary of the Department of Adult Correction.

…."

SECTION 19C.9.(cccc) G.S. 148-4.1 reads as rewritten:

"**§ 148-4.1. Release of inmates.**

(a) Whenever the Secretary of ~~Public Safety~~ the Department of Adult Correction determines from data compiled by the Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons that it is necessary to reduce the prison population to a more manageable level or to meet the State's obligations under law, ~~he shall~~ the Secretary in consultation with the Secretary of the Department of Public Safety may direct the Post-Release Supervision and Parole Commission to release on parole over a reasonable period of time a number of prisoners sufficient to that purpose. From the time the Secretary directs the Post-Release Supervision and Parole Commission until the prison population has been reduced to a more manageable level, the Secretary may not accept any inmates ordered transferred from local confinement facilities to the State prison system under G.S. 148-32.1(b). Further, the Secretary may return any inmate housed in the State prison system under an order entered pursuant to G.S. 148-32.1(b) to the local confinement facility from which the inmate was

transferred. In order to meet the requirements of this section, the Parole Commission shall not parole any person convicted under Article 7B of Chapter 14 of a sex offense, under G.S. 14-39, 14-41, or 14-43.3, under G.S. 90-95(h) of a drug trafficking offense, or under G.S. 14-17, or any other violent felon as defined in subsection (a1) of this section. The Parole Commission may continue to consider the suitability for release of such persons in accordance with the criteria set forth in Articles 85 and 85A of Chapter 15A.

(a1) Notwithstanding any other provision of this section, the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ shall at all times secure the necessary prison space to house any violent felon or habitual felon for the full active sentence imposed by the court. For purposes of this subsection, the term "violent felon" means any person convicted of the following felony offenses: first or second degree murder, voluntary manslaughter, first or second degree rape, first or second degree sexual offense, any sexual offense involving a minor, robbery, kidnapping, or assault, or attempting, soliciting, or conspiring to commit any of those offenses.

…."

SECTION 19C.9.(dddd) G.S. 148-13 reads as rewritten:

"**§ 148-13. Regulations as to custody grades, privileges, gain time credit, etc.**

(a) The Secretary of ~~Public Safety~~ the Department of Adult Correction may issue regulations regarding the grades of custody in which State prisoners are kept, the privileges and restrictions applicable to each custody grade, and the amount of cash, clothing, etc., to be awarded to State prisoners after their discharge or parole. The amount of cash awarded to a prisoner upon discharge or parole after being incarcerated for two years or longer shall be at least forty-five dollars ($45.00).

(a1) The Secretary of ~~Public Safety~~ the Department of Adult Correction shall adopt rules to specify the rates at, and circumstances under, which earned time authorized by G.S. 15A-1340.13(d) and G.S. 15A-1340.20(d) may be earned or forfeited by persons serving activated sentences of imprisonment for felony or misdemeanor convictions. Such rules shall include any person serving an activated sentence of imprisonment who is confined in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice,~~of the Department of Public Safety.

(b) With respect to prisoners who are serving sentences for impaired driving offenses under G.S. 20-138.1, the Secretary of ~~Public Safety~~ the Department of Adult Correction may, in ~~his~~ the Secretary's discretion, issue regulations regarding deductions of time from the terms of such prisoners for good behavior, meritorious conduct, work or study, participation in rehabilitation programs, and the like.

(c), (d) Repealed by Session Laws 1993, c. 538, s. 32, effective January 1, 1995.

(e) The Secretary's regulations concerning earned time and good time credits authorized by this section shall be distributed to and followed by local jail administrators and by personnel of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of Juvenile Justice ~~Section~~ with regard to sentenced jail prisoners, including prisoners housed in a detention facility approved by the ~~Juvenile Justice Section of the Division of Adult Correction and~~ Division of Juvenile Justice.

(f) The provisions of this section do not apply to persons sentenced to a term of special probation under G.S. 15A-1344(e) or G.S. 15A-1351(a)."

SECTION 19C.9.(eeee) G.S. 148-19.1 reads as rewritten:

"**§ 148-19.1. Exemption from licensure and certificate of need.**

(a) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice~~ or offenders under the supervision of the Division of Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction shall be exempt from licensure by the Department of Health and Human Services under Chapter 122C of the General Statutes. If an inpatient

chemical dependency or substance abuse facility provides services both to inmates ~~of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ or offenders under supervision and to members of the general public, the portion of the facility that serves inmates or offenders under supervision shall be exempt from licensure.

(b) Any person who contracts to provide inpatient chemical dependency or substance abuse services to inmates of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice~~ or to offenders under the supervision of the Division of Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction may construct and operate a new chemical dependency or substance abuse facility for that purpose without first obtaining a certificate of need from the Department of Health and Human Services pursuant to Article 9 of Chapter 131E of the General Statutes. However, a new facility or addition developed for that purpose without a certificate of need shall not be licensed pursuant to Chapter 122C of the General Statutes and shall not admit anyone other than inmates unless the owner or operator first obtains a certificate of need."

SECTION 19C.9.(ffff) G.S. 148-29 reads as rewritten:

"**§ 148-29. Transportation of convicts to prison; reimbursement to counties; sheriff's expense affidavit.**

(a) The sheriff having in charge any prisoner to be taken to the State prison system shall send the prisoner to the custody of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ after sentencing and the disposal of all pending charges against the prisoner, if no appeal has been taken. Beginning on the day after the ~~Section of Prisons of the~~ Division ~~of Adult Correction and Juvenile Justice~~ has been notified by the sheriff that a prisoner is ready for transfer and the Division has informed the sheriff that bedspace is not available for that prisoner, and continuing through the day the prisoner is received by the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice,~~ Division, the Division ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall pay the county:

(1) A standard sum set by the General Assembly in its appropriations acts for the cost of providing food, clothing, personal items, supervision, and necessary ordinary medical services to the prisoner awaiting transfer to the State prison system; and

(2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by prisoners awaiting transfer to the State prison system.

If the ~~Section of Prisons of the~~ Division ~~of Adult Correction and Juvenile Justice~~ determines that bedspace is not available for a prisoner after the sheriff has notified the Division that the prisoner is ready for transfer, reimbursement under this subsection shall be made beginning on the day after the sheriff gave the notification.

(b) The sheriff having in charge any parolee or post-release supervisee to be taken to the State prison system shall send the prisoner to the custody of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ after preliminary hearing held under G.S. 15A-1368.6(b) or G.S. 15A-1376(b). Beginning on the day after the ~~Section of Prisons of the~~ Division ~~of Adult Correction and Juvenile Justice~~ has been notified by the sheriff that a prisoner is ready for transfer and the Division has informed the sheriff that bedspace is not available for that prisoner, and continuing through the day the prisoner is received by the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice,~~ Division, the Division ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall pay the county:

(1) A standard sum set by the General Assembly in its appropriations acts for the cost of providing food, clothing, personal items, supervision, and necessary ordinary medical services to the parolee or post-release supervisee awaiting transfer to the State prison system; and

(2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by parolees or post-release supervisees awaiting transfer to the State prison system.

If the ~~Section of Prisons of the~~ Division ~~of Adult Correction and Juvenile Justice~~ determines that bedspace is not available for a prisoner after the sheriff has notified the Division that the prisoner is ready for transfer, reimbursement under this subsection shall be made beginning on the day after the sheriff gave the notification.

…."

SECTION 19C.9.(gggg) G.S. 148-32.3 reads as rewritten:

"**§ 148-32.3. Inmate Construction Program.**

Notwithstanding any other provision of law, but subject to the provisions of this Article, the State Construction Office may utilize inmates in the custody of the Division of ~~Adult Correction~~ Prisons of the Department of ~~Public Safety~~ Adult Correction through the Inmate Construction Program for repair and renovation projects on State-owned facilities, with priority given to Department of ~~Public Safety~~ Adult Correction construction projects. State agencies utilizing the Inmate Construction Program shall reimburse the Division of Prisons of the Department of Adult Correction ~~of the Department of Public Safety~~ for the cost of transportation, custody, and wages for the inmate crews."

SECTION 19C.9.(hhhh) G.S. 148-40 reads as rewritten:

"**§ 148-40. Recapture of escaped prisoners.**

The rules and regulations for the government of the State prison system may provide for the recapture of convicts that may escape, or any convicts that may have escaped from the State's prison or prison camps, or county road camps of this State, and the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety~~ Adult Correction may pay to any person recapturing an escaped convict such reward or expense of recapture as the regulations may provide. Any citizen of North Carolina shall have authority to apprehend any convict who may escape before the expiration of ~~his~~ the convict's term of imprisonment whether ~~he~~ the convict be guilty of a felony or misdemeanor, and retain ~~him~~ the convict in custody and deliver ~~him~~ the convict to the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety.~~Adult Correction."

SECTION 19C.9.(iiii) G.S. 148-118.6 reads as rewritten:

"**§ 148-118.6. Grievance Resolution Board.**

The Grievance Resolution Board is established as a separate agency within the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~ Correction. It shall consist of five members appointed by the Governor to serve four-year terms. Of the members so appointed, three shall be attorneys selected from a list of 10 persons recommended by the Council of the North Carolina State Bar. The remaining two members shall be persons of knowledge and experience in one or more fields under the jurisdiction of the Secretary of ~~Public Safety.~~ the Department of Adult Correction. In the event a vacancy occurs on the Board prior to the expiration of a member's term, the Governor shall appoint a new Board member to serve the unexpired term. If the vacancy occurs in one of the positions designated for an attorney, the Governor shall select another attorney from a list of five persons recommended by the Council of the North Carolina State Bar. The Board shall perform those functions assigned to it by the Governor and shall review the grievance procedure. The Grievance Resolution Board shall meet not less then quarterly to review summaries of grievances. All members of the Inmate Grievance Commission, appointed by the Governor pursuant to G.S. 148-101, may complete their terms as members of the Board. Each member of the Board shall receive per diem and travel expenses as authorized for members of State commissions and boards under G.S. 138-5."

SECTION 19C.9.(jjjj) G.S. 148-118.8 reads as rewritten:

"**§ 148-118.8. Appointment, salary, and authority of Executive Director and inmate grievance examiners.**

(a) The Grievance Resolution Board, in consultation with the Secretary of ~~Public Safety,~~ the Department of Adult Correction, shall provide the Governor with at least three nominees, and the Governor shall appoint an Executive Director from those nominees. The Grievance Resolution Board shall appoint grievance examiners. The Executive Director shall manage the staff and perform such other functions as are assigned to the Director by the Grievance Resolution Board. The Executive Director shall serve at the pleasure of the Governor. The grievance examiners shall serve at the pleasure of the Grievance Resolution Board. The grievance examiners shall be subject to Article 2 of Chapter 126 of the North Carolina General Statutes for purposes of salary and leave. Support staff, equipment, and facilities for the Board shall be provided by the ~~Division~~ Department of Adult ~~Correction of the Department of Public Safety.~~Correction.

(b) The inmate grievance examiners shall investigate inmate grievances pursuant to the procedures established by the Administrative Remedy Procedure. Examiners shall attempt to resolve grievances through mediation with all parties. Otherwise, the inmate grievance examiners shall either (i) order such relief as is appropriate; or (ii) deny the grievance. The decision of the grievance examiner shall be binding, unless the Secretary of ~~Public Safety~~ the Department of Adult Correction (i) finds that such relief is not appropriate, (ii) gives a written explanation for this finding, and (iii) makes an alternative order of relief or denies the grievance."

SECTION 19C.9.(kkkk) G.S. 148-128 reads as rewritten:

"**§ 148-128. Authorization for Correction Enterprises.**

The ~~Section~~ Division of Correction Enterprises ~~of the Division of Adult Correction and Juvenile Justice~~ is established as a division of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~ Correction. The ~~Section~~ Division of Correction Enterprises ~~of the Division of Adult Correction and Juvenile Justice~~ may develop and operate industrial, agricultural, and service enterprises that employ incarcerated offenders in an effort to provide them with meaningful work experiences and rehabilitative opportunities that will increase their employability upon release from prison. Enterprises operated under this Article shall be known as "Correction Enterprises.""

SECTION 19C.9.(*llll*) G.S. 148-131 reads as rewritten:

"**§ 148-131. Powers and responsibilities.**

In order to fulfill the purposes set forth in G.S. 148-129, the ~~Section~~ Division of Correction Enterprises of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice~~ is authorized and empowered to take all actions necessary in the operation of its enterprises, including any of the following actions to:

…."

SECTION 19C.9.(mmmm) G.S. 148-132 reads as rewritten:

"**§ 148-132. Distribution of products and services.**

The ~~Section~~ Division of Correction Enterprises of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice~~ is empowered and authorized to market and sell products and services produced by Correction Enterprises to any of the following entities:

…."

SECTION 19C.9.(nnnn) G.S. 148-134 reads as rewritten:

"**§ 148-134. Preference for Division of Prisons of Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ products.**

All departments, institutions, and agencies of this State that are supported in whole or in part by the State shall give preference to Correction Enterprises products in purchasing articles, products, and commodities that these departments, institutions, and agencies require and that are manufactured or produced within the State prison system and offered for sale to them by Correction Enterprises. No article or commodity available from Correction Enterprises shall be purchased by any State department, institution, or agency from any other source unless the prison product does not meet the standard specifications and the reasonable requirements of the

department, institution, or agency as determined by the Secretary of Administration or the requisition cannot be complied with because of an insufficient supply of the articles or commodities required. The provisions of Article 3 of Chapter 143 of the General Statutes respecting contracting for the purchase of all supplies, materials, and equipment required by the State government or any of its departments, institutions, or agencies under competitive bidding shall not apply to articles or commodities available from Correction Enterprises. The ~~Section~~ Division of Correction Enterprises of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice~~ shall be required to keep the price of such articles or commodities substantially in accord with that paid by governmental agencies for similar articles and commodities of equivalent quality."

SECTION 19C.9.(oooo) G.S. 150B-1(e) reads as rewritten:

"(e) Exemptions From Contested Case Provisions. – The contested case provisions of this Chapter apply to all agencies and all proceedings not expressly exempted from the Chapter. The contested case provisions of this Chapter do not apply to the following:

…

(7) The Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety.~~Prisons of the Department of Adult Correction.

…."

SECTION 19C.9.(pppp) G.S. 153A-218 reads as rewritten:

"**§ 153A-218. County confinement facilities.**

A county may establish, acquire, erect, repair, maintain, and operate local confinement facilities and may for these purposes appropriate funds not otherwise limited as to use by law. Subject to the holdover provisions in G.S. 7B-2204, no person under the age of 18 may be held in a county confinement facility unless there is an agreement between the county confinement facility and the Division of ~~Adult Correction and~~ Juvenile Justice allowing the housing of persons under the age of 18 at the facility or a portion of the facility that has been approved as a juvenile detention facility by the Division of Juvenile ~~Justice Section.~~ Justice. A juvenile detention facility may be located in the same facility as a county jail provided that the juvenile detention facility meets the requirements of this Article and G.S. 147-33.40."

SECTION 19C.9.(qqqq) G.S. 160A-287 reads as rewritten:

"**§ 160A-287. City lockups.**

A city shall have authority to establish, erect, repair, maintain and operate a lockup for the temporary detention of prisoners pending their transferal to the county or district jail or the ~~State Division of Adult Correction and Juvenile Justice.~~Division of Prisons of the Department of Adult Correction."

SECTION 19C.9.(rrrr) G.S. 162-39 reads as rewritten:

"**§ 162-39. Transfer of prisoners when necessary for safety and security; application of section to municipalities.**

…

(b) Whenever necessary to avoid a security risk in any county jail, or whenever prisoners are arrested in such numbers that county jail facilities are insufficient and inadequate for the housing of such prisoners, the resident judge of the superior court or any judge holding superior court in the district or any district court judge may order the prisoner transferred to a unit of the State prison system designated by the Secretary of ~~Public Safety~~ the Department of Adult Correction or ~~his~~ the Secretary's authorized representative. For purposes of this subsection, a prisoner poses a security risk if the prisoner:

…

(b1) The ~~Department of Public Safety,~~ Health Services ~~Section,~~ Division of the Department of Adult Correction shall maintain records of prisoners transferred to a unit of the State prison system pursuant to subsection (b) of this section. The records shall utilize unique identifiers for each transferred prisoner and shall include all of the following information:

…

(c) The sheriff of the county from which the prisoner is removed shall be responsible for conveying the prisoner to the jail or prison unit where the prisoner is to be held, and for returning the prisoner to the common jail of the county from which the prisoner was transferred. The return shall be made at the expiration of the time designated in the court order directing the transfer unless the judge, by appropriate order, directs otherwise. The sheriff or keeper of the jail of the county designated in the court order, or the officer in charge of the prison unit designated by the Secretary of ~~Public Safety,~~ the Department of Adult Correction shall receive and release custody of the prisoner in accordance with the terms of the court order. If a prisoner is transferred to a unit of the State prison system, the county from which the prisoner is transferred shall pay the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ for maintaining the prisoner for the time designated by the court at the per day, per inmate rate at which the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ pays a local jail for maintaining a prisoner. The county shall also pay the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ for the costs of medical care incurred while the prisoner was in the custody of the ~~Division of Adult Correction and Juvenile Justice of the Department of Public Safety,~~ Division, defined as follows:

…

(c2) Whenever prisoners are arrested in such numbers that county jail facilities are insufficient and inadequate for the safekeeping of such prisoners, the resident judge of the superior court or any superior or district court judge holding court in the district may order the prisoners transferred to a unit of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ designated by the Secretary of ~~Public Safety~~ the Department of Adult Correction or the Secretary's authorized representative, where the prisoners may be held for such length of time as the judge may direct, such detention to be in cells separate from those used for imprisonment of persons already convicted of crimes, except when admission to an inpatient prison medical or mental health unit is required to provide services deemed necessary by a prison health care clinician. The sheriff of the county from which the prisoners are removed shall be responsible for conveying the prisoners to the prison unit or units where they are to be held, and for returning them to the common jail of the county from which they were transferred. However, if due to the number of prisoners to be conveyed the sheriff is unable to provide adequate transportation, the sheriff may request the assistance of the ~~Division of Adult Correction and Juvenile Justice of the Department of Public Safety,~~ Division and the Division ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ is hereby authorized and directed to cooperate with the sheriff and provide whatever assistance is available, both in vehicles and manpower, to accomplish the conveying of the prisoners to and from the county to the designated prison unit or units. The officer in charge of the prison unit designated by the Secretary of ~~Public Safety~~ the Department of Adult Correction or the Secretary's authorized representative shall receive and release the custody of the prisoners in accordance with the terms of the court order. The county from which the prisoners are transferred shall pay to the Division ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ the actual cost of transporting the prisoners and the cost of maintaining the prisoners at the per day, per inmate rate at which the Division ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ pays a local jail for maintaining a prisoner, provided, however, that a county is not required to reimburse the State for transporting or maintaining a prisoner who was a resident of another state or county at the time the prisoner was arrested. However, if the county commissioners shall certify to the Governor that the county is unable to pay the bill submitted by the Division ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ to the county for the services rendered, either in whole or in part, the Governor may recommend to the Council of State that the State of North Carolina assume and pay, in whole or

in part, the obligation of the county to the ~~Division of Adult Correction and Juvenile Justice of the Department of Public Safety,~~ Division, and upon approval of the Council of State the amount so approved shall be paid from the Contingency and Emergency Fund to the Division of Prisons of the Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~Correction.

(c3) When, due to an emergency, it is not feasible to obtain from a judge of the superior or district court a prior order of transfer, the sheriff of the county and the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ may exercise the authority hereinafter conferred; provided, however, that the sheriff shall, as soon as possible after the emergency, obtain an order from the judge authorizing the prisoners to be held in the designated place of confinement for such period as the judge may direct. All provisions of this section shall be applicable to municipalities whenever prisoners are arrested in such numbers that the municipal jail facilities and the county jail facilities are insufficient and inadequate for the safekeeping of the prisoners. The chief of police is hereby authorized to exercise the authority herein conferred upon the sheriff, and the municipality shall be liable for the cost of transporting and maintaining the prisoners to the same extent as a county would be unless action is taken by the Governor and Council of State as herein provided for counties which are unable to pay such costs.

(d) Whenever a prisoner held in a county jail requires medical or mental health treatment that the county decides can best be provided by the ~~Division of Adult Correction and Juvenile Justice of the Department of Public Safety,~~ Department of Adult Correction, the resident judge of the superior court or any judge holding superior court in the district or any district court judge may order the prisoner transferred to a unit of the State prison system designated by the Secretary of ~~Public Safety~~ the Department of Adult Correction or the Secretary's authorized representative for an initial period not to exceed 30 days. The sheriff of the county from which the prisoner is removed shall be responsible for conveying the prisoner to the prison unit where the prisoner is to be held, and for returning the prisoner to the jail of the county from which the prisoner was transferred. The officer in charge of the prison unit designated by the Secretary ~~of Public Safety~~ shall receive custody of the prisoner in accordance with the terms of the order. Prior to the conclusion of the 30-day period, the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice~~ shall conduct an assessment of treatment and venue needs. The assessment shall be conducted by the attending medical or mental health professional and shall assess the medical and mental health needs of the prisoner and make a recommendation on whether the prisoner should remain in the custody of the Division ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ or if the prisoner should be returned to the custody of the county. To extend the order beyond the initial 30-day period, the sheriff shall provide the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice~~ assessment and any other relevant information to the resident judge of the superior court or any judge holding superior court in the district or any district court judge who shall determine whether to extend the transfer of the prisoner to a unit of the State prison system beyond the initial 30-day period. If the judge determines that the prisoner should remain in the custody of the ~~Division of Adult Correction and Juvenile Justice,~~ Division, the judge shall renew the order and include a date certain for review by the court. Prior to the date of review, the Division shall conduct a reassessment of treatment and venue needs and the sheriff shall provide the reassessment and any other relevant information to the court, as described in this subsection. If the judge determines that the prisoner should not remain in the custody of the ~~Division of Adult Correction and Juvenile Justice,~~ Division, the officer in charge of the prison unit designated by the Secretary ~~of Public Safety~~ shall release custody of the prisoner in accordance with the court order and the instructions of the attending medical or mental health professional. The county from which the prisoner is transferred shall pay the Division ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ for maintaining the prisoner for the period of treatment at the per

day, per inmate rate at which the Division ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ pays a local jail for maintaining a prisoner, and for extraordinary medical expenses as set forth in subsection (c) of this section.

(e) The number of county prisoners incarcerated in the State prison system pursuant to safekeeping orders from the various counties pursuant to subsection (b) of this section or for medical or mental health treatment pursuant to subsection (d) of this section may not exceed 200 at any given time unless authorized by the Secretary of Public Safety. The Secretary may refuse to accept any safekeeper and may return any safekeeper transferred under a safekeeping order when this capacity limit is reached. The Secretary shall not refuse to accept a safekeeper because a county has failed to pay the Department of ~~Public Safety~~ Adult Correction for services rendered pursuant to this section.

(f) If, after 10 days of receiving notification and request for transfer from the Department of ~~Public Safety~~ Adult Correction pursuant to G.S. 148-19.3(a), the sheriff fails to assume custody of the county prisoner from the State prison facility to which the prisoner was assigned, then, in addition to the actual cost of transporting the prisoner and the cost of maintaining the prisoner at the per day, per inmate rate at which the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ pays a local jail for maintaining a prisoner, the county shall be liable to the State for an additional per day, per inmate rate not to exceed twenty dollars ($20.00) for each day the sheriff fails to assume custody of the prisoner, unless the sheriff has obtained an extension of the order because the inmate cannot be safely housed in the local jail. The section chief of the Health Services Section may waive up to 10 days of the additional per day rate if the sheriff provides documentation of extenuating circumstances."

SECTION 19C.9.(ssss) G.S. 164-40 reads as rewritten:

"**§ 164-40. Correction population simulation model; ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ juvenile justice facilities population simulation model.**

(a) The Commission shall develop a correctional population simulation model, and shall have first priority to apply the model to a given fact situation, or theoretical change in the sentencing laws, when requested to do so by the Chairman, the Executive Director, or the Commission as a whole.

The Executive Director or the Chairman shall make the model available to respond to inquiries by any State legislator, ~~or~~ by the Secretary of the Department of Public Safety, or by the Secretary of the Department of Adult Correction, in second priority to the work of the Commission.

(b) The Commission shall develop a ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety facilities~~ population simulation ~~model,~~ model for juvenile justice facilities and shall have first priority to apply the model to a given fact situation, or theoretical change in the dispositional laws set forth in Chapter 7B of the General Statutes, when requested to do so by the Chairman, the Executive Director, or the Commission as a whole.

The Executive Director or the Chairman shall make the model available to respond to inquiries by any State legislator, or by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety, in second priority to the work of the Commission."

SECTION 19C.9.(tttt) G.S. 164-43 reads as rewritten:

"**§ 164-43. Priority of duties; reports; continuing duties.**

…

(d) Once the primary duties of the Commission have been accomplished, it shall have the continuing duty to monitor and review the criminal justice and corrections systems and the juvenile justice system in this State to ensure that sentences and dispositions remain uniform and

consistent, and that the goals and policies established by the State are being implemented by sentencing and dispositional practices, and it shall recommend methods by which this ongoing work may be accomplished and by which the correctional population simulation model and the ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ juvenile justice facilities population simulation model developed under G.S. 164-40 shall continue to be used by the State.

…

(h) The Commission or its successor shall meet within 10 days after the last day for filing general bills in the General Assembly for the purpose of reviewing bills as described in subsections (e), (f), and (g). The Commission or its successor shall include in its report on a bill an analysis based on an application of the correctional population simulation model or the ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ juvenile justice facilities population simulation model to the provisions of the bill."

SECTION 19C.9.(uuuu) 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 ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult 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."

INSTRUCTIONS TO REVISOR OF STATUTES/REPORTING/EFFECTIVE DATE

SECTION 19C.9.(vvvv) Throughout the General Statutes, the Revisor of Statutes may replace (i) a reference to the Section of Prisons of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety with a reference to the Division of Prisons of the Department of Adult Correction, (ii) a reference to the Section of Community Corrections of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety with a reference to the Division of Community Supervision and Reentry of the Department of Adult Correction, and (iii) a reference to the Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety with a reference to the Division of Juvenile Justice of the Department of Public Safety.

SECTION 19C.9.(wwww) The Department of Public Safety (DPS) shall determine the number of positions currently assigned to the Administrative Division of DPS that should be transferred to the Department of Adult Correction created in this section. DPS shall submit an interim report on this matter to the Joint Legislative Oversight Committee on Justice and Public Safety on or before March 15, 2022, and a final report no later than October 1, 2022.

SECTION 19C.9.(xxxx) The Office of State Budget and Management, in consultation with the Department of Public Safety, shall make an interim report on or before July 15, 2022, on progress implementing this section to the Joint Legislative Oversight Committee on

Justice and Public Safety. The Office of State Budget and Management, in consultation with the Department of Public Safety and the Department of Adult Correction, shall make a final report on or before January 15, 2023, on progress implementing this section to the Joint Legislative Oversight Committee on Justice and Public Safety. The final report shall include information regarding:

(1) Any reclassifications of positions or reductions in force.

(2) Any recommendations for changes to the statutes that organize the Department of Public Safety or the Department of Adult Correction.

SECTION 19C.9.(yyyy) In addition to the reporting requirements of G.S. 143C-6-9, the Department of Public Safety shall report for the 2021-2022, the 2022-2023, and the 2023-2024 fiscal years the following information 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:

(1) The amount of lapsed salary generated by fund code for the previous six months.

(2) An itemized accounting of the use of lapsed salary funds, including:

a. Fund code.

b. Current certified budget.

c. Annual projected expenditure.

d. Annual projected shortfall.

e. Amount of lapsed salary funds transferred to date.

The reports shall be submitted by August 1, November 1, February 1, and May 1 of each fiscal year. The August report shall also include an annual accounting of this information for the previous fiscal year.

SECTION 19C.9.(zzzz) In addition to the reporting requirements of G.S. 143C-6-9, the Department of Adult Correction shall report for the 2022-2023 and the 2023-2024 fiscal years the following information 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:

(1) The amount of lapsed salary generated by fund code for the previous six months.

(2) An itemized accounting of the use of lapsed salary funds, including:

a. Fund code.

b. Current certified budget.

c. Annual projected expenditure.

d. Annual projected shortfall.

e. Amount of lapsed salary funds transferred to date.

The reports shall be submitted by August 1, November 1, February 1, and May 1 of each fiscal year. The August report shall also include an annual accounting of this information for the previous fiscal year.

SECTION 19C.9.(aaaaa) This subsection and subsections (vvvv), (wwww), (xxxx), (yyyy), and (zzzz) of this section are effective when this act becomes law. The remainder of this section becomes effective January 1, 2023. On and after that date, any references or directives in this act to the Division of Adult Correction and Juvenile Justice, the Section of Adult Correction in the Division of Adult Correction and Juvenile Justice, the Section of Juvenile Justice of the Division of Adult Correction and Juvenile Justice, or the Section of Community Corrections of the Division of Adult Correction and Juvenile Justice shall be construed to apply to the appropriate division of either the Department of Public Safety or the Department of Adult Correction pursuant to the departmental changes enacted by this section.

INCREASED MISDEMEANANT CONFINEMENT REIMBURSEMENT RATE IF UTILIZING INMATE LABOR

SECTION 19C.10.(a) Notwithstanding G.S. 162-58, and consistent with the provisions of Article 3 of Chapter 148 of the General Statutes, sheriffs having custody of inmates under the Statewide Misdemeanant Confinement Program may utilize those inmates to maintain the cleanliness of areas along local and State roadways.

SECTION 19C.10.(b) For purposes of this section, the following definitions shall apply:

(1) Road mile. – A section of roadside equaling 1 mile in length, not including any roadsides that are parallel to that section.

(2) Work hour. – An hour worked by an individual inmate, including time spent traveling to and from work sites and break time taken during work efforts.

SECTION 19C.10.(c) A sheriff that utilizes inmates pursuant to subsection (a) of this section shall coordinate with the Department of Transportation before and after a cleanup project to ensure that cleanup efforts are not unnecessarily duplicated by either the sheriff's office or the Department of Transportation. The sheriff shall also ensure that all inmates utilized pursuant to this subsection are appropriately guarded while working and that food, water, and bathroom facilities are accessible in reasonable amounts and times.

SECTION 19C.10.(d) A sheriff that utilizes inmate labor pursuant to subsection (a) of this section for a combined total of 500 work hours in one calendar month shall submit a record documenting those work hours and the corresponding road miles to the North Carolina Sheriffs' Association and shall be reimbursed by the Statewide Misdemeanant Confinement Program for caring for and housing the inmates of the Statewide Misdemeanant Confinement Program at a rate of at least sixty dollars ($60.00) per day, per inmate held under the Statewide Misdemeanant Confinement Program for each calendar month in which 500 work hours were completed. Participating sheriffs shall comply with all requirements established by the Statewide Misdemeanant Confinement Program necessary to certify the hours worked and to confirm funding availability. This increased reimbursement rate shall be paid to participating sheriffs only until the funds that have been specifically appropriated by the General Assembly for this purpose are exhausted. Funds allocated under this section shall not revert but shall be available until expended.

SECTION 19C.10.(e) The North Carolina Sheriffs' Association shall report no later than the fifteenth day of each month to the Office of State Budget and Management and the Fiscal Research Division regarding (i) the counties with sheriffs' offices that utilized inmate labor pursuant to subsection (a) of this section, (ii) the number of total work hours performed by inmates in each participating county, and (iii) the number of road miles cleaned by inmates in each participating county.

SECTION 19C.10.(f) The North Carolina Sheriffs' Association shall report no later than October 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety, the chairs of the Senate Appropriations Committee on Justice and Public Safety, the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, and the chairs of the Joint Legislative Transportation Oversight Committee regarding (i) the counties with sheriffs' offices that utilized inmate labor pursuant to subsection (a) of this section, (ii) the number of total work hours performed by inmates in each participating county, and (iii) the number of road miles cleaned by inmates in each participating county.

SECTION 19C.10.(g) This section is effective when it becomes law.

REQUEST FOR PROPOSALS FOR PRISON TECHNOLOGY

SECTION 19C.11.(a) Prior to using the funds appropriated in this act to the Department of Public Safety for prison technology upgrades, the Department of Public Safety shall issue a request for proposals that meets the following requirements:

(1) Either the products or services offered by a participating vendor are capable of each of the following:
    a. Tracking all phones and other wireless devices within a State prison.
    b. Blocking the use of contraband phones and other wireless devices within a State prison.
    c. Broadcasting a secure, private long-term evolution (LTE) network.
    d. Creating a virtual bank account for each inmate that allows approved friends or family members to send or receive money to and from the account.
    e. Providing a single sign-on management platform.
(2) The vendor shall:
    a. Be able to deploy the products and services it offers within two months of award of the funds.
    b. Have at least five years of experience performing similar work.
(3) No funds awarded by the vendor may be used for lobbying the North Carolina General Assembly.

SECTION 19C.11.(b) The Department of Public Safety 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.

SECTION 19C.11.(c) The report required by subsection (b) of this section shall include, at a minimum, each of the following:

(1) A time line of the deployment of products and services.
(2) An explanation of the implementation of the awarded contract.
(3) An accounting of the extent to which tracking and blocking technologies were able to successfully track and block phones and wireless devices in State prisons.
(4) An accounting of the extent to which the private long-term evolution (LTE) network met the needs of State prisons.
(5) An accounting of the extent to which the virtual bank accounts of inmates were utilized by inmates, their friends, and their family members.

TRANSFER OF ODOM CORRECTIONAL INSTITUTION TO NORTHAMPTON COUNTY

SECTION 19C.12.(a) It is the intent of the General Assembly for the State of North Carolina to convey to the Northampton County Board of Commissioners (Northampton County) for the consideration of one dollar ($1.00) all of its right, title, and interest in the property used for the former Odom Correctional Institution which is currently allocated to the Department of Public Safety, Division of Adult Correction and Juvenile Justice (DPI). In order to accomplish this conveyance, DPI and Northampton County shall mutually develop the boundaries of the property to be conveyed based upon the following directions and limitations:

(1) The property to be conveyed shall be a subdivision consisting of approximately 64 acres from Parcel Number 0701397 of Northampton County, deed reference Book 424, Page 601, and Book 434, Page 133, totaling approximately 1,119 acres which are currently allocated to the Department of Public Safety, Division of Adult Correction and Juvenile Justice. The conveyance shall include:
    a. The Odom Correctional Facility buildings and structures, less Correction Enterprise Agricultural operations and those operations belonging to Wildlife Resources, inclusive of those appurtenant

correctional yards, fences, towers, service ways, and parking lots, totaling approximately 62 acres.

b. The waste treatment plant and immediate grounds, totaling approximately 2 acres.

c. Infrastructure and utility lines that serve the Odom Correctional Facility, traversing property retained by the Department of Public Safety, located within easements to be dedicated as noted below.

(2) The property conveyed pursuant to this section shall not include:

a. Lands used by the Wildlife Resources Commission.

b. Lands used by the Department of Public Safety for agricultural operations.

c. Lands previously used by the Department of Public Safety for permitted land application of treated waste.

(3) The land to be dedicated for rights-of-way and easements to Northampton County shall be only that of:

a. Sewer collection systems necessary for the operation of the transferred buildings.

b. Water supply systems necessary for the operation of the transferred buildings.

c. Roadway access along Odom Prison Road and unnamed agricultural roads surrounding the buildings.

d. Public utility easements not otherwise previously dedicated for gas or electricity.

SECTION 19C.12.(b) Upon completion of developing the boundaries described in subsection (a) of this section, DPI and Northampton County shall submit a metes and bounds description of the property to be conveyed to the State Property Office. The State Property Office shall prepare a deed conveying all of the State's right, title, and interest in the described property to the Northampton County Board of Commissioners for the consideration of one dollar ($1.00) and subject to the following limitations and instructions:

(1) The conveyance is subject to a reversionary interest reserved by the State. The property shall be conveyed to the Northampton County Board of Commissioners for so long as it is utilized for county government purposes.

(2) The State of North Carolina shall convey the real property described in subsection (a) of this section "as is" without warranty. 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.

(3) Northampton County shall receive the property with existing water treatment and waste collection systems. The State makes no representations or warranties concerning suitability or operability of such systems for use by Northampton County. Northampton County shall obtain all necessary permits to operate the waste treatment plant and to remove waste treatment process material or effluent from the facilities for disposal. The State shall not be obligated to provide lands for the application of waste treatment process material, effluent, or sludge.

SECTION 19C.12.(c) All costs associated with the conveyance of the property described in subsection (a) of this section, including, but not limited to, subdivision, surveying, engineering services, permitting, and utility connections, shall be borne by Northampton County.

SECTION 19C.12.(d) The conveyance of the State's right, title, and interest in Odom 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, however, the provisions of G.S. 146-74 shall not apply.

SECTION 19C.12.(e) This section is effective when it becomes law.

LIMIT USE OF INMATE MEDICAL FUNDS

SECTION 19C.13.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Public Safety to be used for inmate medical costs, no more than thirty million dollars ($30,000,000) may be used in the 2021-2022 fiscal year and no more than fifteen million dollars ($15,000,000) may be used in the 2022-2023 fiscal year.

SECTION 19C.13.(b) All funds appropriated in this act to the Department of Public Safety to be used for inmate medical costs may only be used within Fund Codes 1331, 1332, 1333, and 1334.

PART XIX-D. JUVENILE JUSTICE

LIMIT USE OF COMMUNITY PROGRAM FUNDS

SECTION 19D.1.(a) Funds appropriated in this act to the Department of Public Safety for the 2021-2023 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 19D.1.(b) Funds appropriated by this act to the Department of Public Safety for the 2021-2023 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 19D.1.(c) The Department of Public Safety shall submit an electronic report by October 1 of each year of the 2021-2023 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.

EXTEND SUNSET DATE FOR USE OF SECURITY GUARDS AT STATE PRISONS

SECTION 19D.2. Section 4.15(c) of S.L. 2020-3, as amended by Section 2 of S.L. 2020-15, reads as rewritten:

"**SECTION 4.15.(c)** This section is effective when it becomes law and expires upon the earlier of August 1, ~~2022,~~ 2023, or the date of completion of the Youth Development Center in Rockingham County."

PART XIX-E. EMERGENCY MANAGEMENT AND NATIONAL GUARD

TRANSFER OF NCNG TUITION ASSISTANCE PROGRAM

SECTION 19E.1.(a) The North Carolina National Guard Tuition Assistance Program administered by the State Education Assistance Authority is transferred to the Department of Public Safety. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6. The State Education Assistance Authority shall transfer all associated program administration funds to the Department of Public Safety.

SECTION 19E.1.(b) Part 2 of Article 23 of Chapter 116 of the General Statutes, G.S. 116-209.50 through G.S. 116-209.55, is recodified as Article 15 of Chapter 127A of the General Statutes, G.S. 127A-190 through G.S. 127A-195.

SECTION 19E.1.(c) Article 15 of Chapter 127A of the General Statutes, as recodified by subsection (b) of this section, reads as rewritten:

"Article 15.

"North Carolina National Guard Tuition Assistance Act of 1975.

"**§ 127A-190. Short title.**

This ~~Part~~ Article shall be known and may be cited as the North Carolina National Guard Tuition Assistance Act of 1975.

"**§ 127A-191. Purpose.**

The General Assembly of North Carolina, recognizing that the North Carolina National Guard is the only organized, trained and equipped military force subject to the control of the State, hereby establishes a program of tuition assistance for qualifying guard members for the purpose of encouraging voluntary membership in the North Carolina National Guard, improving the educational level of its members, and thereby benefiting the State as a whole.

"**§ 127A-192. Definitions.**

The following definitions apply in this ~~Part:~~Article:

(1) Academic Year. – The annual enrollment period used by the ~~Authority.~~Secretary.

(2) Private Educational Institutions. – Any junior college, senior college or university which is operated and governed by private interests not under the control of the federal, State or any local government, which is located within and licensed by the State of North Carolina, which does not operate for profit, whose curriculum is primarily directed toward the awarding of associate, baccalaureate or graduate degrees, which agrees to the applicable administration and funding provisions of this ~~Part.~~Article.

(3) Proprietary School. – An educational institution that is (i) defined as a proprietary school in G.S. 115D-87(2), (ii) licensed by the State Board of Community Colleges, ~~and~~ or (iii) listed by the North Carolina State Approving Agency for Veterans and Military Education as an approved proprietary school for purposes of this ~~Part.~~Article.

(3a) Secretary. – The Secretary of Public Safety or the Secretary's designee.

(4) State Educational Institutions. – Any of the constituent institutions of the University of North Carolina, or any community college operated under the provisions of Chapter 115D of the General Statutes of North Carolina.

(5) Student Loan. – A loan or loans made to eligible students or parents of students to aid in attaining an education beyond the high school level.

"**§ 127A-193. Benefit.**

The benefit provided under this ~~Part~~ Article shall consist of a monetary educational assistance grant not to exceed the highest amount charged by a State educational institution per academic year or a lesser amount, as prescribed by the ~~Authority,~~ Secretary, to remain within the funds appropriated, to qualifying members of the North Carolina National Guard. Benefits provided

under ~~G.S. 116-209.55(g)~~ G.S. 127A-195(g) shall be payable for a period of one year at a time, renewable at the option of the ~~Authority.~~ Secretary. All other benefits provided under this ~~Part~~ Article shall be payable for a period of one academic year at a time, renewable at the option of the ~~Authority.~~Secretary.

"**§ 127A-194. Eligibility.**

(a) Active members of the North Carolina National Guard who are enrolled or who shall enroll in any proprietary school, private educational institution, or State educational institution shall be eligible to apply for this tuition assistance benefit: Provided, that the applicant has a minimum obligation of two years remaining as a member of the North Carolina National Guard from the end of the academic period for which tuition assistance is provided or that the applicant commit himself or herself to extended membership for at least two additional years from the end of that academic period.

(b) This tuition assistance benefit shall be applicable to students in the following categories:

(1) Students seeking to achieve completion of their secondary school education at a community college or technical institute.
(2) Students seeking trade or vocational training or education.
(3) Students seeking to achieve a two-year associate degree.
(4) Students seeking to achieve a four-year baccalaureate degree.
(5) Students seeking to achieve a graduate degree.
(6) Students enrolled in a program granting a graduate certificate.
(7) Students enrolled in a professional certification program recommended by the Director of the North Carolina National Guard Education and Employment Center and approved by the North Carolina National Guard Education Services Officer.

(c) The following persons shall be eligible to apply for disbursements to pay outstanding student loans pursuant to ~~G.S. 116-209.55(g):~~G.S. 127A-195(g):

(1) Persons described in subsections (a) and (b) of this section.
(2) Active members of the North Carolina National Guard who were previously enrolled in any proprietary school, private educational institution, or State educational institution, but only if:
    a. The applicant has a minimum obligation of two years remaining as a member of the North Carolina National Guard from the time of the application; or
    b. The applicant commits himself or herself to extended membership for at least two additional years from the time of the application.

"**§ 127A-195. Administration and funding.**

(a) The ~~Authority~~ Secretary is charged with the administration of the tuition assistance program under this ~~Part.~~Article. The Secretary may delegate administrative tasks to other persons within the Department of Public Safety as the Secretary deems best for the orderly administration of this program. The Department of Public Safety may also contract with the State Education Assistance Authority for the administration of these tuition benefit disbursements.

(b) The ~~Authority~~ Secretary shall determine the eligibility of applicants, select the benefit recipients, establish the effective date of the benefit, and may suspend or revoke the benefit if the ~~Authority~~ Secretary finds that the recipient 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 ~~Authority~~ Secretary shall maintain such records and shall promulgate such rules and regulations as the ~~Authority~~ Secretary deems necessary for the orderly administration of this program. The ~~Authority~~ Secretary may require of proprietary schools or State or private educational institutions such reports and other information as the ~~Authority~~ Secretary may need to carry out the

provisions of this ~~Part~~ Article and the ~~Authority~~ Secretary shall disburse benefit payments for recipients upon certification of enrollment by the enrolling institutions.

(c) All tuition benefit disbursements shall be made to the proprietary school or State or private educational institution concerned, for credit to the tuition account of each recipient. Funds disbursed pursuant to subsection (g) of this section shall be made to the student loan creditor concerned to be applied against the outstanding student loans of each North Carolina National Guard member beneficiary.

(d) The participation by any proprietary school or private educational institution in this program shall be subject to the applicable provisions of this ~~Part~~ Article and to examination by the State Auditor of the accounts of the benefit recipients attending or having attended such private schools or institutions. The ~~Authority~~ Secretary may defer making an award or may suspend an award in any proprietary school or private educational institution which does not comply with the provisions of this ~~Part~~ Article relating to said institutions. The manner of payment to any proprietary school or private educational institution shall be as prescribed by the ~~Authority.~~Secretary.

(e) Irrespective of other provisions of this ~~Part,~~ Article, the ~~Authority~~ Secretary may prescribe special procedures for adjusting the accounts of benefit recipients who, for reasons of illness, physical inability to attend classes or for other valid reason satisfactory to the ~~Authority,~~ Secretary, may withdraw from any proprietary school or State or private educational institution prior to the completion of the term, semester, quarter or other academic period being attended at the time of withdrawal.

(f) Any balance of the monetary educational assistance grant up to the maximum for the academic year remaining after tuition is paid pursuant to subsection (c) of this section may be disbursed to the recipient as reimbursement for required course books and materials. The manner of obtaining the reimbursement payment for these required books and materials shall be as prescribed by the ~~Authority.~~Secretary.

(g) Any funds not needed to accomplish the other purposes of this ~~Part~~ Article may be used to help members of the North Carolina National Guard repay outstanding student loans in accordance with rules to be adopted by the ~~Authority.~~ Secretary. These rules shall provide that the length of a member's deployment may be considered in determining whether or not, and in what amount, a member receives assistance pursuant to this subsection. There shall be no reimbursement under this subsection for payments already made on student loans, and funds shall not be provided under this subsection for the purpose of paying student loans obtained for courses from which the member withdrew or for which the member did not receive a passing grade. Payments for outstanding loans shall not exceed the maximum benefit available under ~~G.S. 116-209.53.~~G.S. 127A-193."

SECTION 19E.1.(d) This section is effective when it becomes law.

TARHEEL CHALLENGE CODIFICATION

SECTION 19E.2.(a) Chapter 127A of the General Statutes is amended by adding a new Article to read:

"Article 18.

"Tarheel Challenge Academy.

"**§ 127A-220. Purpose; establishment.**

The purpose of this Article is to authorize the North Carolina National Guard's Tarheel Challenge Academy to operate independently of existing schools. The Tarheel Challenge Academy is established as a Division of the North Carolina National Guard. The Tarheel Challenge Academy shall satisfy all of the following:

(1) Exist as a cost-free program.

(2) Be housed for administrative purposes within the North Carolina National Guard.

(3) Be a community-based school that leads, trains, and mentors at-risk youth.
(4) Be designated as an approved alternative learning program, as defined in this Article, and an innovative school option.
(5) Create at least a 22-week residential program that requires a 12-month post-residential mentoring period.
(6) Improve life skills and employment potential of participants by providing quasi-military based training and supervised work experience.
(7) Teach the "8 Core Components" of academic excellence, job skills, health and hygiene, physical fitness, life coping skills, responsible citizenship, leadership, and service to community.
(8) Increase opportunity for participants to receive a high school diploma or its equivalent.
(9) Enjoy the full cooperation of other State and local agencies in carrying out its program.

"**§ 127A-221. Definitions.**

The following definitions apply for the purposes of this Article:

(1) Academy. – Tarheel Challenge Academy, a Division of the North Carolina National Guard.
(2) Alternative learning program. – A program offered by the Academy that provides specialized services for at-risk students outside of a standard classroom setting. Services should be designed to meet the needs of students who have not been successful in the traditional school setting.
(3) Eligible participant. – An individual who meets all of the following criteria:
  a. Is a minimum of 16 years of age and a maximum of 18 years of age at the time of entry into the program.
  b. Has failed to complete or has left school for any reason before graduation or completion of a program of studies without transferring to another school and has not received a certificate from a program of equivalency or has not progressed in a traditional high school setting.
  c. A citizen or legal resident of the United States.
  d. Unemployed or underemployed.
  e. Not currently on parole or probation and not accused or convicted of a crime that would be considered a felony if the individual was an adult.
  f. Free from use of illegal drugs or substances.
  g. Physically and mentally capable to participate in the alternative learning program.

"**§ 127A-222. Administration; supervision.**

The general supervision and administration of the Academy shall be vested in the North Carolina National Guard Adjutant General. It shall be the duty of the Adjutant General or his or her designee to do all of the following:

(1) Create a written document that incorporates the terms and conditions imposed on the Academy by the Federal Youth Challenge Program.
(2) Organize and establish all rules and regulations for the Academy, as necessary.
(3) Direct and control all Academy personnel matters.
(4) Oversee and direct the administration and functioning of the alternative learning program offered by the Academy."

SECTION 19E.2.(b) This section is effective when it becomes law.

BUTNER TIMBER FUND SALE PROCEEDS

SECTION 19E.3. G.S. 146-30 reads as rewritten:

"**§ 146-30. Application of net proceeds.**

(a) The net proceeds of any disposition made in accordance with this Subchapter shall be handled in accordance with the following priority:

(1) First, in accordance with the provisions of any trust or other instrument of title whereby title to real property was acquired.

(2) Second, as provided by any other act of the General Assembly.

(3) Third, by depositing the net proceeds with the State Treasurer.

Nothing in this section, however, prohibits the disposition of any State lands by exchange for other lands, but if the appraised value in fee simple of any property involved in the exchange is at least twenty-five thousand dollars ($25,000), then the exchange shall not be made without consultation with the Joint Legislative Commission on Governmental Operations.

…

(d) Notwithstanding any other provision of this Subchapter, the following exceptions apply:

…

(8) The net proceeds derived from the sale of any portion of the land owned by the State in the Camp Butner reservation shall be deposited with the State Treasurer in a capital improvement account to the credit of the Department of Health and Human Services to make capital improvements on or to property owned by the State in the Camp Butner reservation subject to approval by the Office of State Budget and Management. The net proceeds derived from the sale of timber from land owned by the State in the Camp Butner reservation shall be deposited with the State Treasurer in a capital improvement account to the credit of the Department of Public Safety to be used to support the North Carolina National Guard's Camp Butner Training Center and other North Carolina National Guard–operated Training Centers. The definition of "Camp Butner reservation" in G.S. 122C-3 applies to this subdivision.

…."

NORTH CAROLINA NATIONAL GUARD JOB ACT

SECTION 19E.4.(a) Article 13 of Chapter 126 of the General Statutes is amended by adding a new section to read:

"**§ 126-80.5. National Guard preference.**

(a) It shall be the policy of the State of North Carolina that, in recognition and appreciation for service to the State and this country, and in recognition of the time and advantage lost toward the pursuit of a civilian career, an eligible member of the National Guard as defined in G.S. 126-81(4) shall be granted preference in employment for positions subject to the provisions of this Chapter with every State department, agency, and institution.

(b) In all evaluations of applicants for positions with this State or any of its departments, agencies, or institutions, a preference shall be awarded to all eligible members of the National Guard who are citizens of the State. This preference applies to initial employment and extends to other employment events, including a subsequent hiring, promotion, reassignment, or horizontal transfer.

(c) The provisions of this section shall be subject to the provisions of Article 9 of Chapter 143B of the General Statutes."

SECTION 19E.4.(b) G.S. 126-81 reads as rewritten:

"**§ 126-81. Definitions.**

~~As used in this Article:~~The following definitions apply in this Article:

(1) ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917, through November 11, 1918), World War II (December 7, 1941, through

December 31, 1946), the Korean Conflict (June 27, 1950, through January 31, 1955), the period of time between January 31, 1955, and the end of the hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or engagement for which a campaign badge or medal is authorized by the United States Department of Defense.

(2) ~~"Veteran" means a~~ Veteran. – A person who served in the Armed Forces of the United States on active duty, for reasons other than training, and has been discharged under other than dishonorable conditions.

(3) ~~"Eligible veteran" means:~~Eligible veteran. – Any of the following:

a. A veteran who served during a period of ~~war; or~~war.

b. The spouse of a disabled ~~veteran; or~~veteran.

c. The surviving spouse or dependent of a veteran who dies on active duty during a period of war either directly or indirectly as a result of such ~~service; or~~service.

d. A veteran who suffered a service-connected disability during ~~peacetime; or~~peacetime.

e. The spouse of a veteran described in ~~subdivision~~ sub-subdivision d. of this ~~subsection; or~~subdivision.

f. The surviving spouse or dependent of a person who served in the Armed Forces of the United States on active duty, for reasons other than training, who died for service-related reasons during peacetime.

(4) Eligible member of the National Guard. – Any of the following:

a. A resident of North Carolina who is a current member in good standing of either the North Carolina Army National Guard or the North Carolina Air National Guard.

b. A resident of North Carolina who is a former member of either the North Carolina Army National Guard or the North Carolina Air National Guard, whose discharge is under honorable conditions with a minimum of six years of creditable service.

c. The surviving spouse and dependent of a member of the North Carolina Army National Guard or the North Carolina Air National Guard who dies on State active duty either directly or indirectly as a result of that service.

d. The surviving spouse or dependent of a member of the North Carolina National Guard who died for service-related reasons during peacetime."

SECTION 19E.4.(c) G.S. 128-15 reads as rewritten:

"**§ 128-15. Employment preference for veterans and their spouses or surviving spouses.**

(a) It shall be the policy of the State of North Carolina that, in appreciation for their service to this State and this country during a period of war, and in recognition of the time and advantage lost toward the pursuit of a civilian career, veterans and eligible members of the National Guard shall be granted preference in employment with every State department, agency, and institution.

(b) As used in this section:

(1) ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917, through November 11, 1918), World War II (December 7, 1941, through December 31, 1946), the Korean Conflict (June 27, 1950, through January 31, 1955), the period of time between January 31, 1955, and the end of the hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or engagement for which a campaign badge or medal is authorized by the United States Department of Defense.

(2) ~~"Veteran" means a~~ Veteran. – A person who served in the Armed Forces of the United States on active duty, for reasons other than training, and has been discharged under other than dishonorable conditions.

(3) ~~"Eligible veteran" means:~~Eligible veteran. – Any of the following:

a. A veteran who served during a period of ~~war; or~~war.

b. The spouse of a disabled ~~veteran; or~~veteran.

c. The surviving spouse or dependent of a veteran who dies on active duty during a period of war either directly or indirectly as the result of such ~~service; or~~service.

d. A veteran who suffered a disabling injury for service-related reasons during ~~peacetime; or~~peacetime.

e. The spouse of a veteran described in ~~subdivision~~ sub-subdivision d. of this ~~subsection; or~~subdivision.

f. The surviving spouse or dependent of a person who served in the Armed Forces of the United States on active duty, for reasons other than training, who dies for service-related reasons during peacetime.

(4) Eligible member of the National Guard. – Any of the following:

a. A resident of North Carolina who is a current member in good standing of either the North Carolina Army National Guard or the North Carolina Air National Guard.

b. A resident of North Carolina who is a former member of either the North Carolina Army National Guard or the North Carolina Air National Guard, whose discharge is under honorable conditions with a minimum of six years of creditable service.

c. The surviving spouse and dependent of a member of the North Carolina Army National Guard or the North Carolina Air National Guard who dies on State active duty either directly or indirectly as a result of that service.

d. The surviving spouse or dependent of a member of the North Carolina National Guard who died for service-related reasons during peacetime.

(c) Hereafter, in all evaluations of applicants for positions with this State or any of its departments, institutions or agencies, a preference shall be awarded to all eligible veterans and eligible members of the National Guard who are citizens of the State and who served the State or the United States honorably in the military forces of this State or of the United States during a period of war. This preference applies to initial employment with the State and extends to other employment events including subsequent hirings, promotions, reassignments, and horizontal transfers.

(d) The provisions of this section shall be subject to the provisions of Article 1 of Chapter 165 of the General Statutes, G.S. 126-83, and Parts 13 and 19 of Article 9 of Chapter 143B of the General Statutes."

SECTION 19E.4.(d) This section is effective when it becomes law.

COMPETITIVE EMERGENCY MANAGEMENT GRANTS

SECTION 19E.5.(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 210,000 or fewer, based upon the 2019 Certified County Population Estimates from the State Demographer in the Office of State Budget and Management. 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 19E.5.(b) The Division shall report on the awarding of grant funds pursuant to subsection (a) of this section by February 1, 2022, and by January 15 of each year thereafter until the funds appropriated by this section are expended.

EMERGENCY MANAGEMENT ACT REVISIONS

SECTION 19E.6.(a) G.S. 166A-19.3 is amended by adding the following new subdivisions to read:

"(2d) Concurrence of the Council of State. – The consensus, within 48 hours of contact, of a majority of the Council of State prior to the Governor exercising a power or authority requiring a concurrence of the Council of State. The Governor shall document the contact and response of each Council of State member and shall release the concurrence, nonconcurrence, or no response provided by each member by name and position on the same website in which the executive order is published. If consensus is achieved, the release of the information by the Governor shall be prior to, or simultaneously with, exercising the stated authority. Any failure to respond to the Governor within the 48 hours of contact shall be deemed a concurrence by the member of the Council of State failing to respond. All documentation of the contact and response of each member of the Council of State shall be a public record.

(2m) Council of State. – The Lieutenant Governor, Secretary of State, Auditor, Treasurer, Superintendent of Public Instruction, Attorney General, Commissioner of Agriculture, Commissioner of Labor, Commissioner of Insurance, or any interim officer or acting officer appointed in accordance with Section 7 of Article III of the State Constitution.

…

(20) Statewide emergency area. – Any emergency area applicable to two-thirds or more of the counties in this State."

SECTION 19E.6.(b) G.S. 166A-19.20 reads as rewritten:

"**§ 166A-19.20. Gubernatorial or legislative declaration of state of emergency.**

(a) Declaration. – A state of emergency may be declared by the Governor or by a resolution of the General Assembly, if either of these finds that an emergency exists.

(b) Emergency Area. – An executive order or resolution declaring a state of emergency shall include a definition of the area constituting the emergency area.

(c) Expiration of States of Emergency. – A state of emergency declared pursuant to this section shall expire as follows:

(1) If not a statewide emergency area, when it is rescinded by the authority that issued it.

(2) If a statewide emergency area, 30 calendar days after issuance without a concurrence of the Council of State. A declaration of emergency may not be continued without the concurrence of the Council of State. If the Council of State concurs with the declaration of emergency, the declaration of emergency shall expire 60 calendar days after issuance, unless the General Assembly extends the declaration of emergency by enactment of a general law. If the General Assembly does not extend the declaration of emergency by enactment in accordance with this subdivision, the Governor shall not issue a substantially similar declaration of emergency arising from the same events that formed the basis to issue the initial declaration of emergency that was not extended.

(c1) Effect of Failure of Concurrence of the Council of State. – If the concurrence of the Council of State fails with the issuance or continuation of a declaration of emergency under subdivision (c)(2) of this section, the Governor shall not issue the same or any other substantially similar declarations of emergency based on the same emergency.

(c2) Multiple Declarations to Avoid Concurrence of Council of State. – If the Governor declares more than one state of emergency based on the same emergency that would extend the application of the emergency area, when combined, to more than two-thirds of the counties in the State, the Governor shall obtain the concurrence of the Council of State in accordance with subdivision (c)(2) of this section for each declaration of emergency.

(d) Exercise of Powers Not Contingent on Declaration of Disaster Type. – Once a state of emergency has been declared pursuant to this section, the fact that a declaration of disaster type has not been issued shall not preclude the exercise of powers otherwise conferred during a state of emergency.

(e) Extra Session; Emergency Transportation Expenditures. – The General Assembly considers a determination by the Secretary of Transportation under G.S. 136-44.2E(f) that anticipated emergency expenses will exceed the funds in the Transportation Emergency Reserve within the meaning of the term "extraordinary occasions," and therefore the Governor is authorized to convene the General Assembly in Extra Session under Section 5(7) of Article III of the North Carolina Constitution. The General Assembly strongly urges the Governor to convene the General Assembly in Extra Session within 14 days of notice by the Secretary under G.S. 136-44.2E(f) for the purpose of appropriating funds from the Savings Reserve to the Emergency Reserve to address the transportation needs of the State necessitated by a major disaster."

SECTION 19E.6.(c) G.S. 166A-19.30 is amended by adding a new subsection to read:

"(c1) Upon exercise of any of the powers granted in subsection (c) of this section, the following shall apply:

(1) The Governor shall notify the affected local authorities immediately upon exercising any of the powers and any extensions thereof.

(2) In exercising any of the powers, notwithstanding subdivision (c)(1) of this section, the Governor shall obtain a concurrence of the Council of State.

(3) The duration of the exercise of any power by the Governor shall expire in accordance with G.S. 166A-19.20."

SECTION 19E.6.(d) G.S. 130A-20 reads as rewritten:

"**§ 130A-20. Abatement of an imminent hazard.**

(a) If ~~the Secretary or~~ a local health director determines that an imminent hazard exists, the ~~Secretary or a~~ local health director may order the owner, lessee, operator, or other person in control of ~~the~~ a specific identified property to abate the imminent hazard or may, after notice to or reasonable attempt to notify the owner, lessee, operator, or other person in control of the property enter upon ~~any~~ the specific identified property and take any action necessary to abate the imminent hazard. If the ~~Secretary or a~~ local health director abates the imminent hazard, ~~the Department or~~ the local health department shall have a lien on the property of the owner, lessee, operator, or other person in control of the specific identified property where the imminent hazard existed for the cost of the abatement of the imminent hazard. The lien may be enforced in accordance with procedures provided in Chapter 44A of the General Statutes. The lien may be defeated by a showing that an imminent hazard did not exist at the time ~~the Secretary or~~ the local health director took the action. The owner, lessee, operator, or any other person against whose property the lien has been filed may defeat the lien by showing that that person was not culpable in the creation of the imminent hazard.

(b) The ~~Secretary of Environmental Quality and a~~ local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of Articles 9 and 10 of this Chapter.

(c) The Secretary shall have the authority to determine that a class or category of property uses presents a statewide imminent hazard. For a period of no more than seven calendar days, the Secretary may order owners, operators, or other persons in control of that class or category of property uses to abate the statewide imminent hazard. If the Secretary has notified the Governor, and the Governor has received the concurrence of the Council of State, such order may be extended for up to 30 days at a time. The Secretary may, after notice to or reasonable attempt to notify the owners, operators, or other persons in control of a specific property not complying with the order of abatement, enter upon the property and take any action necessary to abate the imminent hazard. If the Secretary's orders under this subsection would extend the application of the class or categories of properties in areas, when combined, to statewide application, the Secretary shall notify the Governor, and the Governor shall seek the concurrence of the Council of State in accordance with this subsection prior to extension of any of the orders.

(d) The Secretary of Environmental Quality, in accordance with subsection (c) of this section, may enforce the provisions of Articles 9 and 10 of this Chapter.

(e) For purposes of this section, the following definitions shall apply:

(1) Concurrence of the Council of State. – As defined in G.S. 166A-19.3(2d).

(2) Statewide. – Two-thirds or more of the counties in this State."

SECTION 19E.6.(e) G.S. 130A-145 reads as rewritten:

"**§ 130A-145. Quarantine and isolation authority.**

(a) The State Health Director and a local health director are empowered to exercise quarantine and isolation ~~authority.~~ authority in accordance with this section. Quarantine and isolation authority shall be exercised only when and so long as the public health is endangered, all other reasonable means for correcting the problem have been exhausted, and no less restrictive alternative exists.

(b) No person other than a person authorized by the State Health Director or local health director shall enter quarantine or isolation premises. Nothing in this subsection shall be construed to restrict the access of authorized health care, law enforcement, or emergency medical services personnel to quarantine or isolation premises as necessary in conducting their duties.

(c) Before applying quarantine or isolation authority to livestock or poultry for the purpose of preventing the direct or indirect conveyance of an infectious agent to persons, the State Health Director or a local health director shall consult with the State Veterinarian in the Department of Agriculture and Consumer Services.

(d) When quarantine or isolation limits the freedom of movement of a person or animal or of access to a person or animal whose freedom of movement is limited, the period of limited freedom of movement or access shall not exceed 30 calendar days. Any person substantially affected by that limitation may institute in superior court in Wake County or in the county in which the limitation is imposed an action to review that limitation. The official who exercises the quarantine or isolation authority shall give the persons known by the official to be substantially affected by the limitation reasonable notice under the circumstances of the right to institute an action to review the limitation. If a person or a person's representative requests a hearing, the hearing shall be held within 72 hours of the filing of that request, excluding Saturdays and Sundays. The person substantially affected by that limitation is entitled to be represented by counsel of the person's own choice or if the person is indigent, the person shall be represented by counsel appointed in accordance with Article 36 of Chapter 7A of the General Statutes and the rules adopted by the Office of Indigent Defense Services. The court shall reduce or terminate the limitation unless it determines, by the preponderance of the evidence, that the limitation is reasonably necessary to prevent or limit the conveyance of a communicable disease or condition to others.

(e) If the State Health Director or the local health director determines that a 30-calendar-day limitation on freedom of movement or access is not adequate to protect the public health, the State Health Director or local health director must institute in superior court in the county in which the limitation is imposed an action to obtain an order extending the period of limitation of freedom of movement or access. If the person substantially affected by the limitation has already instituted an action in superior court in Wake County, the State Health Director must institute the action in superior court in Wake County or as a counterclaim in the pending case. Except as provided below for persons with tuberculosis, the court shall continue the limitation for a period not to exceed 30 days if it determines, by the preponderance of the evidence, that the limitation is reasonably necessary to prevent or limit the conveyance of a communicable disease or condition to others. The court order shall specify the period of time the limitation is to be continued and shall provide for automatic termination of the order upon written determination by the State Health Director or local health director that the quarantine or isolation is no longer necessary to protect the public health. In addition, where the petitioner can prove by a preponderance of the evidence that quarantine or isolation was not or is no longer needed for protection of the public health, the person quarantined or isolated may move the trial court to reconsider its order extending quarantine or isolation before the time for the order otherwise expires and may seek immediate or expedited termination of the order. Before the expiration of an order issued under this section, the State Health Director or local health director may move to continue the order for additional periods not to exceed 30 days each. If the person whose freedom of movement has been limited has tuberculosis, the court shall continue the limitation for a period not to exceed one calendar year if it determines, by a preponderance of the evidence, that the limitation is reasonably necessary to prevent or limit the conveyance of tuberculosis to others. The court order shall specify the period of time the limitation is to be continued and shall provide for automatic termination of the order upon written determination by the State Health Director or local health director that the quarantine or isolation is no longer necessary to protect the public health. In addition, where the petitioner can prove by a preponderance of the evidence that quarantine or isolation was not or is no longer needed for protection of the public health, the person quarantined or isolated may move the trial court to reconsider its order extending quarantine or isolation before the time for the order otherwise expires and may seek immediate or expedited termination of the order. Before the expiration of an order limiting the freedom of movement of a person with tuberculosis, the State Health Director or local health director may move to continue the order for additional periods not to exceed one calendar year each.

(f) Notwithstanding the first sentence of subsection (d) of this section, for a period of no more than seven calendar days, the State Health Director shall have the authority to determine and order that a class or category of persons need to be quarantined or isolated to protect the public health. If such an order under this section applies statewide, the State Health Director may move the court for extensions of the order in accordance with subsection (e) of this section after the State Health Director has notified the Governor, and the Governor has received the concurrence of the Council of State. If such an order applies less than statewide, the State Health Director may move the court for extension of the order in accordance with subsection (e) of this section. If the State Health Director's orders under this subsection would extend the application of the class or categories in areas, when combined, to statewide application, the State Health Director shall notify the Governor, and the Governor shall seek the concurrence of the Council of State in accordance with this subsection prior to moving the court for the extension of any of the orders.

(g) For purposes of this section, the following definitions shall apply:

(1) Concurrence of the Council of State. – As defined in G.S. 166A-19.3(2d).

(2) Statewide. – Two-thirds or more of the counties in this State."

SECTION 19E.6.(f) This section becomes effective January 1, 2023, and applies to the exercise of power under a state of emergency or declaration of emergency existing on or after

that date or any order of abatement issued on or after that date. Any power exercised under a state of emergency or declaration of emergency existing on that date that would require a concurrence of the Council of State under G.S. 166A-19.20 or G.S. 166A-19.30, as amended by this section, shall expire two days after this section becomes law unless a concurrence of the Council of State is sought and received in accordance with G.S. 166A-19.20 or G.S. 166A-19.30, as amended by this section.

NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

SECTION 19E.7. Section 5.7(a) of S.L. 2018-136, as amended by Section 2.15(a) of S.L. 2018-138 and Section 12.5 of S.L. 2020-78, reads as rewritten:

"**SECTION 5.7.(a)** The Office of Recovery and Resiliency (Office) is created in the Department of Public Safety. The Office shall execute multi-year recovery and resiliency projects and administer funds provided by the Community Development Block Grant Disaster Recovery program for Hurricanes Florence and Matthew.

"**SECTION 5.7.(a1)** The Secretary may reassign up to 15 existing positions of the Division of Emergency Management to the Office. In addition, the Secretary may create new ~~three-year time-limited positions.~~ positions if State and federal funds are available to support those positions. The reassigned positions assigned to the Office shall retain the employment status of the positions at the time of the reassignment after implementation of this act is completed. The ~~three-year time-limited~~ new positions created in this section shall be ~~temporary positions~~ based upon availability of State and federal funds and are exempt from the provision of the State Human Resources Act, Chapter 126 of the General Statutes, except Articles 6 and 7 of that Chapter.

"**SECTION 5.7.(a2)** The Office will provide general disaster recovery coordination and public information; citizen outreach and application case management; audit, finance, compliance, and reporting on disaster recovery funds; and program and construction management services. The Office shall also contract for services from vendors specializing in housing, construction, and project management services."

STATEWIDE IMPLEMENTATION OF PANIC ALARM APPLICATION

SECTION 19E.8.(a) Of the funds appropriated in this act to the Department of Public Safety, Division of Emergency Management (Division), the sum of four million four hundred sixty-two thousand four hundred seventy-five dollars ($4,462,475) in nonrecurring funds for the 2021-2022 fiscal year shall be used to contract with a vendor to implement a statewide panic alarm application in accordance with this section.

SECTION 19E.8.(b) Of the funds appropriated in this act to the Division, the sum of two hundred twenty thousand dollars ($220,000) in recurring funds for the 2021-2023 fiscal biennium shall be used to manage the application once implemented.

SECTION 19E.8.(c) By January 15, 2022, the Division shall implement and maintain a statewide panic alarm application that meets the requirements prescribed in G.S. 115C-105.51(c) and is available to all employees of public secondary schools, as that term is defined in G.S. 115C-105.51(g), in collaboration with the Department of Public Instruction, Division of School Operations, and the Centers for Safer Schools. When implementing and maintaining the statewide panic alarm application, the Division shall consider results from the School Panic Alarm Pilot Program conducted in the 2017-2018 fiscal year and the recommendations of the May 2018 report entitled "Panic Alarm Solution for North Carolina K-12 Public Schools."

NCORR ADDITIONAL POSITIONS

SECTION 19E.9.(a) Of the funds appropriated to the Department of Public Safety, Office of Recovery and Resiliency, the sum of three hundred fifty-six thousand six hundred seventeen dollars ($356,617) in recurring funds for each fiscal year of the 2021-2023 biennium

shall be used to support three full-time equivalent positions to (i) carry out resiliency programming which may include advising State decision makers on recovery and resiliency activities, (ii) lead and coordinate resiliency efforts across State and federal agencies, regional and local governments, public higher education, and other public and private stakeholders, (iii) provide expertise and technical support to communities for resiliency planning and projects to protect communities from flooding and other natural disasters, and (iv) coordinate and assist with the implementation of disaster recovery and resiliency projects through the Office. The Office may locate and station Office employees in key regions to foster partnerships with councils of government in order to address capacity gaps and to aid local governments to access federal funds for recovery and resiliency projects and activities.

SECTION 19E.9.(b) The Office of State Budget and Management is directed to create a fund code within the Department of Public Safety, Office of Recovery and Resiliency, to house the staff of the Office.

NORTH CAROLINA PIEDMONT RADAR STUDY

SECTION 19E.10.(a) The Department of Public Safety, Division of Emergency Management (Division), in conjunction with the Western Piedmont, Centralina, and Piedmont Triad Councils of Governments, shall study the feasibility of closing the radar gap over the Piedmont region of North Carolina. In conducting the study, the Division shall consult with the National Weather Service, local stakeholders, and other interested parties in order to complete the study. The Division shall include in the feasibility study, at a minimum, all of the following:

(1) Entities able to assist in the implementation of new radar infrastructure, including local governments, federal agencies, nonprofit organizations, associations, and other entities specializing in weather or radar monitoring.

(2) Exact sites of radar infrastructure, construction cost estimates, operational and maintenance cost estimates, and other considerations related to the installation, operation, and maintenance of radar infrastructure at each site over the life span of the radar infrastructure.

(3) Types of radar infrastructure necessary to provide a network of radar coverage for the Piedmont region, including C-band radar and X-band radar.

(4) Identification of federal funds eligible for cost share for the radar projects, and a plan to secure federal funding prior to the implementation of the radar projects, if feasible.

SECTION 19E.10.(b) No later than May 1, 2022, the Division shall submit the results of the study to the chairs of the House Appropriations Committee on Justice and Public Safety, the chairs of the Senate Appropriations Committee on Justice and Public Safety, and the Fiscal Research Division

PART XX. ADMINISTRATION

MANAGEMENT OF STATE-OWNED AND STATE-LEASED REAL PROPERTY PORTFOLIO

SECTION 20.1.(a) G.S. 143-341.2 reads as rewritten:

"**§ 143-341.2. Proactive management of State-owned and State-leased real property portfolio.**

(a) Duties of the Department of Administration. – The Department of Administration shall have the following powers and duties:

(1) Development of comprehensive State facilities plan. – No later than ~~December 1, 2018,~~ April 1, 2023, and every five years thereafter, the Department of Administration shall develop and implement a plan to comprehensively

manage, acquire, and dispose of the facilities and spaces required to fully support State government operations. The plan shall do all of the following:

…

f. Provide recommendations for disposing of existing State property and facilities, consolidating operations among existing facilities, and relocating State agencies from leased facilities to State-owned facilities.

g. Describe all changes made to space planning standards developed and distributed as provided in subdivision (4) of this subsection.

…

(3) Development of utilization measures. – ~~No later than December 1, 2016, the~~ The Department of Administration shall develop and distribute to State agencies procedures to be used to measure the utilization of State-owned and State-leased real property. The procedures developed pursuant to this subdivision shall be all of the following:

…

(4) Development and enforcement of space planning standards. – ~~No later than December 1, 2016, the~~ The Department of Administration shall develop and distribute to State agencies space planning standards to be used to determine workspace size and to govern the use of shared space. The standards developed pursuant to this subdivision shall be based on the Federal GSA's Office of Real Property Management Performance Measurement Division Workspace Utilization and Allocation Benchmark report unless the Department identifies another efficient industry standard upon which to base the space planning standards developed pursuant to this subdivision. The Department ~~shall annually~~ shall:

a. Annually perform audits of a portion of State agencies to determine each agency's adherence to the space planning standards developed pursuant to this subdivision and shall send formal letters of admonishment to any agency that fails to justify, in the sole discretion of the Department, any deviation from those standards.

b. Update the space planning standards developed pursuant to this subdivision at least once every five years and distribute those changes to State agencies.

…

(7) Reporting. – The Department of Administration shall make the following reports:

a. No later than ~~December 1, 2018,~~ April 1, 2023, and every five years thereafter, the Department shall report the following to the Joint Legislative Commission on Governmental Operations, ~~to the~~ Joint Legislative Oversight Committee on Capital Improvements, Joint Legislative Oversight Committee on General Government, and Fiscal Research ~~Division of the General Assembly, and to the Program Evaluation Division of the General Assembly:~~Division:

…

b. If any State agency fails to submit the information required by subdivision (b)(1) of this section, the Department shall report the failure to the chairs of the Joint Legislative Commission on Governmental ~~Operations and to~~ Operations, the chairs of the Joint Legislative Oversight Committee on Capital Improvements, and the

chairs of the Joint Legislative ~~Program Evaluation~~ Oversight Committee on General Government within 30 days.

c. No later than ~~December 1, 2019,~~ April 1, 2024, and each year thereafter, the Department shall report to the Joint Legislative Commission on Governmental Operations, ~~to the~~ Joint Legislative Oversight Committee on Capital Improvements, Joint Legislative Oversight Committee on General Government, and Fiscal Research Division ~~of the General Assembly, and to the Program Evaluation Division of the General Assembly~~ on the State's portfolio of real property. This report shall include at least the following information:

…

8. A list of all audits performed that year pursuant to sub-subdivision a. of subdivision (4) of this subsection, a summary of the findings of each audit, and the agency's plans for addressing the findings of the audit.

(b) Duties of Other State Agencies. – Each State agency shall have the following powers and duties:

(1) Collection and reporting of information on property use. – No later than ~~July 1, 2018,~~ November 1, 2022, and each year thereafter, each State agency shall submit to the Department of Administration all of the information described in G.S. 143-341(4)b.1. through 15. for each building, facility, or space in any building or facility that the agency occupies. This shall be in addition to any reports required pursuant to G.S. 143-341(4)h.

…

(4) Development of five-year property management plan. – No later than ~~July 1, 2018,~~ November 1, 2022, and every five years thereafter, each State agency shall develop a five-year real property management plan and shall submit the plan to the Department of Administration for review. Each plan shall do all of the following:

…."

SECTION 20.1.(b) The Department of Administration, State Property Office, shall include in the April 1, 2023, comprehensive State facilities plan required by G.S. 143-341.2, as enacted in subsection (a) of this section, a report on any changes to the space needs of State agencies as a result of employees working from home due to the COVID-19 pandemic. The State Property Office shall consult with the Office of State Human Resources in preparing the report, which shall include all of the following:

(1) The percentage of employees in each State agency that, on average, worked from home at least one day each week from March 1, 2021, to March 1, 2022.

(2) The percentage of employees in each State agency that, on average, worked from home at least four days each week from March 1, 2021, to March 1, 2022.

(3) Information from State agencies about the continued duration of their work-from-home policies, including anticipated termination of the policies.

(4) Recommendations for reducing or consolidating State agency facilities in response to expanded State agency work-from-home policies.

DOA DIVISION OF NONPUBLIC EDUCATION/REPORTING REQUIREMENT

SECTION 20.2. The Department of Administration, Division of Nonpublic Education (Division), shall report to the Joint Legislative Oversight Committee on General Government, the Joint Legislative Oversight Committee on Education, and the Fiscal Research Division on the use of State Fiscal Recovery Funds appropriated in this act to the Division for

the purpose of ensuring compliance with the provisions of G.S. 115C-552 and G.S. 115C-560. The report shall be compiled as follows:

(1) An initial report submitted no later than February 1, 2022, which shall include all of the following:
   a. A description of the increase in home school notice of intent filings as a result of the COVID-19 pandemic and the number of those home schools that have since submitted termination notices.
   b. The current approach to tracking the number of operational home schools in the State.
   c. Challenges in maintaining an accurate count of operational home schools.
   d. Efforts underway to determine which home schools are no longer operational.
   e. The current methodology for compiling annual statistical reports on operational home schools and any planned database improvements and changes to the statistical report methodology.
   f. Year-to-date and planned expenditures.

(2) A final report submitted no later than August 1, 2022, which shall be appended to the Division's annual statistical report on home schools and shall include all of the following:
   a. An assessment of the long-term impact of the COVID-19 pandemic on the number of home schools in the State, including whether the increase in the number of home schools experienced during the pandemic is likely to continue to rise or decline and the factors contributing to those decisions.
   b. An assessment of the accuracy of current data on the number of operational home schools.
   c. An update on efforts undertaken to determine which home schools are no longer operational.
   d. Any changes made to the way in which the annual statistical report is compiled, including any completed database improvements and changes to the statistical report methodology.
   e. Recommendations on ways in which the collection and compilation of data on the number of operational home schools can be further improved.

DOA DIVISION OF NONPUBLIC EDUCATION ANNUAL REPORTING REQUIREMENT

SECTION 20.2A. G.S. 143-341 reads as rewritten:

"**§ 143-341. Powers and duties of Department.**

…

(12) Nonpublic Schools:
   a. Via the Division of Nonpublic Education (Division), to submit reports to the Joint Legislative Oversight Committee on General Government, the Joint Legislative Oversight Committee on Education, and the Fiscal Research Division by July 15 of each year that include all of the following, including the methodology used to gather or estimate the information:
      1. For schools to which Part 1 and Part 2 of Article 39 of Chapter 115C of the General Statutes relate, excluding home schools as

defined in Part 3 of Article 39 of Chapter 115C of the General Statutes:

I. Statewide. –

A. Total number of all schools and total number of schools by type. For purposes of this subdivision, the term "type" means the school is operating as a private church school or school of religious charter under Part 1 or as a nonpublic school under Part 2 of Article 39 of Chapter 115C of the General Statutes.

B. Total student enrollment and total student enrollment by type of school.

C. Total student enrollment by grade.

D. Total student enrollment by sex.

II. For each county. –

A. Total number of all schools and total number of schools by type.

B. Total student enrollment and total student enrollment by type of school.

C. Total student enrollment by grade.

2. For home schools as that term is defined in Part 3 of Article 39 of Chapter 115C of the General Statutes:

I. Statewide. –

A. Total number of all home schools and total number of home schools electing to operate under Part 1 and total number electing to operate under Part 2 of Article 39 of Chapter 115C of the General Statutes.

B. Total student enrollment and total student enrollment for home schools electing to operate under Part 1 and total enrollment for home schools electing to operate under Part 2 of Article 39 of Chapter 115C of the General Statutes.

C. Total student enrollment by grade.

II. For each county. –

A. Total number of home schools.

B. Total student enrollment.

b. The Division shall prepare separate reports for the information required by sub-sub-subdivisions a.1. and a.2. of this subdivision.

c. The Division shall annually prepare and publish on its website a statistical history report on (i) the total number of schools and total student enrollment for schools to which Part 1 and Part 2 of Article 39 of Chapter 115C of the General Statutes relate, excluding home schools, and (ii) the total number of home schools and the total student enrollment for home schools."

NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT DUTIES

SECTION 20.3. G.S. 143B-393 reads as rewritten:

"**§ 143B-393. North Carolina Council for Women and Youth Involvement – creation; powers and duties.**

(a) There is hereby created the North Carolina Council for Women and Youth Involvement of the Department of Administration. The Council shall ~~have~~ perform the following functions and duties:

(1) ~~To advise~~ Advise the Governor, the principal State departments, and the State legislature concerning the education and employment of women in the State of North Carolina.

(1a) ~~To advise~~ Advise the Governor or Secretary of Administration upon any matter relating to the following programs and organizations:

a. North Carolina Internship Council and the North Carolina State Government Internship Program.

b. SADD (Students Against Destructive Decisions).

c. State Youth Councils.

(2) ~~To advise~~ Advise the Secretary of Administration upon any matter the Secretary may refer to the Council.

(3) Repealed by Session Laws 2013-30.2(b), effective July 1, 2013.

(4) Administer the Domestic Violence Center Fund, as provided in G.S. 50B-9.

(5) Administer the Sexual Assault and Rape Crisis Center Fund, as provided in G.S. 143B-394.21.

(6) Recommend a person to serve as State Coordinator of the office of Coordinator of Services for Victims of Sexual Assault, as provided in G.S. 143B-394.2.

(7) Provide staff support to the Domestic Violence Commission, as provided in G.S. 143B-394.16.

(8) Serve as a member of the North Carolina Child Fatality Task Force, as provided in G.S. 7B-1402.

(9) Consult with the Department of Public Safety on a reporting system and database on certain domestic violence-related homicides, as provided in G.S. 143B-903.

(10) Provide staff support for the North Carolina Internship Council and the State Youth Advisory Council, as provided in G.S. 143B-394.32 and G.S. 143B-394.26, respectively.

…."

NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT REPORTING REQUIREMENTS

SECTION 20.6.(a) G.S. 50B-9 reads as rewritten:

"**§ 50B-9. Domestic Violence Center Fund.**

(a) The Domestic Violence Center Fund is established within the State Treasury. The fund shall be administered by the Department of Administration, North Carolina Council for ~~Women,~~ Women and Youth Involvement, and shall be used to make grants to centers for victims of domestic violence and to The North Carolina Coalition Against Domestic Violence, ~~Inc.~~ Incorporated. This fund shall be administered in accordance with the provisions of the ~~Executive~~ State Budget Act. The Department of Administration shall make quarterly grants to each eligible domestic violence center and to The North Carolina Coalition Against Domestic ~~Violence, Inc. Effective July 1, 2017, and each fiscal year thereafter, the~~ Violence, Incorporated. The Department of Administration shall send the contracts to grantees within 10 business days of the date the Current Operations Appropriations Act, as defined in G.S. 143C-1-1, is certified for that fiscal year.

(b) Each grant recipient shall receive the same amount. To be eligible to receive funds under this section, a domestic violence center must meet the following requirements:

(1) It shall have been in operation on the preceding July 1 and shall continue to be in operation.

(2) It shall offer all of the following services: a hotline, transportation services, community education programs, daytime services, and call forwarding during the night and it shall fulfill other criteria established by the Department of Administration.

(3) It shall be a nonprofit corporation or a local governmental entity.

(c) ~~The~~ 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 to the House and Senate chairs of the General Government Appropriations Committee ~~within five business days of distribution.~~ and the Fiscal Research Division. The report shall include the ~~date,~~ following:

(1) Date, amount, and recipients of the fund disbursements. ~~The report shall also include any eligible~~

(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 20.6.(b) Notwithstanding the provisions of G.S. 50B-9(c), as enacted by subsection (a) of this section, the North Carolina Council for Women and Youth Involvement shall submit the report on the quarterly distributions of grants from the Domestic Violence Center Fund on or before January 1, 2022, instead of on or before September 1, 2021.

COUNCIL OF STATE REIMBURSEMENT FOR COMMUTING IN STATE-OWNED MOTOR VEHICLES

SECTION 20.9. G.S. 143-341 reads as rewritten:

"**§ 143-341. Powers and duties of Department.**

The Department of Administration has the following powers and duties:

…

(8) General Services:

…

i. To establish and operate a central motor fleet and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

…

7a. …

Every individual who uses a State-owned passenger motor vehicle, pickup truck, or van to drive between the individual's official work station and his or her home, shall reimburse the State for these trips at a rate computed by the Department. This rate shall ~~approximate~~ be derived from a method that approximates the benefit derived from the use of the vehicle as prescribed by federal ~~law.~~ law, which may include the lease value rule described in Publication 15-B of the Internal Revenue Service. Reimbursement for a member of the Council of State shall be for the actual number of days the member uses the vehicle to commute during the month. Reimbursement for any other individual shall be for 20 days per month regardless of how many days the individual uses the vehicle to commute during the month. Reimbursement shall be made by payroll deduction. Funds derived from reimbursement on vehicles

owned by the Motor Fleet Management Division shall be deposited to the credit of the Division; funds derived from reimbursements on vehicles initially purchased with appropriations from the Highway Fund and not owned by the Division shall be deposited in a Special Depository Account in the Department of Transportation, which shall revert to the Highway Fund; funds derived from reimbursement on all other vehicles shall be deposited in a Special Depository Account in the Department of Administration which shall revert to the General Fund. Commuting, for purposes of this sub-sub-subdivision, does not include those individuals whose office is in their home, as determined by the Department of Administration, Division of Motor Fleet Management. Also, this sub-sub-subdivision does not apply to the following vehicles: (i) clearly marked police and fire vehicles, (ii) delivery trucks with seating only for the driver, (iii) flatbed trucks, (iv) cargo carriers with over a 14,000 pound capacity, (v) school and passenger buses with over 20 person capacities, (vi) ambulances, (vii) [Repealed]. (viii) bucket trucks, (ix) cranes and derricks, (x) forklifts, (xi) cement mixers, (xii) dump trucks, (xiii) garbage trucks, (xiv) specialized utility repair trucks (except vans and pickup trucks), (xv) tractors, (xvi) unmarked law-enforcement vehicles that are used in undercover work and are operated by full-time, fully sworn law-enforcement officers whose primary duties include carrying a firearm, executing search warrants, and making arrests, and (xvii) any other vehicle exempted under Section 274(d) of the Internal Revenue Code of 1954, and Federal Internal Revenue Service regulations based thereon. The Department of Administration, Division of Motor Fleet Management, shall report quarterly to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office on individuals who use State-owned passenger motor vehicles, pickup trucks, or vans between their official work stations and their homes, who are not required to reimburse the State for these trips.

…."

DOA LEASE LAKE WHEELER FIELD LAB PROPERTY TO USDA

SECTION 20.10. The Department of Administration (Department) may lease to the United States Department of Agriculture, Agricultural Research Service (USDA ARS), for nominal monetary consideration, up to 15 acres of real property owned by the State and allocated to North Carolina State University as part of the University's Lake Wheeler Field Lab in the City of Raleigh near the intersection of Lake Wheeler Road and Inwood Road. The lease may be for a term of up to 40 years, including renewals, and may permit the construction, as well as the use and operation, by USDA ARS of an interdisciplinary plant research facility and related improvements to facilitate, encourage, and strengthen collaboration with university researchers in related fields. The lease shall provide that USDA ARS shall be responsible for all costs related to the construction, use, and operation of the facility. Notwithstanding the provisions of G.S. 146-29.1, the lease shall be effective upon execution and the satisfaction of any conditions

precedent to its effectiveness stated in the lease. The Department shall comply with the reporting requirements of G.S. 146-29(c) prior to entering or renewing any lease under this section.

REVISE LAWS GOVERNING PROCEEDS OF PROPERTY SALES

SECTION 20.11.(a) G.S. 146-30.2 reads as rewritten:

"**§ 146-30.2. Calculation of net proceeds from the sale of State-owned real property located outside the State Capitol area.**

…

(e) Exception. – This section shall not apply to proceeds derived from the sale of land or property originally purchased with, under the supervision and control of, or maintained with funds from the State Highway ~~Fund~~ Fund, the Department of Agriculture and Consumer Services, the Wildlife Resources Commission, or proceeds derived from the disposition of residue property pursuant to G.S. 136-19.7."

SECTION 20.11.(b) This section is effective retroactively to June 1, 2021. The net proceeds of sales of State-owned real property closing on or after that date that were distributed in a manner contrary to the provisions of this section shall be redistributed by the Department of Administration to the appropriate recipient of the funds as set forth in G.S. 146-30.

CONTRACTS FOR NONPROFIT WORK CENTERS FOR THE BLIND AND SEVERELY DISABLED

SECTION 20.12.(a) G.S. 143-129.5 reads as rewritten:

"**§ 143-129.5. Purchases from nonprofit work centers for the blind and severely disabled.**

(a) Notwithstanding G.S. 143-129, a city, county, or other governmental entity subject to this Article may purchase goods and services directly from a nonprofit work center for the blind and severely disabled, as defined in G.S. 143-48.

(b) The Secretary of Administration shall, at least annually, canvass nonprofit work centers for the blind and severely disabled for goods and services required by the State government or any of its departments, institutions, or agencies and shall purchase or contract for the purchase, lease, or lease-purchase of those goods and services. The Secretary shall establish and enforce specifications that shall apply to all goods and services to be purchased or leased from nonprofit work centers for the use of the State government or any of its departments, institutions, or agencies. Except as provided in G.S. 148-134, where one or more sources of supply have been established by contract and certified by the Secretary of Administration to State departments, institutions, and agencies, it shall be the duty of all State departments, institutions, and agencies to make requisition or issue orders on forms to be prescribed by the Secretary of Administration for purchases required by them upon the sources of supply so certified. No State department, institution, or agency shall purchase from any sources other than those certified by the Secretary unless the requisition cannot be fulfilled because of insufficient availability of goods or services required. The Secretary shall, in any contract or lease, require that nonprofit work centers maintain the price of goods or services substantially in accord with that paid by governmental agencies for similar goods or services of equivalent quality. The provisions of G.S. 143-52 shall not apply to purchases made pursuant to this section. However, nothing in this section shall prohibit a nonprofit work center from submitting bids or making offers for contracts under G.S. 143-52.

(c) The Department of Administration shall report annually to the Joint Legislative ~~Commission on Governmental Operations~~ Oversight Committee on General Government on its administration of ~~this program.~~the programs described in subsections (a) and (b) of this section."

SECTION 20.12.(b) G.S. 143-48.2 reads as rewritten:

"**§ 143-48.2. Procurement program for nonprofit work centers for the blind and the severely disabled.**

(a) An agency subject to the provisions of this Article for the procurement of goods may purchase goods directly from a nonprofit work center for the blind and severely disabled, subject to the following provisions:

…

(2) The goods must not be available under a State requirements ~~contract.~~contract, except as provided in G.S. 143-129.5, or available from Correction Enterprises as provided in G.S. 148-134.

…

(b) An agency subject to the provisions of this Article for the procurement of services may purchase services directly from a nonprofit work center for the blind and severely disabled, subject to the following provisions:

(1) The services must not be available under a State requirements ~~contract.~~contract, except as provided in G.S. 143-129.5, or available from Correction Enterprises as provided in G.S. 148-134.

…."

SECTION 20.12.(c) This section becomes effective January 1, 2022, and applies to requisitions made on or after that date.

REPEAL STATE EMPLOYEE SUGGESTION PROGRAM

SECTION 20.13.(a) The State Employee Suggestion Program (NC-Thinks), being Article 36A of Chapter 143 of the General Statutes, is repealed.

SECTION 20.13.(b) G.S. 126-3(b)(10) and G.S. 143-340(1) are repealed.

DOA SHALL TRANSFER FUNDS TO OSHR FOR IT RATE CHANGES

SECTION 20.14.(a) The Department of Administration, in consultation with the Office of State Human Resources (OSHR), the Office of State Budget and Management (OSBM), and the Department of Information Technology (DIT), shall transfer funds in each fiscal year of the 2021-2023 biennium to OSHR in an amount necessary to cover the cost of changes to DIT rates.

SECTION 20.14.(b) OSBM shall adjust the authorized budget in each fiscal year of the 2021-2023 biennium to reflect the transfer set out in subsection (a) of this section.

FUNDING FOR THE SEE NC HUMAN TRAFFICKING PROGRAM

SECTION 20.15. Of the funds transferred from the Department of Administration's 2020-2021 fiscal year budget to the 2020-2021 Carry Forward Reserve, there is appropriated to the Department of Administration, North Carolina Council for Women and Youth Involvement, the sum of six hundred twenty-five thousand dollars ($625,000) in nonrecurring funds for the 2021-2022 fiscal year for the SEE NC Human Trafficking Program.

PART XXI. ADMINISTRATIVE HEARINGS

OFFICE OF ADMINISTRATIVE HEARINGS/USE OF FUNDS FOR HUMAN RELATIONS SPECIALIST POSITION

SECTION 21.1. Of the funds appropriated in this act to the Office of Administrative Hearings for a new Human Relations Specialist position, the sum of two thousand five hundred dollars ($2,500) in the 2021-2022 fiscal year may be used for start-up costs, including the purchase of furniture and other necessary equipment.

OAH/EXEMPT EMPLOYEES

SECTION 21.2.(a) G.S. 7A-760 reads as rewritten:

"**§ 7A-760. Number and status of employees; staff assignments; role of State Human Resources Commission.**

(a) The number of administrative law judges and employees of the Office of Administrative Hearings shall be established by the General Assembly. The Chief Administrative Law Judge ~~is~~ and five employees of the Office of Administrative Hearings as designated by the Chief Administrative Law Judge are exempt from provisions of the North Carolina Human Resources Act as provided by G.S. 126-5(c1)(27). All other employees of the Office of Administrative Hearings are subject to the North Carolina Human Resources Act.

…."

SECTION 21.2.(b) G.S. 126-5 reads as rewritten:

"**§ 126-5. Employees subject to Chapter; exemptions.**

…

(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

…

(27) The Chief Administrative Law Judge of the Office of Administrative ~~Hearings.~~Hearings and five employees of the Office of Administrative Hearings as designated by the Chief Administrative Law Judge.

…."

SECTION 21.2.(c) This section is effective when it becomes law.

PART XXII. AUDITOR [RESERVED]

PART XXIII. BUDGET AND MANAGEMENT

EVIDENCE-BASED GRANTS

SECTION 23.1. Of the funds appropriated in this act to the Office of State Budget and Management (OSBM), the sum of five hundred thousand dollars ($500,000) in nonrecurring funds in each year of the 2021-2023 fiscal biennium shall be used to provide grants to State agencies to do the following: (i) in partnership with research institutions, conduct research projects that will directly inform the agencies' policy and program decisions and (ii) pursuant to contract with an outside entity or in conjunction with OSBM, evaluate how well the agencies' programs are achieving their intended outcomes. OSBM shall develop guidelines and procedures for the administration and distribution of these funds to State agencies through a competitive process and shall, by June 30, 2022, and June 30, 2023, submit reports on the administration and use of the funds to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division. Each report shall include all of the following for both research projects and evaluation projects for each fiscal year:

(1) The criteria used by OSBM to evaluate applications from State agencies for grant funds.
(2) The number of applications received.
(3) The number of applications accepted and rejected.
(4) For each State agency, a description of the specific policies and/or programs that were included in the projects as well as the data and research methodology used.
(5) The names of the research institutions that partnered with State agencies to conduct research projects.
(6) The names of the outside entities with whom State agencies worked in conjunction to evaluate program outcomes.
(7) The amount spent on each project.
(8) The findings of each project.

(9) A summary of all policy and program changes planned or enacted as a result of project findings.

NCPRO/EXTENSION OF OPERATIONS

SECTION 23.2. Section 4.3 of S.L. 2020-4, as amended by Section 3.5 of S.L. 2021-1, 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. 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 ~~December 31, 2021,~~ June 30, 2023, and the Office shall cease to operate upon expiration of the authorization."

LOCAL FISCAL RECOVERY FUNDS/TECHNICAL ASSISTANCE

SECTION 23.3.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management, Pandemic Recovery Office, the sum of thirty million dollars ($30,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated equally to the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, and the North Carolina Association of Regional Councils of Government to provide guidance and technical assistance to units of local government in the administration of funds from the Local Fiscal Recovery Fund, as established in Section 2.6 of S.L. 2021-25.

SECTION 23.3.(b) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management, Pandemic Recovery Office, the sum of twenty-three million five hundred thousand dollars ($23,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as follows:

(1) $12,000,000 to the Town of Huntersville.

(2) $11,500,000 to the Town of Apex.

FUNDING FOR STATE RECOGNIZED INDIAN TRIBES

SECTION 23.4. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management, Pandemic Recovery Office, the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated to the American Indian tribes named in Chapter 71A of the General Statutes. The funds shall be allocated based on the number of members enrolled in the tribes on July 1, 2021.

STATE AGENCY PERFORMANCE MANAGEMENT

SECTION 23.5.(a) The Program Analyst position established in this act in the Office of State Budget and Management (OSBM) shall be used to support statewide performance management initiatives in OSBM.

SECTION 23.5.(b) The Program Analyst positions established in this act in the Department of Administration and the Department of Military and Veterans Affairs shall be used to implement evidence-based program design and management within the respective agencies. Each department shall collaborate with OSBM on the recruitment, hiring, and onboarding of the positions and shall, prior to filling the positions, consult with OSBM.

INTERNAL AUDITORS/DOA AND DMVA CONSULT OSBM

SECTION 23.6. The Internal Auditor positions established in this act in the Department of Administration (DOA) and the Department of Military and Veterans Affairs (DMVA) shall be used to implement evidence-based program design and management within the respective agencies. Each department shall collaborate with the Office of State Budget and

Management on the recruitment, hiring, and onboarding of the positions and shall, prior to filling the positions, consult with OSBM.

PART XXIV. BUDGET AND MANAGEMENT – DIRECTED GRANTS

EASTERN TRIAD WORKFORCE INITIATIVE

SECTION 24.1A. Of the funds appropriated in this act to the Office of State Budget and Management, the sum of four million five hundred thousand dollars ($4,500,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used to provide directed grants to support the Triad Workforce Solutions Collaborative as follows:

(1)	Alamance County	$875,000
(2)	Guilford County	$2,250,000
(3)	Rockingham County	$625,000
(4)	Randolph County	$750,000.

TRUCK DRIVER SHORTAGE

SECTION 24.1B.(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 five million dollars ($5,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to the North Carolina Trucking Association Foundation (Foundation), a nonprofit corporation, to address the truck driver shortage in the State. In partnership with the CAGC Foundation, Inc., a nonprofit corporation, and the North Carolina Community College System, the Foundation shall use these funds as follows:

(1) To create and conduct a truck driver shortage and image awareness campaign statewide targeting outreach to women and minorities.

(2) To provide funds for community college instructor pay and equipment related to truck driver training programs in the State, particularly in rural and depressed areas.

(3) To provide funds for tuition scholarships paid directly to schools in the State to provide opportunities for individuals that are unable to afford tuition for coursework related to truck driver training programs and to obtain commercial driver licensure.

(4) To provide stipends to trucking company finishing schools in the State.

(5) To provide hiring bonuses to retired truck drivers recruited as instructors to expand community college training programs in the State.

(6) To encourage trucking companies to partner with community colleges in the State by offering conditional job placements prior to graduation from a truck driver training program.

(7) To offer incentives to trucking companies to establish internships and pre-apprenticeships to high school students in the State.

SECTION 24.1B.(b) Funds appropriated for the program described in this section shall remain available until expended or until December 31, 2024, whichever is later.

CONTRACTOR BUSINESS ACADEMY FOR HISTORICALLY UNDERUTILIZED BUSINESSES

SECTION 24.1C.(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 dollars ($3,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to CAGC Foundation, Inc., (CAGC), a nonprofit corporation, to conduct Historically Underutilized Business Contractor Business Academies (Academies) in partnership with the Department of Administration, Office for Historically Underutilized Businesses (HUB), and the North Carolina

Community Colleges System. In developing and administering the Academies, CAGC shall do the following:

(1) In partnership with HUB and the North Carolina Community Colleges System, develop the content and training to be offered at the Academies.

(2) Collaborate with nonprofit organizations, including, but not limited to, trade organizations and affinity groups, religious organizations, and State agencies, to recruit participants from rural-, minority-, and women-owned businesses in this State for the Academies.

(3) Offer at least three Academies in various locations at historically black colleges and universities and community colleges in this State. The Academies shall provide instruction through a combination of in-person and virtual formats and shall be taught by construction industry experts and professionals.

(4) Provide participation in the Academies free of charge to Disadvantaged Business Enterprise, Minority Business Enterprise, and Women Business Enterprise Program businesses.

(5) Develop and teach small subcontractors and specialty contractors the basics of operating a successful construction company that can compete for State-funded projects.

SECTION 24.1C.(b) Funds appropriated for the program described in this section shall remain available until expended or until December 31, 2024, whichever is later.

CONSTRUCTION TRAINING AND APPRENTICESHIP PROGRAM

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, recruitment, career coaching, placement, and 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 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.

SECTION 24.1D.(b) CAGC, in cooperation with the Community Colleges System Office, shall partner with nonprofit organizations, including, but not limited to, trade organizations and affinity groups, religious organizations, businesses, media organizations, State agencies, and other entities, to conduct outreach to low-wealth and rural high schools and

minority and non-English speaking populations in this State for purposes of achieving the objectives prescribed by subsection (a) of this section.

SECTION 24.1D.(c) Funds appropriated for the program described in this section shall remain available until expended or until December 31, 2024, whichever is later.

FUTURE CITY COMPETITION

SECTION 24.1F. Of the funds appropriated in this act to the Office of State Budget and Management, the sum of two hundred thousand dollars ($200,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to provide a directed grant to the Professional Engineers of North Carolina Educational Foundation (Foundation), a nonprofit organization, to support the NC Future City competition, a statewide program for sixth, seventh, and eighth grade students that engages students in a hands-on future challenge to foster engineering skills and create interest in S.T.E.M. careers. Funds appropriated for the purposes described in this section shall not be used to fund any portion of the salary for any employee of the Foundation.

REGISTER OF DEEDS GRANT PROGRAM

SECTION 24.2. Of the funds appropriated in this act to the Office of State Budget and Management – Special Appropriations for the 2021-2022 fiscal year, the sum of two hundred thousand dollars ($200,000) in nonrecurring funds shall be used to create 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.

OSBM/FUNDS FOR AFFORDABLE HOUSING IN DARE COUNTY

SECTION 24.3. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management, the sum of thirty-five million dollars ($35,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to Dare County for the purpose of making a forgivable loan to a qualified private partner to construct affordable housing units within the jurisdictional boundaries of Dare County. All of the following shall apply to the forgivable loan made by Dare County pursuant to this section:

(1) The selection of a qualified private partner shall not be subject to the provisions of Article 3 or Article 8 of Chapter 143 of the General Statutes.

(2) The qualified private partner, principal, or both the qualified private partner and principal shall have experience in developing multifamily, multistory housing units in Dare County, other parts of the State, or in Dare County and other parts of the State.

(3) The qualified private partner, principal, or both the qualified private partner and principal shall have experience in executing a public-private partnership, forgivable loan initiative, or both a public-private partnership and forgivable loan initiative with local governments.

(4) Dare County shall enter into an agreement with a qualified private partner to implement the provisions of this section. All of the following shall apply to the agreement:

a. The agreement shall authorize the use of loan funds for new construction and the acquisition of land for new construction.

b. The agreement shall be for a term of 25 years. Upon the expiration of the agreement, Dare County and the qualified private partner may, upon mutual consent, agree to renew the agreement for additional five-year terms.

c. If applicable, the qualified private partner shall consider site and market evaluation criteria set out in the 2021 Low-Income Housing Tax Credit Qualified Allocation Plan for the State of North Carolina.

d. Rent for the majority of the housing units developed shall be within a range of seventy percent (70%) to eighty percent (80%) of the area median income determined using the Novogradac Rent & Income Limit Calculator.

e. As service repayment on the forgivable loan, the qualified private partner shall provide affordable housing at a cost-savings between the usual and market rate for housing of the type developed, which rate shall be determined jointly by Dare County and the qualified private partner, and a lower rate between seventy percent (70%) to eighty percent (80%) of the area median income determined using the Novogradac Rent & Income Limit Calculator. The agreement shall account for cost-savings that total the amount of the forgivable loan over the term of the agreement. Dare County shall, on an annual basis, forgive that portion of the loan based on the provision of reduced housing costs by the qualified private partner.

f. If the qualified private partner does not provide housing cost-savings in an amount equal to the amount of the forgivable loan over the term of the agreement, the qualified private partner shall repay to Dare County within 90 days of the date the agreement terminates an amount equal to the remaining service repayment obligation. Dare County shall remit any funds repaid under this subdivision to the Office of State Budget and Management for deposit in the General Fund as nontax revenue.

g. Dare County shall perform all administrative functions necessary to implement the agreement.

YMCA/FUNDS TO RECOVER FROM ECONOMIC IMPACTS OF COVID-19

SECTION 24.4. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management, the sum of eleven million four hundred thousand dollars ($11,400,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to The Young Men's Christian Association of the Triangle Area, Inc., (YMCA), a nonprofit corporation, for the North Carolina Alliance of YMCAs (Alliance) which shall develop and administer a grant program to provide funds to YMCAs in the State to assist them in their recovery from the economic impacts of the COVID-19 pandemic. For purposes of the grant

program, the YMCA shall serve only as the fiscal agent for the Alliance. The following shall apply to the grant program developed and administered by the Alliance pursuant to this section:

(1) Individual grants shall not exceed one hundred thousand dollars ($100,000).

(2) Applicants shall demonstrate the ability to obligate and use all grant funds by the dates established by applicable federal law or guidance.

(3) Of the funds provided for the grant program in this section, the Alliance and YMCA may use a total of one hundred thousand dollars ($100,000) for administrative costs.

ESTABLISH KEY INDICATORS/INTERNAL AUDITS

SECTION 24.5.(a) G.S. 143-746 reads as rewritten:

"**§ 143-746. Internal auditing required.**

(a) Requirements. – A State agency shall establish a program of internal auditing that:

(1) Promotes an effective system of internal controls that safeguards public funds and assets and minimizes incidences of fraud, waste, and abuse.

(2) Determines if programs and business operations are administered in compliance with federal and state laws, regulations, and other requirements.

(3) Reviews the effectiveness and efficiency of agency and program operations and service delivery.

(4) Periodically audits the agency's major systems and controls, including:

a. Accounting systems and controls.

b. Administrative systems and controls.

c. Information technology systems and controls.

(a1) Key Performance Indicators and Criteria. – In addition to the requirements of subsection (a) of this section, each agency head shall be responsible for ensuring that agency's internal audit unit meets the required key indicators and criteria established by the Council under G.S. 143-747(c)(3a).

(b) Internal Audit Standards. – Internal audits shall comply with current Standards for the Professional Practice of Internal Auditing issued by the Institute for Internal Auditors or, if appropriate, Government Auditing Standards issued by the Comptroller General of the United States. Each agency head shall annually certify to the Council that the audit plan was developed and the audit reports were conducted and reported in accordance with required standards.

(c) Appointment and Qualifications of Internal Auditors. – Any State employee who performs the internal audit function shall meet the minimum qualifications for internal auditors established by the Office of State Human Resources, in consultation with the Council of Internal Auditing.

(d) Director of Internal Auditing. – The agency head shall appoint a Director of Internal Auditing who shall report to, as designated by the agency head, (i) the agency head, (ii) the chief deputy or chief ~~administrative assistant,~~ of staff, or (iii) the agency governing board, or subcommittee thereof, if such a governing board exists. The Director of Internal Auditing shall be organizationally situated to avoid impairments to independence as defined in the auditing standards referenced in subsection (b) of this section.

(e) Insufficient Personnel. – If a State agency has insufficient personnel to comply with this section, the Office of State Budget and Management shall provide technical assistance.

(f) Reporting Fraudulent Activity. – If an internal audit conducted pursuant to this section results in a finding that a private person or entity has received public funds as a result of fraud, misrepresentation, or other deceptive acts or practices while doing business with the State agency, the internal auditor shall submit a detailed written report of the finding, and any additional necessary supporting documentation, to the State Purchasing Officer. A report submitted under this subsection may include a recommendation that the private person or entity be debarred from doing business with the State or a political subdivision thereof."

SECTION 24.5.(b) G.S. 143-747 reads as rewritten:

"**§ 143-747. Council of Internal Auditing.**

(a) The Council of Internal Auditing is created, consisting of the following members:

(1) The State Controller who shall serve as Chair.

(2) The State Budget Officer.

(3) The Secretary of Administration.

(4) The Attorney General. The Attorney General may appoint a designee.

(5) The Secretary of Revenue.

(6) The State Auditor who shall serve as a nonvoting member. The State Auditor may appoint a designee.

(7) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate pursuant to G.S. 120-121. The member appointed must be a certified public accountant licensed in this State who has experience with internal auditing and is in good standing with the North Carolina State Board of Certified Public Accountant Examiners. The member shall be appointed for a term of four years and shall serve until a successor is appointed. A vacancy for a member appointed under this subdivision shall be filled by the appointing authority set forth in this subdivision to serve the remainder of the unexpired term.

(8) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives pursuant to G.S. 120-121. The member appointed must be a certified public accountant licensed in this State who has experience with internal auditing and is in good standing with the North Carolina State Board of Certified Public Accountant Examiners. The member shall be appointed for a term of four years and shall serve until a successor is appointed. A vacancy for a member appointed under this subdivision shall be filled by the appointing authority set forth in this subdivision to serve the remainder of the unexpired term.

(a1) The Council shall hire an Executive Director as selected by a majority of the Council. The Executive Director shall serve at the will of the Council and be exempt from the provisions of the North Carolina Human Resources Act under Chapter 126 of the General Statutes.

(a2) The Council shall hire two full-time employees, as selected by a majority of the Council, to provide assistance to the Executive Director and to other staff of the Council of Internal Auditing. The employees shall perform any duties delegated by the Executive Director, serve at the will of the Council, and are exempt from the provisions of the North Carolina Human Resources Act under Chapter 126 of the General Statutes.

(b) The ~~Council~~ Council, including the position of Executive Director, shall be supported by the Office of State Budget and Management.

(c) The Council shall:

(1) Hold meetings at the call of the Chair or upon written request to the Chair by two members of the Council.

(2) Keep minutes of all proceedings.

(3) Promulgate guidelines for the uniformity and quality of State agency internal audit activities.

(3a) Establish required minimum key performance indicators and criteria that comply with the Professional Practice of Internal Auditing issued by the Institute for Internal Auditors.

(4) Recommend the number of internal audit employees required by each State agency.

(5) Develop internal audit guides, technical manuals, and suggested best internal audit practices.

(6) Administer an independent peer review system for each State agency internal audit activity; specify the frequency of such reviews consistent with applicable national standards; and assist agencies with selection of independent peer reviewers from other State agencies.

(7) Provide central training sessions, professional development opportunities, and recognition programs for internal auditors.

(8) Administer a program for sharing internal auditors among State agencies needing temporary assistance and assembly of interagency teams of internal auditors to conduct internal audits beyond the capacity of a single agency.

(9) Maintain a central database of all annual internal audit plans; topics for review proposed by internal audit plans; internal audit reports issued and individual findings and recommendations from those reports.

(10) Require reports in writing from any State agency relative to any internal audit matter.

(11) If determined necessary by a majority vote of the council:

a. Conduct hearings relative to any attempts to interfere with, compromise, or intimidate an internal auditor.

b. Inquire as to the effectiveness of any internal audit unit.

c. Authorize the Chair to issue subpoenas for the appearance of any person or internal audit working papers, report drafts, and any other pertinent document or record regardless of physical form needed for the hearing.

(11a) Gather and assess the extent to which State agencies have met the minimum key performance indicators and criteria required under subdivision (3a) of this subsection. The Council shall report its findings to the Joint Legislative Commission on Governmental Operations on October 1, 2022, and annually thereafter.

(12) Issue an annual report including, but not limited to, service efforts and accomplishments of State agency internal auditors and to propose legislation for consideration by the Governor and General Assembly."

SECTION 24.5.(c) This section is effective when it becomes law.

WAYNE COUNTY DIRECTED GRANT

SECTION 24.6. Notwithstanding the provisions of Section 5.2(b)(4) of this act, nonrecurring funds appropriated in this act as a directed grant to Wayne County shall not revert to the General Fund but shall be available until expended.

COMMUNITY DEVELOPMENT FOUNDATION CHALLENGE GRANT/EQUITY VENTURE CAPITAL FUND

SECTION 24.7. Of the funds appropriated in this act to the Office of State Budget and Management (OSBM), the sum of two million five hundred thousand dollars ($2,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to the Community Development Foundation (Foundation), a nonprofit corporation, as a matching grant for its Equity Venture Capital Fund. OSBM shall disburse State funds provided in this section to the Foundation on a periodic basis contingent upon the Foundation raising an equal amount of non-State funds. Any funds not matched as of December 31, 2022, shall revert to the General Fund.

PART XXV. CONTROLLER

OVERPAYMENT AUDITS

SECTION 25.1.(a) During the 2021-2023 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 25.1.(b) Of the funds appropriated in this act from the Special Reserve Account 24172, and for each fiscal year of the 2021-2023 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 25.1.(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.

DATA SHARING BETWEEN ENTERPRISE-LEVEL SYSTEMS

SECTION 25.2.(a) G.S. 143B-1376 reads as rewritten:

"**§ 143B-1376. Statewide security and privacy standards.**

…

(d) With the approval of the State CIO, enterprise-level system owners may share data between their secure systems and other enterprise-level secure systems to maximize State government's effectiveness and productivity, unless sharing the data is expressly prohibited by State or federal law. Sharing of data under this subsection shall include the transfer of PII or other potentially sensitive data only when appropriate safeguards are in place for both the transfer of the data and storage of the data in the receiving system and when consistent with the Statewide Information Security Policy. For purposes of this subsection, the term "owner" means a State agency having both (i) possession or control of data with the ability to access, create, modify, transfer, or remove data and (ii) authority to assign access privileges to others."

SECTION 25.2.(b) This section is effective when it becomes law.

PART XXVI. ELECTIONS

POSITIONS FUNDED WITH HAVA AND OTHER FEDERAL FUNDS

SECTION 26.1.(a) The State Board of Elections (Board) is authorized to continue funding 30 time-limited positions in each fiscal year of the 2021-2023 fiscal biennium using any remaining funds from the three million dollars ($3,000,000) in nonrecurring Help America Vote Act (HAVA) funds that were appropriated in Section 5.7 of S.L. 2019-239 to the State Board of Elections Special Fund (28025) for each fiscal year of the 2019-2021 fiscal biennium.

SECTION 26.1.(b) The full-time position of Chief Information Security Officer, authorized in S.L. 2018-5, shall not be phased out unless authorized by the General Assembly.

ELECTIONS CYBERSECURITY FUNDING

SECTION 26.2. Of the funds appropriated in this act to the State Board of Elections from the remaining balance of the federal 2020 Election Security Grant funding under Section 11.1 of S.L. 2020-17, the sum of two million eight hundred thousand dollars ($2,800,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to enhance technology and improve elections cybersecurity.

PART XXVII. GENERAL ASSEMBLY

FUNDING TO MITIGATE COVID-19 PANDEMIC FISCAL IMPACT ON LEGISLATURE

SECTION 27.1. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the General Assembly, the sum of twenty-one million eight hundred thousand dollars ($21,800,000) in nonrecurring funds for the 2021-2022 fiscal year to be used for the 2021-2023 fiscal biennium shall be allocated as follows:

(1) Two million three hundred fifty thousand dollars ($2,350,000) for premium pay and bonuses for essential workers.

(2) Eleven million dollars ($11,000,000) for staff resources dedicated to support legislative activities, including research and analysis, developing and drafting legislation, monitoring spending and compliance with State and federal requirements, and related activities.

(3) Four hundred fifty thousand dollars ($450,000) for replacing revenue lost by legislative food services due to the negative impact of the COVID-19 pandemic.

(4) Eight million dollars ($8,000,000) for making broadband and other information technology improvements in the legislative complex and for making improvements in the functionality of committee rooms.

REPEAL PROGRAM EVALUATION DIVISION/CONFORMING CHANGES

SECTION 27.2.(a) Chapter 143E of the General Statutes, Article 7C of Chapter 120 of the General Statutes, and G.S. 120-32(1)j., 120-79(c), 120-131.1(a1), and 143-49(16) are repealed.

SECTION 27.2.(b) G.S. 63A-23 reads as rewritten:

"**§ 63A-23. Annual reports.**

The Authority shall, promptly following the close of each fiscal year, submit an annual written report of its activities for the preceding year to the Governor, the General Assembly, and the Local Government Commission. Each report shall be accompanied by an audit of its books and accounts, as well as quarterly and annual financial statements. The audit shall be conducted by the State Auditor. The costs of all audits shall be paid from funds of the Authority.

As part of the report, the Authority shall include the following performance measures of the private sector jobs within the Global TransPark:

(1) The number, type, and wage level of jobs created or retained.

(2) The actual full-time equivalent jobs employed, as well as the median and average salaries for those jobs.

The Authority shall submit its annual report to the General Assembly to ~~both~~ the Joint Legislative Commission on Governmental ~~Operations and the Program Evaluation Division.~~ Operations. The Authority shall also submit any information about the Authority's activities that is requested by the Commission.

The Authority shall also provide a copy of its annual report on its public Web site."

SECTION 27.2.(c) G.S. 90-414.5(b) reads as rewritten:

"(b) At the written request of the Director of the Fiscal Research, Legislative Drafting, or Legislative ~~Analysis, or Program Evaluation~~ Analysis Division of the General Assembly for an aggregate analysis of the data and information disclosed through the HIE Network, the Authority shall provide the professional staff of these Divisions with the aggregated analysis responsive to the Director's request. Prior to providing the Director or General Assembly's staff with any aggregate data or information submitted through the HIE Network or with any analysis of this aggregate data or information, the Authority shall redact any personal identifying information in a manner consistent with the standards specified for de-identification of health information under the HIPAA Privacy Rule, 45 C.F.R. § 164.514, as amended."

SECTION 27.2.(d) G.S. 120-32.01(a) reads as rewritten:

"(a) Every State department, State agency, or State institution shall furnish the Legislative Services Office and the Legislative Analysis, Fiscal Research, ~~Program Evaluation,~~ and

Legislative Drafting Divisions any information or records requested by them and access to any facilities and personnel requested by them. Except when accessibility is prohibited by a federal statute, federal regulation, or State statute, every State department, State agency, or State institution shall give the Legislative Services Office and these divisions access to any database or stored information maintained by computer, telecommunications, or other electronic data processing equipment, whether stored on tape, disk, or otherwise, and regardless of the medium for storage or transmission."

SECTION 27.2.(e) G.S. 126-85(c) reads as rewritten:

"(c) The protections of this Article shall include State employees who report any activity described in G.S. 126-84 to the State Auditor as authorized by G.S. 147-64.6B, ~~to the Program Evaluation Division as authorized by G.S. 120-36.12(10),~~ or to a legislative ~~panel duly appointed by the President Pro Tempore and/or the Speaker of the House or an agent or employee of such a legislative panel~~ committee as required by G.S. 120-19."

SECTION 27.2.(f) G.S. 143-341.2(a) reads as rewritten:

"(a) Duties of the Department of Administration. – The Department of Administration shall have the following powers and duties:

…

(7) Reporting. – The Department of Administration shall make the following reports:

a. No later than December 1, 2018, and every five years thereafter, the Department shall report the following to the Joint Legislative Commission on Governmental ~~Operations,~~ Operations and to the Fiscal Research Division of the General ~~Assembly, and to the Program Evaluation Division of the General~~ Assembly:

1. The plan developed pursuant to subdivision (1) of this subsection.
2. A summary of the performance measurement procedures developed pursuant to subdivision (2) of this subsection.

b. If any State agency fails to submit the information required by subdivision (b)(1) of this section, the Department shall report the failure to the chairs of the Joint Legislative Commission on Governmental ~~Operations and to the chairs of the Joint Legislative Program Evaluation Oversight Committee~~ Operations within 30 days.

c. No later than December 1, 2019, and each year thereafter, the Department shall report to the Joint Legislative Commission on Governmental ~~Operations,~~ Operations and to the Fiscal Research Division of the General ~~Assembly, and to the Program Evaluation Division of the General~~ Assembly on the State's portfolio of real property. This report shall include at least the following information:

…."

SECTION 27.2.(g) G.S. 120-32.01(b) reads as rewritten:

"(b) Notwithstanding subsection (a) of this section, access to the BEACON/HR payroll system by the Legislative Analysis and Legislative Drafting Divisions shall only be through the Fiscal Research ~~Division and access to the system by the Program Evaluation Division shall only be through the Division Director and two employees of the Division designated by the Division Director.~~Division."

PART XXVIII. GOVERNOR [RESERVED]

PART XXIX. HOUSING FINANCE AGENCY

STUDY MODIFYING QUALIFIED ALLOCATION PLAN

SECTION 29.1.(a) The Housing Finance Agency (hereinafter "Agency") shall study potential modifications to the amenities policies in the Qualified Allocation Plan it uses to establish selection criteria and application requirements for housing credits to allow for siting of development projects in high-opportunity neighborhoods, downtowns, and other areas and the rehabilitation or renovation of historic properties. In conducting the study, the Agency shall, at a minimum, consider all of the following:

(1) Eliminating or deprioritizing and redefining the "shopping," "grocery," and "pharmacy" categories in the amenity scoring model to include a more diverse range of retail and commercial businesses, including locally owned businesses.

(2) Eliminating the distinction between primary and secondary amenities in the scoring model.

(3) Establishing a threshold score to include amenities and measures of opportunity.

(4) Removing the cap on construction costs for historic rehabilitation projects.

(5) Using best practices from programs in other states.

SECTION 29.1.(b) No later than July 1, 2022, the Agency shall submit the results of the study required by subsection (a) of this section, and any proposed modifications to the amenities policies in the Qualified Allocation Plan, to the North Carolina Federal Tax Reform Allocation Committee (hereinafter "Committee"), established pursuant to Article 51B of Chapter 143 of the General Statutes, and the Fiscal Research Division. The Committee may propose any recommended modifications resulting from the study as part of the 2023 Qualified Allocation Plan.

SECTION 29.1.(c) For purposes of this section, the following definitions apply:

(1) Downtown. – An area of a municipality that has been zoned a "central business district," as that district is defined by the governing body of the municipality, or an area that has been designated a municipal service district pursuant to Article 23 of Chapter 160A of the General Statutes.

(2) Historic property. – A building or structure (i) designated as a local historic landmark, (ii) listed in the National Register of Historic Places, (iii) located in a locally designated historic district, (iv) located in a historic district listed in the National Register of Historic Places, (v) named on the North Carolina study list for the National Register of Historic Places, or (vi) otherwise deemed eligible for listing in the National Register of Historic Places.

STATE HOMEOWNER ASSISTANCE FUND

SECTION 29.3.(a) The North Carolina Housing Finance Agency shall establish and administer the State Homeowner Assistance Fund (Fund) to mitigate financial hardships associated with the COVID-19 pandemic by providing funds for qualified expenses to eligible homeowners for the purpose of preventing mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020. The Agency shall do all of the following:

(1) Develop and submit a plan for the use of federal Housing Assistance Fund (HAF) funding in accordance with the guidelines established by the United States Department of the Treasury (Treasury).

(2) Upon submission of the plan described in subdivision (1) of this subsection, submit a copy of the plan 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.

(3) Promptly notify the entities listed in subdivision (2) of this subsection upon receipt of decisions from the Treasury approving the plan, making recommendations to improve weaknesses in the plan prior to its approval, or any other decisions involving the receipt of federal funds for the purposes described in this section, including the schedule of disbursements of federal funds.

(4) Allocate or expend funds from the Fund only in accordance with section 3206 of the American Rescue Plan Act (the HAF Statute) and the Guidance for the Homeowner Assistance Fund issued by the Treasury on April 14, 2021, as amended from time to time, and any other guidance issued by the Treasury regarding the HAF.

(5) Beginning in 2022, on or before March 1 and September 1, and on those dates in each year thereafter until the federal HAF funds are fully expended, report to the entities listed in subdivision (2) of this subsection for each program administered under the Fund by providing, at a minimum, all of the following:

a. An overview and description of program goals.
b. The date the program was established and the duration of the program.
c. The program's target population and geographic area.
d. Homeowner eligibility requirements.
e. The number of participating houseowners, type and amount of assistance provided to those houseowners, and the duration of the assistance.
f. Progress in meeting program goals to date.
g. Interaction with other programs administered under the Fund.
h. Agency planning and administrative costs, sorted by type, including staffing, fixed costs, contracts, and information technology.
i. Total of federal HAF funds spent to date, amount obligated, and amount unobligated.

SECTION 29.3.(b) This section expires on September 30, 2025, unless the period of performance under the federal HAF program is amended or extended by federal law.

WORKFORCE HOUSING LOAN PROGRAM

SECTION 29.4.(a) G.S. 122A-5.15 reads as rewritten:

"**§ 122A-5.15. Workforce Housing Loan Program.**

(a) The North Carolina Housing Finance Agency shall establish and administer the Workforce Housing Loan Program for the purpose of making revolving loans for qualified low-income housing development in the State. Funds appropriated to the North Carolina Housing Trust Fund for the Workforce Housing Loan Program shall be used by the Agency only as provided in this section.

…."

SECTION 29.4.(b) This section is effective when it becomes law.

SECTION 29.4.(c) Unless otherwise prohibited by federal law or guidelines, loans made from the Workforce Housing Loan Program using funds appropriated to the Program from the State Fiscal Recovery Fund shall be repaid to the Program for the purpose of making revolving loans as authorized by G.S. 122A-5.15.

SECTION 29.4.(d) Funds appropriated in this act from the State Fiscal Recovery Fund to the North Carolina Housing Finance Agency for the 2021-2022 fiscal year shall be used first to address funding gaps in previously awarded deals for eligible projects under G.S. 122A-5.15 resulting from the COVID-19 pandemic, including any cost increases, as

determined by the Agency. Any funds remaining after the funding gaps have been addressed shall be used to make loans for new eligible projects under G.S. 122A-5.15.

PART XXX. INSURANCE

VOLUNTEER FIRE DEPARTMENT GRANT PROGRAM CHANGES

SECTION 30.2.(a) Grants Authorized. – Notwithstanding the provisions of G.S. 58-87-1, the Commissioner of Insurance shall use funds from the Volunteer Fire Department Fund to provide grants to eligible fire departments in accordance with this section. The Commissioner may use up to one percent (1%) of the Fund for staff and resources to administer the grant programs authorized by this section. For purposes of this section, the term "eligible fire department" has the same meaning as in G.S. 58-87-1(b).

SECTION 30.2.(b) Base Allocation Grants. – Of the funds appropriated in this act to the Department of Insurance, the sum of eight million dollars ($8,000,000) from the State Fiscal Recovery Fund shall be used to provide eligible fire departments base allocation grants for purposes consistent with G.S. 58-87-1(a1)(3). An eligible fire department may apply to the Commissioner and shall be awarded a base allocation of ten thousand dollars ($10,000) for the 2021-2022 fiscal year to help mitigate the financial impact of the COVID-19 pandemic and its impact on the department's ability to conduct fundraising and generate revenue. Base allocations do not require a match and shall be made as soon as practicable, but not later than August 1, 2022.

SECTION 30.2.(c) Supplemental Grants. – An eligible fire department may apply to the Commissioner for a supplemental grant to be used to purchase equipment, make capital improvements, and other related purposes outlined in G.S. 58-87-1(a1)(3). The grants shall be awarded only during the 2021-2022 fiscal year, shall not exceed thirty-five thousand dollars ($35,000), and do not require a cash match. Grant funds shall be disbursed to eligible fire departments in single lump sum payments. The Commissioner shall award and release grant funds, as soon as practicable, and, to the extent possible, ensure an equitable distribution of grants across the State.

SECTION 30.2.(d) Emergency Reserve Grants. – The Commissioner shall reserve up to one million dollars ($1,000,000) in each fiscal year of the 2021-2023 fiscal biennium 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. 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 2021-2023 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.(e) Report. – 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 base allocation grants under subsection (b) of this section, the total number of grants awarded.

(2) For supplemental grants under subsection (c) of this section:

a. The total number of grants awarded, the average amount of the grants awarded, and the range of the amounts of the grants awarded.

b. A description of the types of purchases made using grant funds and the other ways in which grant funds were used.

(3) For emergency reserve grants under subsection (d) of this section:

a. A list of the eligible fire departments that were awarded grants.

b. The amount of the grant award to each eligible fire department.

c. A description of the emergency for which grant funds were awarded.

WORKERS' COMPENSATION FUND FOR FIREFIGHTERS AND EMS/RESCUE WORKERS

SECTION 30.3. Notwithstanding the provisions of G.S. 58-87-10, for the 2021-2022 fiscal year and the 2022-2023 fiscal year, the State Fire and Rescue Commission 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 (Fund) created pursuant to G.S. 58-87-10(b). For the 2021-2022 fiscal year and the 2022-2023 fiscal year, no eligible unit or eligible entity shall be required to submit to the State Fire and Rescue Commission any payment to participate in the Fund.

PILOT PROGRAM ESTABLISHING SUPPLEMENTAL INSURANCE POLICY FOR FIREFIGHTERS DIAGNOSED WITH CANCER

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) in nonrecurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to establish 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, but claims for health benefits filed by that date shall be paid as long as funds appropriated for the pilot program are available.

SECTION 30.4A.(b) Definitions. – The following definitions apply in this section:

(1) Cancer. – Malignant neoplasms of the body that may be caused by exposure to heat, radiation, or a known carcinogen, as defined by the World Health Organization's International Agency for Research on Cancer.

(2) Eligible firefighter. – A firefighter who meets the requirements of subsection (c) of this section.

(3) Fire department. – Any organization that is not a federal agency, including any public or government-sponsored organization, that is located and based in this State and provides rescue, fire suppression, and related activities.

(4) Firefighter. – As defined in G.S. 58-84-5.

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.

(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.

SECTION 30.4A.(d) Benefits Under Pilot Program. – To the extent that funds are available, the following benefits shall be provided under the pilot program:

(1) Medical costs reimbursement. – An eligible firefighter shall receive reimbursement of up to twelve thousand dollars ($12,000) for any out-of-pocket medical expenses incurred, including deductibles, copayments, or coinsurance costs, for each diagnosis of cancer.

(2) Lump sum benefit. – Not to exceed a total of fifty thousand dollars ($50,000), a lump sum benefit of twenty-five thousand dollars ($25,000) for each diagnosis of cancer shall be payable to an eligible firefighter upon sufficient proof to the insurance carrier, the Department, or other applicable payor of a diagnosis of cancer by a board-certified, licensed physician in the medical specialty appropriate for the type of cancer diagnosed.

(3) Disability benefit. – Upon sufficient proof to the insurance carrier, the Department, or other applicable payor of total disability resulting from the diagnosis of cancer or that the cancer precludes the firefighter from serving as a firefighter, the following disability benefits shall be paid to an eligible firefighter beginning six months after the total disability or inability to perform the duties of a firefighter, whichever applies:

a. For a nonvolunteer firefighter. – A monthly benefit that is either (i) equal to seventy-five percent (75%) of the firefighter's monthly salary or (ii) five thousand dollars ($5,000), whichever is less.

b. For a volunteer firefighter. – A monthly benefit of one thousand five hundred dollars ($1,500).

SECTION 30.4A.(e) Limitations on Disability Benefit. – The following limitations apply to disability benefits under this section:

(1) Disability benefits shall continue for no more than 36 consecutive months; provided, however, disability benefits shall continue only until funds appropriated for the pilot program are available. Upon the expenditure of all funds appropriated for the pilot program, all disability payments under the pilot program shall terminate and the Department shall have no other responsibility to provide benefits under the pilot program.

(2) Any firefighter receiving disability benefits may be required to have his or her condition reevaluated to determine if that firefighter has regained the ability to perform the duties of a firefighter. If that reevaluation indicates that the firefighter has regained the ability to perform the duties of a firefighter, then the monthly disability benefits shall cease on the last day of the month the reevaluation was conducted.

(3) If there is no reevaluation performed under subdivision (2) of this subsection, but the firefighter's treating physician determines that the firefighter is again able to perform the duties of a firefighter, then the disability benefits shall cease on the last day of the month that the physician made the determination.

(4) If a firefighter returns to work as a firefighter before exhaustion of the 36 months of disability benefit an eligible firefighter may receive under this section, and if there is a subsequent recurrence of disability caused by cancer that again precludes the firefighter from performing the duties of a firefighter, then the firefighter shall be entitled to any remaining monthly disability benefits, not to exceed 36 months in total, as long as funds are available under the pilot program.

(5) The monthly disability benefit shall be subordinate to any other benefit paid from any source to the firefighter solely for a disability related to the cancer diagnosis, so long as that source is not private insurance purchased solely by the firefighter. Disability benefits under this section shall be limited to the difference between the benefit amount paid by the other source and the amounts specified under subdivision (3) of subsection (d) of this section.

SECTION 30.4A.(f) Reporting Requirements. – On January 1, 2023, and July 1, 2023, the Department shall submit a report to the General Assembly 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.
(2) The number of benefit claims filed.
(3) The types of cancer for which benefit claims were filed.
(4) All benefits paid out under this section.

SECTION 30.4A.(g) This section becomes effective January 1, 2022.

SECTION 30.4A.(h) No later than January 1, 2022, the Department shall show proof of insurance coverage that meets the requirements of this section for all firefighters included on the Certified Roster submitted to the North Carolina State Firefighters' Association.

SECTION 30.4A.(i) Notwithstanding the provisions of G.S. 58-6-25(d), the Department is not required to reimburse the General Fund for the appropriation made in this act for the purpose of establishing and administering the pilot program described in this section.

DOI/FUNDS FOR NEW POSITIONS

SECTION 30.5. Notwithstanding the provisions of G.S. 58-6-25, for each fiscal year of the 2021-2023 fiscal biennium, the Department of Insurance shall transfer funds on a quarterly basis from the Insurance Regulatory Fund to the Department's operating budget to offset the cost of the 13 new positions authorized in this act and the operating costs for those positions. The Office of State Budget and Management shall, in conjunction with the Department of Insurance, adjust the Department's base budget for each fiscal year of the 2023-2025 fiscal biennium to use proceeds from the insurance regulatory charge established under G.S. 58-6-25 to fund the positions and operating costs described in this section.

PART XXXI. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]

PART XXXII. LIEUTENANT GOVERNOR [RESERVED]

PART XXXIII. MILITARY AND VETERANS AFFAIRS

ASSESSMENT OF AND LONG-TERM CARE PLANNING FOR VETERANS

SECTION 33.1.(a) Notwithstanding the provisions of G.S. 143B-1293, of the funds appropriated in this act to the Department of Military and Veterans Affairs (Department), the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used by the Department, in consultation with the Department of Health and Human Services (DHHS), to assess the long-term care needs of veterans across the State for the purpose of developing a plan to guide the State in enhancing long-term care and other services for veterans. The assessment and plan shall incorporate the following principles and objectives:

(1) Use State-specific veterans' demographic information, including the geographical distribution of veterans across the State.
(2) Allow for the fact that the needs of veterans are complex and broader than the traditional, institutional-based system of care.

(3) Take into account the needs of pre- and post-Gulf War veterans in planning services and support.
(4) Incorporate the presence and location of current State Veterans Homes, and the services they provide, in a larger long-term system of care to meet the needs of veterans in both rural and urban areas.
(5) Enhance and develop new partnerships, including with the existing nursing home industry, to encourage and promote the location and certification of nursing homes in target areas so that those facilities can qualify for reimbursement from the U.S. Department of Veterans Affairs.
(6) Explore partnerships with a broader system of nursing homes across the State to expand State resources.
(7) Encourage partnerships of home- and community-based services with existing providers and the U.S. Department of Veterans Affairs for enhanced services.
(8) Evaluate State planning to explore financially feasible and sustainable options for meeting veterans' needs.
(9) Evaluate current resources by determining programmatic approaches to avoid new construction of State veterans' homes.
(10) Consider alternate models of care prior to expanding veterans nursing homes.

SECTION 33.1.(b) To lead the assessment and develop the plan required by this section, the Department shall issue a request for proposals for an independent consultant with subject matter expertise in the field of long-term care planning for veterans. The provisions of Article 3 of Chapter 143 of the General Statutes shall apply to this subsection.

SECTION 33.1.(c) The Department, in consultation with DHHS, shall issue a progress report on the implementation of this section no later than February 1, 2022, and May 1, 2022, and a final report, including the results of the assessment and the plan required by this section, no later than October 1, 2022, 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.

REPORT ON STATE VETERANS HOMES

SECTION 33.2. Part 10 of Article 14 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-1301. Detailed annual report.**

By March 1 of odd-numbered years and September 1 of even-numbered years, 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 on the status of the State Veterans Homes program by providing a general overview of the State Veterans Homes and a specific description of each facility which shall include, at a minimum, all of the following:

(1) Facility location and date opened, which shall be included in the first report only, unless the information has changed.
(2) Services available, including specialty services offered.
(3) Staffing levels, including resident-to-nursing ratios.
(4) Partnerships with outside organizations and governments in delivery of services.
(5) Average daily census.
(6) Number of beds, by type.
(7) Admission eligibility, admission by type, such as long-term care and rehabilitation, and admissions by referral.

(8) Description of residents, including:
  a. Demographics by age, race, ethnicity, and gender.
  b. Resident's home county where domiciled prior to admission to facility.
  c. Number of admissions, discharges, and deaths.
(9) Results of resident and family satisfaction surveys.
(10) Waiting list data, including average length of wait time and priority for admission.
(11) Certification and quality rating by independent organizations and State and federal government.
(12) Daily rate by payor, including Medicare, Medicaid, Veterans Affairs, private pay, or any other source.
(13) Average out-of-pocket payment per resident.
(14) State administrative costs, sorted by type, including staffing, fixed costs, facility operation, and maintenance.
(15) Total receipts collected, by source, including Medicare, Medicaid, Veterans Affairs, private pay, or any other source."

PERSONALIZED HOUSING SOLUTIONS FOR VETERANS/VETERANS LIFE CENTER CHALLENGE GRANT

SECTION 33.3.(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 one million dollars ($1,000,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated as a directed grant to Purple Heart Homes, Inc., a nonprofit corporation, to provide personalized housing solutions for service-connected disabled veterans and their families. These funds shall be distributed equally to the Charlotte office, Piedmont Chapter, High Country Chapter, and North Wake Chapter. By September 1, 2023, 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 served and the type of services provided to those individuals.

SECTION 33.3.(b) Notwithstanding the provisions of G.S. 143B-1293, the Department of Military and Veterans Affairs (hereinafter "Department") shall use the sum of seven hundred fifty thousand dollars ($750,000) in recurring funds for each year of the 2021-2023 fiscal biennium appropriated in this act from the North Carolina Veterans Home Trust Fund to the Department to create a challenge grant program for the Veterans Life Center (hereinafter "Center"), a nonprofit corporation, as provided in this section. The funds shall be used by the Center for the purpose of providing rehabilitation and reintegration services and support to veterans across the State. To receive State funds under this section, the Center shall raise at least seven hundred fifty thousand dollars ($750,000) in non-State funds for each fiscal year of the 2021-2023 fiscal biennium, which the Center shall demonstrate to the satisfaction of the Department prior to the allocation of State funds. The Department shall disburse State funds on a quarterly basis in an amount equal to the non-State funds raised by the Center in that quarter, but in no case shall the Department disburse State funds to the Center if it has not raised the required non-State funds. The Center cannot supplant, shift, or reallocate Center funds for the purpose of achieving the non-State fundraising target required by this section.

SECTION 33.3.(c) Not later than August 1, 2022, and August 1, 2023, the Department shall report to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division on the use of the funds authorized in subsection (b) of this section, including whether the Center achieved the fundraising targets in each fiscal year of the fiscal biennium to receive State funds. The report shall also detail the specific services that were

provided to veterans as a result of the challenge grant program. The Center shall provide information, as requested by the Department, to prepare the report.

REPORT ON SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS

SECTION 33.4. Part 2 of Article 14 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 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:

(1) Description of the scholarship program, by year, including statutory establishment, purpose, and eligibility.

(2) Number of scholarships awarded in each of the past five fiscal years and sorted by:

a. Number of full-time students receiving scholarships and grouped by public, private, and community colleges.

b. Number of new applicants for scholarships.

c. Number of new scholarship awards offered, denied, and accepted.

d. Range and average amount of scholarships awarded.

e. Actual amount of award provided.

f. Scholarship awards offered and accepted by county.

g. Number of scholarship recipients who completed the degree requirements for graduation.

h. Total expenditures for scholarship awards classified by source, including State funds and Escheats Fund.

i. Total costs of administering the scholarship program."

VETERANS CEMETERIES TRUST FUND

SECTION 33.5.(a) Notwithstanding the provisions of G.S. 143B-1293, the sum of fifteen million dollars ($15,000,000) in nonrecurring funds for the 2021-2022 fiscal year transferred in this act from the North Carolina Veterans Home Trust Fund and appropriated to the North Carolina Veterans Cemeteries Trust Fund shall be used to provide a sustainable and recurring source of funds for the maintenance of each of the State's veterans cemeteries when each reaches full capacity.

SECTION 33.5.(b) 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:

(1) All funds deposited and all income earned on the investment or reinvestment of such funds shall be credited to the trust fund.

(1a) 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.

(2) ~~Any~~ Except as provided in subdivision (1a) of this subsection, monies remaining in the trust fund at the end of each fiscal year shall remain on deposit in the State treasury to the credit of the North Carolina Veterans Home Trust Fund.

(3) Nothing contained herein shall prohibit the establishment and utilization of special agency accounts by the Department of Military and Veterans Affairs or by the Veterans' Affairs Commission, for the receipt and disbursement of personal funds of the State veterans homes' residents or for receipt and disbursement of charitable contributions for use by and for residents."

VETERANS JUSTICE INTERVENTION PILOT PROGRAM

SECTION 33.7.(a) Notwithstanding the provisions of G.S. 143B-1293, of the funds appropriated in this act from the Veterans Home Trust Fund to the Department of Military and Veterans Affairs, the sum of two million dollars ($2,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to provide a directed grant to The Independence Fund, Inc., a nonprofit corporation, to establish and implement a pilot program 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 33.7.(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 pilot program and maintain regular contact with each county to ensure up-to-date training and availability and allocation of resources.

(5) By June 30, 2022, 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 pilot program, including the feasibility of expanding the program throughout the State.

FUNDS FOR VETERANS/HBOT

SECTION 33.8.(a) Of the funds appropriated in this act from the General Fund to the Office of State Budget and Management for the 2021-2022 fiscal year, the sum of one hundred fifty thousand dollars ($150,000) in nonrecurring funds shall be used to provide a grant to The Community Foundation of NC East, Inc., a nonprofit corporation, to provide hyperbaric oxygen therapy treatment to veterans who are residents of North Carolina with a diagnosis of traumatic brain injury or posttraumatic stress disorder at no cost to the veteran. The provision of hyperbaric oxygen therapy treatment pursuant to this section shall be in accordance with Part 5 of Article 6 of Chapter 122C of the General Statutes.

SECTION 33.8.(b) By March 1, 2023, The Community Foundation of NC East, Inc., shall report to the Joint Legislative Oversight Committee on Health and Human Services on the provision of hyperbaric oxygen therapy treatment to veterans, including the use of State funds.

PART XXXIV. REVENUE

TAX COLLECTION ASSISTANCE FEE/SPECIAL FUND

SECTION 34.1. G.S. 105-243.1 reads as rewritten:

"**§ 105-243.1. Collection of tax debts.**

…

(e) Use. – The fee is a receipt of the Department and ~~must be applied to the costs of collecting and reducing the incidence of overdue tax debts. The proceeds of the fee must be credited to a special account within the Department and~~ may be expended only ~~as provided in this subsection. The proceeds of the fee may not be used for any purpose that is not directly and primarily related to collecting and reducing the incidence of overdue tax debts. The Department may apply the proceeds of the fee for the purposes listed in this subsection. The remaining proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The fee proceeds do not revert but remain in the special account until spent for the purposes listed in this subsection. The Department and the Office of State Budget and Management must account for all expenditures using accounting procedures that clearly distinguish costs allocable to the purposes listed in this subsection from costs allocable to other purposes and must demonstrate that none of the fee proceeds are used for any other purpose.~~pursuant to appropriation by the General Assembly.

~~The Department may apply the fee proceeds for the following purposes:~~

~~(1) To pay (i) contractors for collecting overdue tax debts under subsection (b) of this section and (ii) auditors responsible for identifying overdue tax debts.~~

~~(2) To pay the fee the United States Department of the Treasury charges for setoff to recover tax owed to North Carolina.~~

~~(3) To pay for taxpayer locator services, not to exceed three hundred fifty thousand dollars ($350,000) a year.~~

~~(4) To pay for postage or other delivery charges for correspondence directly and primarily relating to collecting overdue tax debts, not to exceed seven hundred fifty thousand dollars ($750,000) a year.~~

~~(5) To pay for operating expenses for Project Collection Tax and the Taxpayer Assistance Call Center.~~

~~(6) To pay for expenses of the Examination and Collection Division directly and primarily relating to collecting overdue tax debts.~~

~~(7) To pay the direct and indirect expenses of information technology upgrades to the Department of Revenue computer systems that are intended to upgrade Department of Revenue capabilities to (i) allow for electronic filing of returns by taxpayers and the electronic issuance of refunds by the Department for all remaining tax schedules and (ii) accomplish other mission-critical information technology tasks of the Department as approved by the Office of State Budget and Management in consultation with the State CIO.~~

…."

TAX FRAUD ANALYTICS

SECTION 34.3. 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 2021-2023 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.

BUSINESS RECOVERY GRANT PROGRAM

SECTION 34.3A.(a) Purpose; Use. – The purpose of this section is to use funds from the American Rescue Plan Act to aid businesses in North Carolina that suffered substantial economic damage from the COVID-19 pandemic.

SECTION 34.3A.(b) Business Recovery Grant Program. – The Department of Revenue is authorized to create and administer the Business Recovery Grant Program (Program). The Department must provide a one-time grant to businesses that suffered economic damage from the COVID-19 pandemic and meet the conditions of this section.

SECTION 34.3A.(c) Eligibility. – A business is eligible for a grant under this Program if it meets one of the following conditions:

(1) A hospitality grant if the business (i) is classified for the period for which economic loss is measured in NAICS Code 71 or 72 and (ii) demonstrates that it suffered an economic loss of at least twenty percent (20%).

(2) A reimbursement grant if the business (i) is not classified for the period for which economic loss is measured in NAICS Code 71 or 72, (ii) demonstrates that it suffered an economic loss of at least twenty percent (20%), and (iii) has not previously received an award amount.

SECTION 34.3A.(d) Applications. – A business must apply to the Department of Revenue for a grant on a form prescribed by the Department and must include any supporting documentation required by the Department. The application must be filed with the Department on or before the deadline prescribed by the Department, which must be at least 60 days after the effective date of this section but no more than 90 days after the effective date of this section. The Department may not accept late applications.

If funds reserved for both types of grants under this section remain after disposition of all timely filed applications for grants, the Department shall remit any funds remaining to the Office of State Budget and Management which shall deposit the funds into the State Fiscal Recovery Reserve. Amounts deposited into the Reserve under this section are receipts that 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.

If funds reserved for one type of grant under this section remain after disposition of all timely filed applications for that type of grant, the Department shall allocate any funds remaining to the other type of grant allowed under this section. The Department shall, first, fully fund any prorated awards and, second, if funds remain after fully funding prorated awards, reopen the type of grant for which funds become available under this paragraph for additional applications. The additional applications must be filed with the Department on or before the deadline prescribed by the Department, which must be at least 90 days after the effective date of this section but no more than 120 days after the effective date of this section. The Department may not accept late additional applications permitted under this paragraph.

SECTION 34.3A.(e) Grant Amount. – The grant amount is equal to the lesser of five hundred thousand dollars ($500,000) or a percentage of the economic loss of the business demonstrated in subsection (c) of this section. For applicants who have not previously received an award amount, the percentage is equal to twenty percent (20%). For all other applicants, the percentage is equal to ten percent (10%).

SECTION 34.3A.(f) Grant Program Limit. – The total of all funds granted under this Program, including the amounts specifically allowed for administration, marketing, and recruiting, may not exceed five hundred million dollars ($500,000,000), of which two hundred million dollars ($200,000,000) shall be reserved for reimbursement grants. If a business qualifies for both a hospitality grant and a reimbursement grant, the amount of the grant to the business shall be deducted from the amount available for hospitality grants. The Department must calculate the total amount of grants requested from the applications timely filed under subsection (d) of this section. If the total amount of grants requested exceeds the maximum amount of funds available for a type of grant allowed under this subsection, the Department shall do the following:

(1) For hospitality grants, (i) prioritize and fully fund grants to applicants who have not previously received an award amount and (ii) reduce each grant

award to applicants who have previously received an award amount on a proportionate basis.

(2) For reimbursement grants, reduce each grant award on a proportionate basis.

The Department's grant determinations based on applications timely filed are final.

SECTION 34.3A.(g) Clawback. – If a business receives a grant under this program for which it is ineligible, the business forfeits the grant awarded under this section and is liable for the amounts received. An award forfeited under this section shall bear interest at the rate determined in accordance with G.S. 105-241.21 as of the date of receipt until repaid. Failure to pay an award forfeited shall be collected by a civil action in the name of the State, and the recipient business shall pay the cost of the action. The Attorney General, at the request of the Secretary of Revenue, shall institute the action in the proper court for the collection of the award forfeited, including interest thereon.

SECTION 34.3A.(h) Definitions. – The following definitions apply in this section:

(1) American Rescue Plan Act. – The American Rescue Plan Act of 2021, P.L. 117-2.

(1a) Award amount. – Amount awarded from any of the following:

a. COVID-19 Job Retention Program. – Defined in Section 4.2B of S.L. 2020-4, as enacted by Section 1.1(e) of S.L. 2020-80, as amended.

b. EIDL Advance. – An Economic Injury Disaster Loan Advance defined in any of the following:

1. 15 U.S.C. § 9009(e).
2. Section 331 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, Title III of Division N of Public Law 116–260.
3. Section 5002 of the American Rescue Plan Act of 2021, P.L. 117-2.

c. Paycheck Protection Program. – Defined in 15 U.S.C. § 636(a)(36).

d. Restaurant Revitalization Fund. – Defined in section 5003 of the American Rescue Plan Act of 2021, P.L. 117-2.

e. Shuttered Venue Operators Grant Program. – Defined in section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, Title III of Division N of Public Law 116–260.

(2) Business. – A taxpayer subject to income tax under Article 4 of Chapter 105 of the General Statutes.

(3) CARES Act. – The federal Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136.

(4) Consolidated Appropriations Act. – The Consolidated Appropriations Act of 2021, P.L. 116-260.

(5) COVID period. – The period beginning March 1, 2020, and ending February 28, 2021.

(6) Economic loss. – The economic damage experienced in connection with the COVID-19 pandemic, determined as the difference between the business's gross receipts for the COVID period and its gross receipts for the equivalent time frame in the preceding 12-month period.

(7) Gross receipts. – The sum of (i) the North Carolina gross receipts listed on line 1 of Form E-500, Sales and Use Tax Return, for sales occurring during a specified time period and (ii) gross receipts not listed on Form E-500 but reported on line 1a of Form 1065 for federal returns, if any, provided the gross receipts are for transactions apportionable to the State.

(8) NAICS. – The North American Industry Classification System adopted by the United States Office of Management and Budget as of December 31, 2020.

SECTION 34.3A.(i) Outreach. – The Department of Administration, Office for Historically Underutilized Businesses, is directed to inform and educate minority-owned businesses that may be eligible to apply for the grants provided by the Program as soon as practicable so they may have the opportunity to access the grants provided by it. The Department of Revenue is not required to advertise or provide any specific outreach on the Program except for posting relevant Program information on its website.

SECTION 34.3A.(j) Allocation of Funds for the Business Recovery Grant Program. – Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Revenue, the sum of five hundred million dollars ($500,000,000) in nonrecurring funds for the 2021-2022 fiscal year is allocated for the Business Recovery Grant Program to be used as provided in this section. The Department of Revenue may use up to two million five hundred thousand dollars ($2,500,000) of the funds allocated in this subsection for the administration of this section. The Department shall use five million dollars ($5,000,000) of the funds reserved in this subsection for hospitality grants as a grant to the North Carolina Restaurant and Lodging Association to be used for hospitality industry workforce recruitment designed to support the rebuilding of the State's hospitality industry. The Department shall remit any funds remaining after disposition of all timely filed applications under this section to the Office of State Budget and Management which shall deposit the funds into the State Fiscal Recovery Reserve. Amounts deposited into the Reserve under this section are receipts that 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 34.3A.(k) This section is effective when it becomes law.

SECTION 34.3B.(a) G.S. 105-130.5(b) reads as rewritten:

"(b) The following deductions from federal taxable income shall be made in determining State net income:

…

(31a) To the extent included in federal taxable income, the amount received by a taxpayer under the Business Recovery Grant Program."

SECTION 34.3B.(b) G.S. 105-153.5(b) reads as rewritten:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

…

(14a) The amount received by a taxpayer under the Business Recovery Grant Program."

SECTION 34.3B.(c) This section is effective for taxable years beginning on or after January 1, 2021, and applies to amounts received by a taxpayer on or after that date.

DEPARTMENT OF REVENUE SYSTEMS PROJECTS UPDATE REPORT

SECTION 34.4. Section 8.1 of S.L. 2019-246 reads as rewritten:

"**SECTION 8.1.(a)** The Department of Revenue shall update its electronic tax systems to store and recognize power of attorney registrations to ensure that notices generated by the Department are simultaneously sent to both the taxpayer and the person designated in the taxpayer's power of attorney registration. By January 31, 2020, the Department shall report to the Joint Legislative Oversight Committee on General Government on its progress in updating its electronic tax systems to store and recognize power of attorney registrations.

"**SECTION 8.1.(b)** By January 1, 2022, and monthly thereafter, the Department of Revenue shall submit a written report on the status of the power of attorney registration project required by subsection (a) of this section 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 report shall also include an update

on the status of the Collections Case Management system implementation and the IBM 4100 replacement project currently underway in the Department."

PART XXXV. SECRETARY OF STATE [RESERVED]

PART XXXVI. TREASURER

IMPROVE SYSTEM FOR MONITORING THE FISCAL HEALTH OF LOCAL GOVERNMENT UNITS

SECTION 36.1.(a) The Department of State Treasurer, State and Local Government Finance Division, in consultation with the Local Government Commission (hereinafter "Commission"), shall evaluate the State's current system for monitoring the financial operations of local government units (hereinafter "unit" or "units") and approving their requests to issue new debt and amend current debt. For purposes of this section, the term "unit" has the same meaning as in G.S. 159-7(b)(15). The Department shall develop a plan to transition to a system for monitoring the financial operations of units that does all of the following:

(1) Uses a "value added" approach to reviewing the State's current practices and policies.
(2) Directs current Commission staffing resources to the units in greatest need and away from units with adequate governance, staff, resources, and technical expertise.
(3) Implements a schedule of reporting to the Commission based on a unit's financial health.
(4) Standardizes training of unit officials and staff, as deemed appropriate by the Commission.
(5) Authorizes the Commission to compel units to comply with Commission directives.
(6) Incorporates a clear definition of the term "fiscal distress."
(7) Implements a new fiscal warning system for units at risk of fiscal distress.
(8) Expands the criteria and parameters for measuring a unit's fiscal health to incorporate economic and demographic factors.
(9) Incorporates factors impacting a unit's fiscal health, including changes in population, tax base, and business and economic indicators.

SECTION 36.1.(b) The Department shall submit an interim report on the implementation of this section no later than February 1, 2022, and a final report and plan by May 1, 2022, to the Joint Oversight Committee on General Government, Senate Appropriations Committee on General Government and Information Technology, House Appropriations Committee on General Government, and Fiscal Research Division. The reports shall contain any recommendations for legislation deemed appropriate to implement the provisions of this section.

EXPAND THE TYPE OF CANCERS COVERED AS OCCUPATIONAL DISEASES FOR FIREFIGHTERS' DEATH BENEFITS

SECTION 36.2.(a) G.S. 143-166.2 reads as rewritten:

"**§ 143-166.2. Definitions.**

The following definitions apply in this Article:

…

(6) Killed in the line of duty. – This term shall apply to all of the following deaths:

…

e. When the death of a firefighter occurs as a direct and proximate result of any of the following cancers that are occupationally related to

firefighting, that firefighter is presumed to have been killed in the line of duty:

1. Mesothelioma.
2. Testicular cancer.
3. ~~Intestinal cancer.~~Cancer of the small intestine.
4. Esophageal cancer.
5. Oral cavity cancer.
6. Pharynx cancer.

…."

SECTION 36.2.(b) This section is effective when it becomes law and applies to deaths occurring on or after that date.

PART XXXVII. GENERAL GOVERNMENT

GENERAL GOVERNMENT OVERSIGHT REPORTING REQUIREMENTS

DEPARTMENT OF ADMINISTRATION

SECTION 37.1.(a) G.S. 116D-4 reads as rewritten:

"**§ 116D-4. Minority and historically underutilized business participation.**

(a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued under this section. The following State agencies shall monitor compliance with this requirement and shall report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government by January 1 of each year on the participation by minority businesses in these projects. The State Construction Office, Department of Administration, shall monitor compliance with regard to projects funded by the proceeds of university improvement general obligation bonds and notes and special obligation bonds and notes; the Board of Governors of The University of North Carolina shall provide the State Construction Office any information required by the State Construction Office to monitor compliance. The Community Colleges System Office shall monitor compliance with regard to projects funded by the proceeds of community college general obligation bonds and notes.

…."

SECTION 37.1.(b) G.S. 143-48 reads as rewritten:

"**§ 143-48. State policy; cooperation in promoting the use of small contractors, minority contractors, physically handicapped contractors, and women contractors; purpose; required annual reports.**

…

(d) The Department of Administration shall collect and compile the data described in this section and report it annually to the ~~General Assembly.~~Joint Legislative Oversight Committee on General Government.

…."

SECTION 37.1.(c) G.S. 143-128.3 reads as rewritten:

"**§ 143-128.3. Minority business participation administration.**

(a) All public entities subject to G.S. 143-128.2 shall report to the Department of Administration, Office of Historically Underutilized Business, the following with respect to each building project:

…

The reports shall be in the format and contain the data prescribed by the Secretary of Administration. The University of North Carolina and the State Board of Community Colleges shall report quarterly and all other public entities shall report semiannually. The Secretary of the Department of Administration shall make reports every six months to the Joint Legislative

Committee on Governmental Operations and the Joint Legislative Oversight Committee on General Government on information reported pursuant to this subsection.

…

(c) The Secretary shall study and recommend to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government and other State agencies ways to improve the effectiveness and efficiency of the State capital facilities development, minority business participation program and good faith efforts in utilizing minority businesses as set forth in G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased utilization of minority businesses.

(d) The Secretary shall appoint an advisory board to develop recommendations to improve the recruitment and utilization of minority businesses. The Secretary, with the input of its advisory board, shall review the State's programs for promoting the recruitment and utilization of minority businesses involved in State capital projects and shall recommend to the ~~General Assembly,~~ Joint Legislative Oversight Committee on General Government, the State Construction Office, The University of North Carolina, and the community colleges system changes in the terms and conditions of State laws, rules, and policies that will enhance opportunities for utilization of minority businesses on these projects. The Secretary shall provide guidance to these agencies on identifying types of projects likely to attract increased participation by minority businesses and breaking down or combining elements of work into economically feasible units to facilitate minority business participation.

…

(g) ~~The~~ Annually, on or before September 1, beginning September 1, 2022, the Secretary shall report findings and ~~recommendations~~ recommendations, as required under this ~~section~~ section, to the Joint Legislative Committee on Governmental Operations ~~annually on or before June 1, beginning June 1, 2002.~~and the Joint Legislative Oversight Committee on General Government and shall post the report findings and recommendations on the Department's website."

SECTION 37.1.(d) G.S. 143-341 reads as rewritten:

"**§ 143-341. Powers and duties of Department.**

The Department of Administration has the following powers and duties:

…

(8) General Services:

…

i. To establish and operate a central motor fleet and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

…

11. To report annually to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government on any rules adopted, amended or repealed under sub-sub-subdivisions 3., 7., or 7a. of this sub-subdivision.

…

(12) Report on Vehicles Managed. – Beginning on June 1, 2022, and semiannually thereafter, the Department of Administration shall provide a report to the Joint Legislative Oversight Committee on General Government and the Joint Legislative Oversight Committee on Justice and Public Safety on the status of all motor vehicles managed by the Department of Administration for the Department of Public Safety. The report shall include all of the following information:

a. The number of motor vehicles managed by the Department of Administration for the Department of Public Safety.

b. The condition of each motor vehicle, including the mileage on each motor vehicle.

c. The average amount of time taken to repair or replace a motor vehicle.

d. The number and condition of any backup motor vehicles managed by the Department of Administration and available for use by the Department of Public Safety, including the location and condition of each motor vehicle."

SECTION 37.1.(e) Section 27.6(c) of S.L. 2015-241 is repealed.

SECTION 37.1.(f) G.S. 143-747 reads as rewritten:

"**§ 143-747. Council of Internal Auditing.**

…

(c) The Council shall:

…

(12) ~~Issue an annual report including, but not limited to,~~ No later than November 1 of each year, issue a report that shall include, but not be limited to, service efforts and accomplishments of State agency internal auditors and ~~to propose~~ proposed legislation for consideration by the Governor and General Assembly. The annual report shall be prepared by the Office of State Budget and Management and shall be submitted to the Joint Legislative Oversight Committee on General Government."

SECTION 37.1.(g) G.S. 143B-394.16(b) reads as rewritten:

"(b) Report. – The Commission shall report its findings and recommendations, including any legislative or administrative proposals, to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government no later than April 1 each year."

SECTION 37.1.(h) G.S. 143B-394.21 is amended by adding a new subsection to read:

"(c) The North Carolina Council for Women shall report on the quarterly distributions of the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs of the General Government Appropriations Committee within five business days of distribution. The report shall include the date, amount, and recipients of the fund disbursements. The report shall also include any 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 37.1.(i) G.S. 143B-409 reads as rewritten:

"**§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

The Commission shall prepare a written annual report giving an account of its proceedings, transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and the legislature.~~ Governor and the Joint Legislative Oversight Committee on General Government. The report will become a matter of public record and will be maintained in the State Historical Archives. It may also be furnished to such other persons or agencies as the Commission may deem proper."

SECTION 37.1.(j) G.S. 143B-410 reads as rewritten:

"**§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical staff.**

Fiscal records shall be kept by the Secretary of Administration. The audit report will become a part of the annual report and will be submitted in accordance with the regulations governing preparation and submission of the annual report. The Commission shall submit the annual report to the Joint Legislative Oversight Committee on General Government."

SECTION 37.1.(k) G.S. 143B-411.2 reads as rewritten:

"**§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee – purpose or creation; powers and duties.**

The purpose of the Council is to study on a continuing basis the relationship between the Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of concern to the State or the Tribe. It shall be the duty of the Council:

(1) Identify existing and potential conflicts between the State of North Carolina and the Eastern Band of Cherokee ~~Indians;~~Indians.

(2) Propose State and federal legislation and agreements between the State of North Carolina and the Cherokee Tribe to resolve existing and potential ~~conflicts;~~conflicts.

(3) To study and make recommendations concerning any issue referred to the Council by any official of the Eastern Band of the Cherokee, the State of North Carolina, or the government of Haywood, Jackson, Swain, Graham, or Cherokee Counties.

(4) Study other issues of mutual concern to the Eastern Band of the ~~Cherokee;~~Cherokee.

~~(5) Make a report with recommendations as needed, but not less often than biannually to the Governor, the Chief of the Eastern Band of the Cherokee, the General Assembly, and the Tribal Council of the Eastern Band of the Cherokee.~~"

SECTION 37.1.(*l*) The North Carolina Farmworker Council, enacted as Part 26 of Article 9 of Chapter 143B of the General Statutes, is repealed.

ETHICS COMMISSION

SECTION 37.2. G.S. 138A-10 reads as rewritten:

"**§ 138A-10. Powers and duties.**

(a) In addition to other powers and duties specified in this Chapter, the Commission shall:

…

(11) Report annually to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government and the Governor on the Commission's activities and generally on the subject of public disclosure, ethics, and conflicts of interest, including recommendations for administrative and legislative action, as the Commission deems appropriate.

…."

OFFICE OF STATE HUMAN RESOURCES

SECTION 37.3. G.S. 143-583 reads as rewritten:

"**§ 143-583. Model program; technical assistance; reports.**

…

(c) Reports. – The Office of State Human Resources shall report annually to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on General Government on the safety, health, and workers' compensation activities of State agencies, compliance with this Article, and the fines levied against State agencies pursuant to Article 16 of Chapter 95 of the General Statutes."

OFFICE OF STATE AUDITOR

SECTION 37.4. G.S. 147-64.11 reads as rewritten:

"**§ 147-64.11. Review of office.**

The Auditor may, on ~~his~~ the Auditor's own initiative and as often as ~~he~~ the Auditor deems necessary, or as requested by the General ~~Assembly~~ Assembly or the Joint Legislative Oversight Committee on General Government, cause to be made a quality review audit of the operations of ~~his~~ the Auditor's office. Such a "peer review" shall be conducted in accordance with standards prescribed by the accounting profession. Upon the recommendation of the Joint Legislative

Commission on Governmental ~~Operations~~ Operations, the Auditor may contract with an independent public accountant, qualified management consultant, or other professional person to conduct a financial and compliance, economy and efficiency, and program result audit of the State Auditor."

OFFICE OF STATE BUDGET AND MANAGEMENT

SECTION 37.5.(a) Article 6 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"**§ 143C-6-13. Results first annual report.**

By December 1 of each year, the Office of State Budget and Management shall submit an annual report to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on General Government on the progress in implementing the cost-benefit analysis model for use in crafting policy and budget decisions. The report may include recommendations for legislation."

SECTION 37.5.(b) Section 26.3(c) of S.L. 2017-57 is repealed.

SECTION 37.5.(c) G.S. 143C-6-23 reads as rewritten:

"**§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.**

…

(h) Report on Grant Recipients That Failed to Comply. – ~~Not later than May 1, 2007, and by May 1 of every succeeding year, the~~ The Office of State Budget and Management shall ~~report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on~~ post online at regular intervals a list of all grantees or subgrantees that failed to comply with this section with respect to grant funds received in the prior fiscal year.

…."

SECTION 37.5.(d) G.S. 143-194 is repealed.

STATE BOARD OF ELECTIONS

SECTION 37.6.(a) G.S. 66-58 reads as rewritten:

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

…

(c) The provisions of subsection (a) of this section shall not prohibit:

…

(17) The sale by the State Board of Elections to political committees and candidate committees of computer software designed by or for the State Board of Elections to provide a uniform system of electronic filing of the campaign finance reports required by Article 22A of Chapter 163 of the General Statutes and to facilitate the State Board's monitoring of compliance with that Article. ~~This computer software for electronic filing of campaign finance reports shall not exceed a cost of one hundred dollars ($100.00) to any political committee or candidate committee without the State Board of Elections first notifying in writing the Joint Legislative Commission on Governmental Operations.~~

…."

SECTION 37.6.(b) G.S. 163-165.9 reads as rewritten:

"**§ 163-165.9. Voting systems: powers and duties of county board of elections.**

…

(b) After the acquisition of any voting system, the county board of elections shall comply with any requirements of the State Board of Elections regarding training and support of the voting system by completing all of the following:

…

(2) The county board of elections shall annually maintain software license and maintenance agreements necessary to maintain the warranty of its voting

system. A county board of elections may employ qualified personnel to maintain a voting system in lieu of entering into maintenance agreements necessary to maintain the warranty of its voting system. State Board of Elections is not required to provide routine maintenance to any county board of elections that does not maintain the warranty of its voting system. If the State Board of Elections provides any maintenance to a county that has not maintained the warranty of its voting system, the county shall reimburse the State for the cost. The State Board of Elections shall ~~annually~~ report annually by January 15 to the House and Senate Committees on Appropriations, to the Fiscal Research Division, to the Joint Legislative Oversight Committee on General Government, and to the Joint Legislative Commission on Governmental Operations on implementation of this subdivision. If requested by the county board of elections, the State Board of Elections may enter into contracts on behalf of that county under this subdivision, but such contracts must also be approved by the county board of elections. Any contract entered into under this subdivision shall be paid from non-State funds. Neither a county nor the State Board of Elections shall enter into any contract with any vendor for software license and maintenance agreements unless the vendor agrees to (i) operate a training program for qualification of county personnel under this subsection with training offered within the State of North Carolina and (ii) not dishonor warranties merely because the county is employing qualified personnel to maintain the voting system as long as the county:
…."

DEPARTMENT OF INSURANCE

SECTION 37.7.(a) G.S. 58-2-120 reads as rewritten:

"**§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.**

The Commissioner shall, from time to time, report to the Governor and ~~the General Assembly~~ the Joint Legislative Oversight Committee on General Government any change or changes that in the Commissioner's opinion should be made in the laws relating to insurance and other subjects pertaining to the Department."

SECTION 37.7.(b) G.S. 58-42-45 reads as rewritten:

"**§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.**

…

(b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38, the Commissioner shall provide copies of the notice to the Joint Regulatory Reform ~~Committee and to~~ Committee, the Joint Legislative Commission on Governmental ~~Operations.~~ Operations, and the Joint Legislative Oversight Committee on General Government. The Commissioner shall provide the ~~Committee~~ Committees and Commission with copies of any plan promulgated by or approved by the Commissioner under G.S. 58-42-1(1) or (2)."

SECTION 37.7.(c) G.S. 58-79-20 reads as rewritten:

"**§ 58-79-20. Inspection of premises; dangerous material removed.**

The Commissioner of Insurance, or the chief of fire department or chief of police where there is no chief of fire department, or the city or county building inspector, electrical inspector, heating inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of examination, to enter into and upon all buildings and premises in their jurisdiction. When any of such officers find in any building or upon any premises overcrowding in violation of occupancy limits established pursuant to the North Carolina State Building Code, combustible material or inflammable conditions dangerous to the safety of such building or premises they shall order the same to be removed or remedied, and this order shall be forthwith complied with by the owner or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,

appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be at once investigated by ~~his~~ the Commissioner's direction, and unless by ~~his~~ the Commissioner's authority the order of the officer above named is revoked it remains in force and must be forthwith complied with by the owner or occupant. The Commissioner of Insurance, fire chief, or building inspector, electrical inspector, heating inspector, or fire prevention inspector shall make an immediate investigation as to the presence of combustible material or the existence of inflammable conditions in any building or upon any premises under their jurisdiction upon complaint of any person having an interest in such building or premises or property adjacent thereto. The Commissioner may, in person or by deputy, visit any municipality or county and make such inspections alone or in company with the local officer. The Commissioner shall submit annually, as early as consistent with full and accurate preparation, and not later than the first day of June, a detailed report of ~~his~~ the Commissioner's official action under this Article, and it shall be embodied in ~~his~~ the report to the ~~General Assembly.~~Joint Legislative Oversight Committee on General Government."

SECTION 37.7.(d) G.S. 58-87-1 reads as rewritten:

"**§ 58-87-1. Volunteer Fire Department Fund.**

…

(c) Report. – The Commissioner must submit a written report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government within 60 days after the grants have been made. This report must contain the following:

…."

SECTION 37.7.(e) G.S. 58-87-5 reads as rewritten:

"**§ 58-87-5. Volunteer Rescue/EMS Fund.**

…

(e) Report. – The Commissioner must submit a written report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government within 60 days after the grants have been made. This report must contain the following:

…."

SECTION 37.7.(f) G.S. 58-92-15(n) reads as rewritten:

"(n) The Commissioner shall review the effectiveness of this section and report every three years to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government the Commissioner's findings, and if appropriate, recommendations for legislation to improve the effectiveness of this Article. The report and legislative recommendations shall be submitted no later than June 30 following the conclusion of each three-year period."

INDUSTRIAL COMMISSION

SECTION 37.8.(a) G.S. 97-78 reads as rewritten:

"**§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners, and other staff assistance; annual report.**

…

(e) No later than October 1 of each year, the Commission shall publish annually for free distribution a report of the administration of this Article, together with such recommendations as the Commission deems advisable. No later than October 1 of each year, the Commission shall submit this report to 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.~~General Government, the Senate Appropriations Committee on General Government and Information Technology, and the House Appropriations Committee on General Government.

(f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2022, the Commission shall prepare and implement a strategic plan for accomplishing all of the following:

…

(g) The Commission shall demonstrate its success in implementing its strategic plan under subsection (f) of this section by including all of the following in its annual report under subsection (e) of this section:

(1) The total number of claims made during the preceding ~~calendar~~ fiscal year, the total number of claims in which compliance was not timely made, and, for each claim, the date the claim was filed, the date by which compliance was required, the date of actual compliance, and any sanctions or other remedial action imposed by the Commission.

(2) The total number of requests for, and disputes involving, medical compensation under G.S. 97-25 in which final disposition was not made within 75 days of the filing of the motion with the Commission, and, for each such request or dispute, the date the motion or other initial pleading was filed, the date on which final disposition was ~~made and, where reasonably ascertainable, the date on which any ordered medical treatment was actually provided.~~made."

SECTION 37.8.(b) G.S. 143-788(b) reads as rewritten:

"(b) No later than October 1 of each year, the Section shall publish annually to the Office of the Governor and to the Joint Legislative Commission on Governmental Operations a report of the administration of this Article, together with any recommendations as the Section deems advisable. This report shall include, at a minimum, the number of reports of employee misclassification received, the number of cases referred to each State agency, the number and amount of back taxes, wages, benefits, penalties, or other monies ~~assessed,~~ assessed, and, where reasonably ascertainable, the amount of back taxes, wages, benefits, penalties, or other monies ~~collected, and the number of cases referred to each State agency.~~collected."

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

SECTION 37.9.(a) G.S. 144-9 reads as rewritten:

"**§ 144-9. Retirement of a flag of the United States of America or the State of North Carolina.**

…

(b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or otherwise damaged flag of the United States of America or the State of North Carolina from a citizen of the State and shall make arrangements for its respectful disposal. The Division shall establish a flag retirement program to encourage citizens to send in or drop off such flags at the Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and may establish other locations for flag drop-off as it deems appropriate. The Division shall advertise the flag retirement program on its Web site and by printed posters placed at all flag drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall report the number of flags received under the program to the Joint Legislative Committee on Governmental Operations.~~

…."

SECTION 37.9.(b) G.S. 143B-1300(a) reads as rewritten:

"(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee on General Government on the activities of the State Veterans Homes Program. This report shall contain an accounting of all monies received and expended, statistics on residents in the homes during the year, recommendations to the Secretary, the Governor, and the General Assembly as to the program, and such other matters as may be deemed pertinent."

SECTION 37.9.(c) G.S. 143B-1310 reads as rewritten:

"**§ 143B-1310. Commission established; purpose; transaction of business.**

…

(c) Transaction of Business. – The Commission shall meet, at a minimum, at least once during each quarter and shall provide a report on military affairs to the Secretary of Military and Veterans ~~Affairs and to the General Assembly~~ Affairs and the Joint Legislative Oversight Committee on General Government at least every six months. Prior to the start of a Regular Session of the General Assembly, the Commission shall report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government with recommendations, if any, for legislation. Priority actions or issues may be submitted at any time.

…."

DEPARTMENT OF REVENUE

SECTION 37.10. G.S. 105-256 reads as rewritten:

"**§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention progress.**

(a) Publications. – The Secretary shall prepare and publish the following:

…

(6) On an annual basis, a report on the quality of services provided to taxpayers through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer education. The report must be submitted to the Joint Legislative Commission on Governmental ~~Operations.~~Operations and the Joint Legislative Oversight Committee on General Government.

…

(8) By ~~January 1 and July 1~~ February 15 and August 15 of each year, a semiannual report on the Department's activities listed in this subdivision. The report must be submitted to the Joint Legislative Commission on Governmental ~~Operations~~ Operations, to the Joint Legislative Oversight Committee on General Government, and to the Revenue Laws Study Committee.

…."

SECRETARY OF STATE

SECTION 37.11.(a) G.S. 64-1.1 is repealed.

SECTION 37.11.(b) G.S. 147-54.5 reads as rewritten:

"**§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on use of the Fund.**

…

(f) Beginning January 1, 1997, the Department of the Secretary of State shall report annually to the ~~General Assembly's~~ Fiscal Research Division ~~and to~~ of the General Assembly, the Joint Legislative Commission on Governmental ~~Operations~~ Operations, and the Joint Legislative Oversight Committee on General Government on the expenditures from the Investor Protection and Education Trust Fund and on the effectiveness of investor awareness education efforts of the Department of the Secretary of State."

DEPARTMENT OF STATE TREASURER

SECTION 37.12.(a) G.S. 147-68 reads as rewritten:

"**§ 147-68. To receive and disburse moneys; to make reports.**

…

~~(d2) After consulting with the Select Committee on Information Technology and the Joint Legislative Commission on Governmental Operations and after consultation with and approval of the Information Resources Management Commission, the Department of State Treasurer may spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the Department's investment banking operations system, retirement payroll systems, and other~~

~~information technology infrastructure needs. The Department of State Treasurer shall report by January 1, 2001, and annually thereafter to the following regarding the amount and use of the departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs of the General Government Appropriations Subcommittees of both the House of Representatives and the Senate, and the Joint Legislative Committee on Information Technology.~~

…."

SECTION 37.12.(b) G.S. 147-69.2A reads as rewritten:

"**§ 147-69.2A. Investments; special funds held by the State Treasurer.**

…

(b) Organization and Reporting. – All documents of the Governor or the State Treasurer concerning the Fund are public records governed by Chapter 132 of the General Statutes and any applicable provisions of the General Statutes protecting confidential information.

The State Treasurer and the Governor shall jointly develop and adopt an investment policy statement for the Fund.

The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts of interests such that (i) the designees of the State Treasurer and Governor who selected the third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund, and (iii) the third-party investment management firm's employees selecting or overseeing Fund investments do not provide services for compensation (as an employee, consultant, or otherwise), within two years after the end of their service to the Fund, to any entity in which an investment from the Fund was made.

~~By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a report to the Governor, the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on investments made from the Fund and any return on investment. This report shall be made for the Fund in lieu of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).~~

…."

SECTION 37.12.(c) G.S. 147-69.12 reads as rewritten:

"**§ 147-69.12. Reporting on the State Treasurer's investment programs.**

(a) No later than the tenth day of February, May, August, and November of each year, the State Treasurer shall report on all investments for which the State Treasurer is in any way ~~responsible.~~ responsible, including investments made from the Escheat Fund and return on investment as provided in G.S. 147-69.2A. This report shall be made for the Escheat Fund in lieu of the report required by G.S. 147-69.8. The State Treasurer's quarterly report shall include each of the following:

…

(c) The Treasurer shall report to the Governor annually ~~and to the General Assembly at the beginning of each biennial session~~ the exact balance in the treasury to the credit of the State, with a summary of the receipts and payments of the treasury during the preceding fiscal year, and so far as practicable an account of the same down to the termination of the current calendar year.

…."

SECTION 37.12.(d) G.S. 147-86.45 is repealed.

SECTION 37.12.(e) G.S. 147-86.62 is repealed.

SECTION 37.12.(f) G.S. 147-86.84 is repealed.

EFFECTIVE DATE FOR PART

SECTION 37.13. This Part is effective when this act becomes law and applies to reports submitted on or after that date.

PART XXXVIII. INFORMATION TECHNOLOGY

DIT/GREAT ACT CHANGES

SECTION 38.1.(a) G.S. 143B-1373 reads as rewritten:

"**§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.**

(a) As used in this section, the following definitions apply:

…

(5) Eligible economically distressed ~~county.~~ area. – A county designated as a development tier one or tier two area, as defined in ~~G.S. 143B-473.08.~~ G.S. 143B-437.08, or a rural census tract, as defined in G.S. 143B-472.127(a)(2), located in any other county. For the purposes of this section, the tier designation that is in effect as of the beginning of a fiscal year shall be applied for all grants awarded for that fiscal year.

(6) Eligible project. – An eligible project is a discrete and specific project located in an unserved economically distressed area ~~of an economically distressed county~~ seeking to provide broadband service to homes, businesses, and community anchor points not currently served. Eligible projects do not include middle mile, backhaul, and other similar projects not directed at broadband service to end users. If a contiguous project area crosses from one eligible county into one or more eligible adjacent counties, for the purposes of this section, the project shall be deemed to be located in the county where the greatest number of unserved households are proposed to be served. ~~To qualify for an award under this section, no more than an incidental number of households or businesses, not to exceed ten percent (10%) of the total households or businesses within the boundaries of the project area submitted by the applicant, may have terrestrially deployed Internet access service with transmission speeds greater than 10 Mbps download and 1 Mbps upload.~~

…

(14) Unserved area. – A designated geographic area that is presently without access to broadband service, as defined in this section, offered by a wireline or fixed wireless provider. Areas where a private provider has been designated to receive funds through other ~~State~~ State- or federally funded programs designed specifically for broadband deployment shall be considered served if such funding is intended to result in construction of broadband in the area within 18 ~~months.~~months or for the duration of the federal funding program for that area, or if the funding recipient is otherwise in good standing with the funding agency's regulations governing the funding program.

…

(c) ~~Project areas comprised of census blocks, or portions thereof, within which a broadband provider is receiving matching funds to deploy broadband service within the next 18 months are ineligible for the GREAT program. It is essential for the Office to know the location of census blocks, or portions thereof, comprising these areas so it can determine project eligibility.~~ A private provider receiving ~~Universal Service or Connect America Phase II, or nonfederal~~ State or federal funds to deploy broadband service in unserved areas may qualify such area for protection by submitting ~~within 60 days of the application period~~ a listing of the census blocks, or portions thereof, comprising the State- or federally funded project areas ~~meeting this requirement and nothing more to~~ in a manner prescribed by the Office. ~~In future program years, the cutoff date for submitting this census block data shall be established by the Office, but shall be not less than 60 days prior to the beginning date of the application period. This will enable the office to update maps and advise applicants as to the unserved areas of the State that are eligible for consideration in that program year.~~ The Office shall only utilize this data to update maps of census blocks to reflect these census blocks, or portions thereof, as being served. Failure on the

part of a provider to submit the listing of census blocks by the cutoff date shall result in those areas being eligible for inclusion under this program during ~~the upcoming~~ subsequent program ~~year.~~ years. The Office shall use the census block data provided only for mapping of unserved areas. ~~Upon expiration of the 18-month reservation period described in this subsection,~~ A project area shall remain protected for a period of 18 months from the submission of the listing information required under this subsection; provided, however, a private provider that has received ~~a reservation of census blocks~~ protection for a project area shall submit written documentation by April 30 of the year following the program year that broadband deployment has begun or been ~~completed~~ completed, or is otherwise in good standing, in the census blocks, or portions thereof, that have been deemed ineligible by the Office ~~due to the existence of a federally funded project area.~~ under this subsection. Upon submission of documentation satisfactory to the Office, a protected project area shall remain protected until project completion. A project area where a private provider has forfeited or otherwise defaulted on an agreement in connection with receipt of funds to deploy broadband service shall be eligible for inclusion in this program in subsequent program years. Information provided to the Office pursuant to this subsection is not a public record, as that term is defined in G.S. 132-1.

…

(d1) An application submitted pursuant to this section shall include a project area map that provides location-specific data in a format required by the Office. A provider submitting an application pursuant to this section shall bear the burden of proof that the proposed area to be served can, in fact, be served using the proposed technology. The burden of proof may be satisfied by the submission of data, maps, and any other information satisfactory to the Office, demonstrating that the area and number of prospective broadband recipients proposed to be served can be provided the minimum upload and download speeds indicated in the application.

(e) Applications shall be made publicly available by posting on the Web site of the Department of Information Technology for a period of at least ~~30~~ 20 days prior to award. During the ~~30-day~~ 20-day period, any interested party may submit comments to the Secretary concerning any pending application. A broadband service provider ~~of broadband services~~ currently providing broadband service in a project area proposed in an application may submit a protest of any application on the grounds the proposed project covers an area that is ~~not an eligible~~ a protected area under subsection (c) of this ~~section.~~ section, or that the proposed project area contains ten percent (10%) or more of total households with access to broadband service as defined in this section. Protests shall be submitted in writing, accompanied by all credible and relevant supporting documentation, ~~and~~ including specific addresses, and detailed mapping demonstrating that the protesting broadband provider has installed infrastructure sufficient to provide broadband service to the specific addresses provided in the protest, along with an attestation that broadband service is available in the public right-of-way at the specific addresses indicated. The protest shall be considered by the Office in connection with the review of the application. Upon submission of evidence satisfactory to the Office that the proposed project area includes a protected area or prospective broadband recipients that are presently served, as measured using a methodology satisfactory to the Office, the Office may work with an applicant to amend an application to reduce the number of unserved prospective broadband recipients in the project area to reflect an accurate level of current broadband service. The Office may revise application scores in accordance with amended applications; however, the Office may reject any amended application resulting in a lower application score to the extent that the lower score would have impacted the ranking of the application in the initial scoring process. For applications with filed protests, the Secretary shall issue a written decision to the protesting party at least 15 days prior to the approval of that application. Following a protest that is granted for a portion of the application, the Office may release to an applicant the locations or areas declared ineligible. The information released to the applicant is not a public record, as that term is defined under G.S. 132-1, and shall remain confidential. Any provider submitting a protest shall verify that the

information in the protest is accurate and that the protest is submitted in good faith. The Office may deny any protest or application that contains inaccurate information.

As a means of resolving a protest, the Office may utilize speed tests to determine if the protested area or individual households or businesses currently have access to broadband service as defined in this section. The Department shall publish the speed test methodology it uses to assess speed levels pursuant to this section. All decisions regarding the speed test to be utilized and the manner by which the speed tests are applied shall be made by the Secretary or the Secretary's designee.

…

(g) Applications shall be scored based upon a system that awards a single point for criteria considered to be the minimum level for the provision of broadband service with additional points awarded to criteria that exceed minimum levels. The Office shall score project applications in accordance with the following:

(1) Partnership. – Projects ~~involving~~ proposing a partnership shall be given points in their application score. A proposed partnership shall (i) be in writing, (ii) provide the specific terms and conditions of the partnership, and (iii) be signed and attested to by the parties. A county or nonprofit may enter into proposed agreements with more than one applicant. For the purposes of scoring under this subdivision, ~~a county that provides a portion of the match required by this section or that has entered into an agreement with the applicant to~~ one point shall be given for a proposed partnership that will make available ~~its~~ existing infrastructure that has been installed for the ~~county's~~ partner's enterprise, nonconsumer broadband purposes, or any other property, buildings, or structures owned by the ~~county,~~ partner, for a proposed project under this ~~section shall be considered a partnership.~~ section. A county ~~may provide a portion of the~~ or nonprofit entity that proposes to provide a financial match ~~required by this section pursuant to G.S. 153A-349.60. Projects involving partnerships shall be given six points in their application score.~~shall be given one point. Notwithstanding Article 8 of Chapter 143 of the General Statutes, or any provision of law to the contrary, a county may use unrestricted general funds or federal funding allocated to it for the purpose of improving broadband infrastructure for a financial match. Funds received from the federal American Rescue Plan Act (P.L. 117-2) may not be used for the purposes of this subdivision. Nothing in this subdivision shall be deemed to authorize a county to provide broadband service.

…

(5) Cost per household or business. – The Office shall give additional points to projects that minimize the infrastructure cost of the proposed project per household or business, based upon information available to the Office. Points shall be given to projects based upon the estimated cost per household or business as follows:

a. For projects proposed in the Piedmont or Coastal Plain Regions:

Est. Cost per Household/Business	**~~Partnership Using Infrastructure~~**	**~~Private Provider Only~~Points**
Up to ~~$1,700~~$3,500	~~4~~	9
~~$1,701-2,200~~$3,500, up to $5,000	~~3~~	8
~~$2,201-2,700~~$5,000, up to $6,000	~~2~~	7
~~$2,701-3,200~~$6,000 and over	~~1~~	~~6~~0

b. For projects located in the Mountain Region:

Est. Cost per Household/Business	**~~Partnership Using Infrastructure~~**	**~~Private Provider Only~~Points**

Up to ~~$2,500~~$4,500	~~4~~	~~9~~
~~$2,501-3,300~~$4,500, up to $6,000	~~3~~	8
~~$3,301-3,800~~$6,000, up to $7,000	~~2~~	7
~~$3,801-4,300~~$7,000 and over	~~1~~	~~6~~0

(6) Base speed multiplier. – Projects that will provide minimum download and minimum upload speeds shall have the aggregate points given under subdivisions (1) through (5) of this subsection multiplied by a factor at the level indicated in the table below:

Minimum Download: **Minimum Upload**	**Score Multiplier**
~~25:3 Mbps. Up~~ Up to 100:10 Mbps.	1.35
100:10 Mbps. up to 200:20 Mbps.	1.75
200:20 Mbps. or greater.	2.00
100 Mbps., symmetrical.	3.00
Greater than 100:100 Mbps.	4.00

…

(i) **(Effective July 1, 2021)** Applications receiving the highest score shall receive priority status for the awarding of grants pursuant this section. As a means of breaking a tie for applications receiving the same score, the Office shall give priority to the application proposing to serve the highest number of new households at the lowest cost per household or business. Applicants awarded grants pursuant to this section shall enter into an agreement with the Office. The agreement shall contain all of the elements outlined in subsection (d) of this section and any other provisions the Office may require. The agreement shall contain a provision governing the time line and minimum requirements and thresholds for disbursement of grant funds measured by the progress of the project. For projects where the application includes a proposed partnership, the agreement shall contain a provision requiring a certification of the existence of the partnership prior to disbursement of grant funds. Grant funds shall be disbursed only upon verification by the Office that the terms of the agreement have been fulfilled according to the progress milestones contained in the agreement. At project completion, the grant recipient shall certify and provide to the Office evidence consistent with Federal Communications Commission attestation that either speeds greater than those identified in the application guidelines or the proposed upstream and downstream broadband speeds identified in the application guidelines, and for which a base speed multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project area prior to any end user connections. A single grant award shall not exceed ~~two~~ four million dollars ~~($2,000,000). No more than one grant may be awarded per fiscal year for a project in any one eligible economically distressed county; except that if~~ ($4,000,000). No combination of grant awards under this section involving any single county may exceed eight million dollars ($8,000,000) in a fiscal year. If funds remain available after all top scoring projects have been awarded a grant, then the next highest scoring projects may be awarded a grant even if the project is located in a county where a grant has been awarded in that fiscal year provided the total award associated with that county does not exceed ~~two~~ eight million dollars ~~($2,000,000)~~ ($8,000,000) in that fiscal year.

No more than one-half of the funds appropriated to the fund established in subsection (b) of this section shall be disbursed for eligible projects located in a development tier two or tier three county. If the Office has not received enough grant applications for projects located in a development tier one county to disburse one-half of the funds appropriated to the fund established in subsection (b) of this section as of March 1 of each year, then the Office may allocate any unencumbered funds in the fund for eligible projects located in a development tier two or tier three county.

Any project that is applied for and not funded in an award round under this section shall be eligible for funding under the Completing Access to Broadband program pursuant to G.S. 143B-1373.1.

(j) Grant recipients are required to provide matching funds based upon the application scoring pursuant to this section in the following minimum amounts:

Score	Matching Requirement
12.0 points or less	~~55%~~50%
Greater than 12.0 points, but less than 17.5 points	~~50%~~45%
17.5 points, up to 22.0 points	~~45%~~40%
Greater than 22.0 points	~~35%~~30%

Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of third-party funding including funds from other grant programs. Funds from the Universal Service Fund shall not be used for any portion of the required matching funds. Any other current or future federal funds may be used, including any future phase of the Connect America Fund, for the required matching funds within the parameters of this program.

…

(p) The Department may use up to one percent (1.0%) of ~~the~~ State funds appropriated ~~funds~~ each fiscal year to administer the ~~GREAT program.~~program established under this section."

SECTION 38.1.(b) This section is effective when it becomes law.

INTERNAL SERVICE FUND RATE SUBMISSION

SECTION 38.2. G.S. 143B-1333 reads as rewritten:

"**§ 143B-1333. Internal Service Fund.**

(a) The Internal Service Fund is established within the Department as a fund to provide goods and services to State agencies on a cost-recovery basis. The Department shall establish fees for subscriptions and chargebacks for consumption-based services. The Information Technology Strategic Sourcing Office shall be funded through a combination of administrative fees as part of the IT Supplemental Staffing contract, as well as fees charged to agencies using their services. The State CIO shall establish and annually update consistent, fully transparent, easily understandable fees and rates that reflect industry standards for any good or service for which an agency is charged. These fees and rates shall be prepared ~~by October 1 and shall be approved by the Office of State Budget and Management.~~ and submitted by the Department to the Office of State Budget and Management and Fiscal Research Division on the date agreed upon by the State Budget Director and the Department's Chief Financial Officer. The rates shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall ensure that State agencies have the opportunity to adjust their budgets based on any rate or fee changes prior to submission of those budget recommendations to the General Assembly. The approved Information Technology Internal Service Fund budget and associated rates shall be included in the Governor's budget recommendations to the General Assembly.

(b) Repealed by Session Laws 2016-94, s. 7.4(d), effective July 1, 2016.

(c) Receipts shall be used solely for the purpose for which they were collected. In coordination with the Office of the State Controller and the Office of State Budget and Management, the State CIO shall ensure processes are established to manage federal receipts, maximize those receipts, and ensure that federal receipts are correctly utilized."

CYBERSECURITY REPORTING

SECTION 38.3.(a) The Department of Information Technology shall develop a plan for its use of funds received for cybersecurity purposes. In developing the cybersecurity plan, the Department shall include the following:

(1) A summary of all cybersecurity funds received and how those funds have been utilized, current gaps in funding, and how prospective funding will be spent.
(2) The scope of activities and services planned to do the following:
a. Reduce the risks of cybersecurity incidents and significant cybersecurity incidents in the State.
b. Mitigate and address cybersecurity incidents and significant cybersecurity incidents that have occurred.
c. Support business application modernization efforts.
d. Provide continuous monitoring of critical applications and maintain federal and State compliance requirements.
(3) Potential funding, partnerships, and other resources available to the Department to assist in its role of preventing, mitigating, and addressing cybersecurity issues in the State.

SECTION 38.3.(b) The Department shall submit the cybersecurity plan outlined in this section to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on or before February 1, 2022.

STATE RECOVERY FUNDS/BROADBAND GRANTS

SECTION 38.4.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Information Technology for broadband infrastructure grants, and in accordance with applicable federal guidelines, the Department of Information Technology shall administer broadband infrastructure grants through the Growing Rural Economies with Access to Technology (G.R.E.A.T.) grant program. Grant applications shall be submitted and grant funds shall be awarded pursuant to G.S. 143B-1373, with the exception of the following:

(1) The definition of "eligible economically distressed county" in G.S. 143B-1373(a) shall mean a county designated as a development tier one or tier two area, as defined in G.S. 143B-437.08, or a rural census tract, as defined in G.S. 143B-472.127(a)(2), located in any other county. For the purposes of this subdivision, the tier designation that is in effect as of the beginning of a fiscal year shall be applied for all grants awarded for that fiscal year. With the exception of funds expended under this section or under G.S. 143B-1373.1, as enacted by Section 38.6(a) of this act, a county that has utilized federal funding for broadband infrastructure on or after May 1, 2021, shall be ineligible.
(2) The definition of "eligible project" in G.S. 143B-1373(a) shall be a discrete and specific project located in an unserved economically distressed area seeking to provide broadband service to homes, businesses, and community anchor points not currently served. Eligible projects do not include middle mile, backhaul, and other similar projects not directed at broadband service-to-end users. If a contiguous project area crosses from one eligible county into one or more eligible adjacent counties, for the purposes of this section, the project shall be deemed to be located in the county where the greatest number of unserved households are proposed to be served.
(3) The financial contribution restrictions for partnerships in G.S. 143B-1373(a)(11a) are removed.
(4) The definition of "unserved area" in G.S. 143B-1373(a) shall be a designated geographic area that is presently without access to broadband service, as defined in G.S. 143B-1373(a), or where internet access service does not meet the definition of broadband service. Areas where a private provider has been designated to receive funds through other State- or federally funded programs

designed specifically for broadband deployment shall be considered served if such funding is intended to result in construction of broadband in the area within 18 months or for the duration of the federal funding program for that area or if the funding recipient is otherwise in good standing with the funding agency's regulations governing the funding program.

(5) The provisions of G.S. 143B-1373(c) are replaced with the following:
A private provider receiving State or federal funds to deploy broadband service in unserved areas may qualify such area for protection by submitting a listing of the census blocks, or portions thereof, comprising the State- or federally funded project areas in a manner prescribed by the Office. The Office shall only utilize this data to update maps of census blocks to reflect these census blocks, or portions thereof, as being served. Failure on the part of a provider to submit the listing of census blocks by the cutoff date shall result in those areas being eligible for inclusion under the G.R.E.A.T. grant program during subsequent program years. The Office shall use the census block data provided only for mapping of unserved areas. A project area shall remain protected for a period of 18 months from the submission of the listing information required under this subdivision; provided, however, a private provider that has received protection for a project area shall submit written documentation by April 30 of the year following the program year that broadband deployment has begun, been completed, or is otherwise in good standing, in the census blocks, or portions thereof, that have been deemed ineligible by the Office under this subsection. Upon submission of documentation satisfactory to the Office, a protected project area shall remain protected until project completion. A project area where a private provider has forfeited or otherwise defaulted on an agreement in connection with receipt of funds to deploy broadband service shall be eligible for inclusion in this program in subsequent program years. Information provided to the Office pursuant to this subdivision is not a public record, as that term is defined in G.S. 132-1.

(6) The provisions of G.S. 143B-1373(d1) are replaced with the following:
An application submitted pursuant to this section shall include a project area map that provides location-specific data in a format required by the Office. A provider submitting an application pursuant to this section shall bear the burden of proof that the proposed area to be served can, in fact, be served using the proposed technology. The burden of proof may be satisfied by the submission of data, maps, and any other information satisfactory to the Office demonstrating that the area and number of prospective broadband recipients proposed to be served can be provided the minimum upload and download speeds indicated in the application.

(7) The provisions in G.S. 143B-1373(e) are replaced with the following:
Applications shall be made publicly available by posting on the website of the Department of Information Technology for a period of at least 20 days prior to award. During the 20-day period, any interested party may submit comments to the Secretary concerning any pending application. A broadband service provider currently providing broadband service in a project area proposed in an application may submit a protest of any application on the grounds the proposed project covers an area that is a protected area under subsection (c) of this section or that the proposed project area contains ten percent (10%) or more of total households with access to broadband service as defined in this section. Protests shall be submitted in writing, accompanied

by all credible and relevant supporting documentation, including specific addresses, and detailed mapping demonstrating that the protesting broadband provider has installed infrastructure sufficient to provide broadband service to the specific addresses provided in the protest, along with an attestation that broadband service is available to the exterior of the structure at the specific addresses indicated. The protest shall be considered by the Office in connection with the review of the application. Upon submission of evidence satisfactory to the Office that the proposed project area includes a protected area or prospective broadband recipients that are presently served, as measured using a methodology satisfactory to the Office, the Office may work with an applicant to amend an application to reduce the number of unserved prospective broadband recipients in the project area to reflect an accurate level of current broadband service. The Office may revise application scores in accordance with amended applications; however, the Office may reject any amended application resulting in a lower application score to the extent that the lower score would have impacted the ranking of the application in the initial scoring process. For applications with filed protests, the Secretary shall issue a written decision to the protesting party at least 15 days prior to the approval of that application. Following a protest that is granted for a portion of the application, the Office may release to an applicant the locations or areas declared ineligible. The information released to the applicant is not a public record, as that term is defined under G.S. 132-1, and shall remain confidential. Any provider submitting a protest shall verify that the information in the protest is accurate and that the protest is submitted in good faith. The Office may deny any protest or application that contains inaccurate information.

As a means of resolving a protest, the Office may utilize speed tests to determine if the protested area or individual households or businesses currently have access to broadband service as defined in this section. The Department shall publish the speed test methodology it uses to assess speed levels pursuant to this section. All decisions regarding the speed test to be utilized and the manner by which the speed tests are applied shall be made by the Secretary or the Secretary's designee.

(8) The partnership scoring provision in G.S. 143B-1373(g)(1) is replaced with the following:

Projects proposing a partnership shall be given points in their application score. A proposed partnership shall (i) be in writing, (ii) provide the specific terms and conditions of the partnership, and (iii) be signed and attested to by the parties. A county or nonprofit may enter into proposed agreements with more than one applicant. For the purposes of scoring under this subdivision, one point shall be given for a proposed partnership that will make available existing infrastructure that has been installed for the partner's enterprise, nonconsumer broadband purposes, or any other property, buildings, or structures owned by the partner, for a proposed project under this section. A county or nonprofit entity that proposes to provide a financial match shall be given one point. Notwithstanding Article 8 of Chapter 143 of the General Statutes, or any provision of law to the contrary, a county may use unrestricted general funds or federal American Rescue Plan Act (P.L. 117-1) funds allocated to it for the purpose of improving broadband infrastructure for a financial match. An applicant shall receive two additional points for a proposed partnership where the county's financial match is comprised entirely from federal American Rescue Plan Act (P.L. 117-2) funds intended for

broadband infrastructure. Nothing in this subdivision shall be deemed to authorize a county to provide broadband service. For projects where the application includes a proposed partnership, the agreement shall contain a provision requiring a certification of the existence of the partnership prior to disbursement of grant funds.

(9) The scoring model measures contained in G.S. 143B-1373(g)(5) are replaced with the following:

a. For projects proposed in the Piedmont or Coastal Plain Regions:

Est. Cost per Household/Business	**Points**
Up to $3,500	9
$3,500, up to $5,000	8
$5,000, up to $6,000	7
$6,000 and over	0

b. For projects located in the Mountain Region:

Est. Cost per Household/Business	**Points**
Up to $4,500	9
$4,500, up to $6,000	8
$6,000, up to $7,000	7
$7,000 and over	0

(10) The base speed multiplier provided in G.S. 143B-1373(g)(6) shall be administered as follows:

Minimum Download: Minimum Upload	**Score Multiplier**
100:20 Mbps. or greater.	1.00
100 Mbps., symmetrical	2.00
Greater than 100:100 Mbps.	3.00

An applicant proposing minimum download and minimum upload speeds of less than 100 Mbps., symmetrical, shall provide an attestation to the Office that, upon project completion, the completed infrastructure will be scalable to a minimum of 100 Mbps. download and 100 Mbps. upload on or before December 31, 2026, subject to the return of all federal American Rescue Plan Act (P.L. 117-2) funds received under this section and all of the grant forfeiture provisions in G.S. 143B-1373(*l*).

(11) Additional points shall be awarded to counties providing a portion of a project's matching funds entirely from federal American Rescue Plan Act (P.L. 117-2) funds the county received directly from the federal government. For counties that received an aggregate of eight million dollars ($8,000,000) or more directly from the federal government, the following points shall be added to the application score:

County Match	**Points**
$1,000,000, up to $2,000,000	1
$2,000,000, up to $4,000,000	2
$4,000,000, up to $6,000,000	3
$6,000,000, up to $8,000,000	4
$8,000,000, or greater	5

For counties that (i) received less than an aggregate of eight million dollars ($8,000,000) directly from the federal government from the American Rescue Plan Act (P.L. 117-2) and (ii) are providing a portion of a project's matching funds using the entirety of the federal funds the county received, together with

any other unrestricted general fund monies, if needed, the following points shall be added to the application score:

County Match	Points
$250,000, up to $6,000,000	6
$6,000,000, up to $8,000,000	7

(12) The grant limitation amounts in G.S. 143B-1373(i) are changed as follows: A single grant award shall not exceed four million dollars ($4,000,000). No combination of grant awards involving any single county may exceed eight million dollars ($8,000,000) in a fiscal year. Any project that is applied for and not funded in an award round under this section shall be eligible for funding under the Completing Access to Broadband program pursuant to G.S. 143B-1373.1.

(13) The provisions of G.S. 143B-1373(j) are replaced with the following: Grant recipients are required to provide matching funds based upon the application scoring pursuant to this section in the following minimum amounts:

Score	Matching Requirement
12.0 points or less	50%
Greater than 12.0 points, but less than 17.5 points	45%
17.5 points, up to 22.0 points	40%
Greater than 22.0 points	30%

Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of third-party funding, including funds from other grant programs or federal funds, to the extent applicable rules permit. A grant recipient receiving a portion of matching funds from a county, where the county portion of matching funds is partially comprised of federal American Rescue Plan Act (P.L. 117-2) funding, may have the grant recipient's portion of the matching requirement imposed under this subdivision reduced to a maximum of twenty-five percent (25%). A grant recipient receiving a portion of matching funds from a county, where the county portion of matching funds is entirely comprised of federal American Rescue Plan Act (P.L. 117-2) funding, may have the grant recipient's portion of the matching requirement imposed under this subdivision reduced to a maximum of fifteen percent (15%).

SECTION 38.4.(b) The Department of Information Technology shall utilize a portion of the administrative funds authorized in this Part for legal and appraisal services needed to assist the Department of Administration in administering the provisions of G.S. 146-29.2(b1). The Department of Administration shall utilize all available resources to prioritize the review and disposition of requests for collocation, installation, and operation of equipment for broadband providers receiving grants under this Part.

STATE RECOVERY FUNDS/BROADBAND STOPGAP SOLUTIONS

SECTION 38.5. The Department of Information Technology shall use the funds appropriated in this act from the State Fiscal Recovery Fund 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 in this State. The Department shall ensure that grant funds are awarded and utilized in compliance with applicable federal guidelines. No more than ten percent (10%) of the funds described in this section may be granted for broadband projects located in any single county.

COMPLETING ACCESS TO BROADBAND PROGRAM

SECTION 38.6. Article 15 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-1373.1. Completing Access to Broadband program.**

(a) As used in this section, the following definitions apply:

(1) Broadband service. – Terrestrially deployed internet access service with transmission speeds of at least 25 megabits per second (Mbps) download and at least 3 megabits per second upload (25:3).

(2) Department. – The Department of Information Technology.

(3) Eligible area. – An area that is unserved or underserved in a county. A county that has utilized federal funding for broadband infrastructure projects on or after May 1, 2021, is not eligible.

(4) Office. – The Broadband Infrastructure Office within the Department of Information Technology.

(5) Project area. – An eligible area that is jointly determined by a requesting county and the Broadband Infrastructure Office within the Department of Information Technology as requiring project funding under this section to further complete the deployment of broadband service in the county.

(6) Unserved or underserved. – A location within a county that has no deployment of broadband service or that has internet access service that does not meet the definition of broadband service. Areas where a private provider has been designated to receive funds through other State- or federally funded programs designed specifically for broadband deployment shall be considered served if such funding is intended to result in construction of broadband in the area within 18 months or for the duration of the federal funding program for that area, or if the funding recipient is otherwise in good standing with the funding agency's regulations governing the funding program.

(b) The Completing Access to Broadband Fund (CAB Fund) is established as a special revenue fund in the Department of Information Technology. The Secretary may award grants from the CAB Fund projects meeting the criteria established under this section. State funds appropriated to this Fund shall be considered an information technology project within the meaning of G.S. 143C-1-2. The Office shall establish procedures in accordance with this section that allow every county in the State to participate in the Completing Access to Broadband program. Monies awarded from the CAB Fund shall be used for infrastructure and infrastructure costs, as those terms are defined in G.S. 143B-1373(a). The State shall not be obligated for funds committed for project costs from the CAB Fund in excess of those sums appropriated by the General Assembly to the CAB Fund.

(c) In collaboration with the Broadband Infrastructure Office, a county may request funding under this section for either a defined eligible project area that is mutually identified by the county and the Office or for a project that was not awarded a grant in the most recent round of grant awards under G.S. 143B-1373. All identified projects shall be subject to the bid process requirements in this subsection. In selecting project areas to receive funding, the Office shall give priority to eligible areas that a county has requested funding for based upon utilizing the Office's Community Broadband Planning Playbook and those counties that meet the criteria established in subsection (e) of this section. The Department shall utilize its authority under Part 4 of this Article to develop competitive bid processes for the procurement of the construction, installation, and operation of broadband infrastructure. Notwithstanding Article 8 of Chapter 143 of the General Statutes, or any other provision of law to the contrary, the Department may delegate to a county the authority to select a provider for the project area in accordance with Part 4 of this Article. The Department shall reserve the authority to approve the selection of a county pursuant

to this subsection. Unless the county has bid processes acceptable to the Office, the Office shall utilize customizable forms and procedures developed by the Department for the purposes of this subsection. Selections made pursuant to this subsection are not subject to the Department's administrative review authority under Article 3A of Chapter 150B of the General Statutes or the Department's administrative rules regarding information technology bid protests and contested case procedures. Selection of project areas shall be subject to the protections provided in G.S. 143B-1373(c). In conjunction with the bid process, a proposed project area shall be posted on the Department's website for a period of at least 10 days. Upon submission of credible evidence, a broadband service provider may request a project scope adjustment to the Office in accordance with G.S. 143B-1373(e). Upon a finding that the evidence submitted by the broadband service provider is credible, the Office shall work with the county to amend the scope of the project. The Office shall develop and administer any agreement entered into pursuant to this section. Nothing in this subsection shall be deemed to grant authority for a county to own, operate, or otherwise control broadband infrastructure contracted for under this section.

(d) A broadband service provider selected for a project under this section may provide up to thirty percent (30%) of the total estimated project cost. The Office may commit up to thirty-five percent (35%) of the total estimated project cost from monies in the CAB Fund. The county requesting the project shall be responsible for at least thirty-five percent (35%) of the total estimated project cost and shall utilize federal American Rescue Plan Act (P.L. 117-2) funds or nonrestricted general funds for that purpose. In the event CAB Fund monies are insufficient to fund a project, a county may increase its share of the total estimated project cost, or the Office may adjust the scope of the project to meet the level of available funding. No county may receive more than four million dollars ($4,000,000) in aggregate funding from the CAB Fund in any single fiscal year.

(e) Notwithstanding the project cost responsibility allocations in subsection (d) of this section, for a county receiving from the federal government less than an aggregate of eight million dollars ($8,000,000) in federal American Rescue Plan Act (P.L. 117-2) funds, a broadband service provider selected for a project shall provide not less than fifteen percent (15%) of the total estimated project cost. If a broadband service provider provides more than fifteen percent (15%) of the total estimated project cost, the State and county cost responsibilities shall be equally apportioned. The following cost responsibility allocations for counties meeting the requirements of this subsection and the State apply:

Direct Federal Funds Received	**County Responsibility**	**State Responsibility**
$250,000, up to $4,000,000	5%, minimum	Up to 80%
$4,000,000, up to $8,000,000	10%, minimum	Up to 75%

(f) A broadband service provider selected for a project under this section shall enter into an agreement with the Office that shall include the project description, time lines, benchmarks, proposed broadband speeds, and any other information and documentation the Office deems necessary. All proposed broadband speeds must meet or exceed the federal guidelines for use of American Rescue Plan Act (P.L. 117-2) funds. Upon execution of an agreement, the county shall provide its portion of the total estimated project costs to the Office to be combined with CAB Funds awarded for the project and placed in a separate project account. The Office shall provide project oversight, and, upon completion of established benchmarks in the project agreement, the Office shall disburse funds from the project account to the broadband service provider. The forfeiture provisions in G.S. 143B-1373(*l*) shall apply to agreements entered into under this section."

EXPANSION OF THE G.R.E.A.T. PROGRAM FOR FIXED WIRELESS AND SATELLITE BROADBAND GRANTS

SECTION 38.7.(a) Article 15 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-1373.1. G.R.E.A.T. program fixed wireless and satellite broadband grants.**

(a) The following definitions apply in this section:

(1) Broadband service. – Internet access service provided by low-orbit geostationary satellites or fixed wireless networks with (i) a latency of 500 milliseconds or less and (ii) transmission speeds that are equal to or greater than the requirements for the minimum performance tier, as provided by the Federal Communications Commission in Paragraph 39 of the report and order adopted January 30, 2020, and released February 7, 2020.

(2) Equipment. – The antenna and any necessary hardware provided by a broadband service provider to a subscriber that enables the subscriber to connect to the broadband service. The term does not include a modem.

(3) Fixed wireless provider. – A broadband service provider that provides internet access to a subscriber via fixed antenna that receives a radio link from the provider's network to the subscriber.

(4) Grantee. – A broadband provider that has been awarded a grant pursuant to this section.

(5) Office. – The Broadband Infrastructure Office in the Department of Information Technology.

(6) Satellite broadband provider. – A broadband service provider that provides Internet access directly to consumers via satellite technology.

(7) Secretary. – The Secretary of the Department of Information Technology.

(8) Unserved household. – A household located in this State that does not have access to broadband service from a wireline or wireless service provider. A household that is included in an area where a grant from the Growing Rural Economies with Access to Technology (GREAT) program pursuant to G.S. 143B-1373 has been awarded is not eligible for a grant under this section.

(b) Applications for grants will be submitted at times designated by and on forms prescribed by the Secretary. Notwithstanding any other provision of law, if the Secretary deems some of the information in an application to contain proprietary information, the Secretary may provide that such information is not a public record, as that term is defined in G.S. 132-1, subject to public records or other laws requiring the disclosure of such information and have that portion of the application redacted. An application shall include, at a minimum, the following information:

(1) The identity of the applicant.

(2) The specific address of the subscriber.

(3) A description of the services provided, including the upstream and downstream broadband speeds delivered, latency metrics, and any applicable data caps. Any applicant proposing a data cap below 150 Gigabytes of usage per month shall also provide justification to the satisfaction of the Office that the proposed cap is in the public interest and consistent with industry standards.

(4) The cost to be charged to the unserved household for the equipment needed to connect to the broadband service for the next two years.

(5) Evidence of a contract with the subscriber, including the amount charged for the equipment and the installation of the equipment, necessary for providing broadband service to the subscriber.

(6) The terms and conditions imposed upon the subscriber, including restrictions on use and possession of equipment used for broadband service connection.

(7) Any other information or supplementary documentation requested by the Office.

(c) The Office shall determine eligibility for a grant pursuant to this section based upon the information provided in the application of a broadband service provider and any other information or supplementary documentation requested by the Office. As a measurement of the provision of broadband equipment to an unserved household, the Office shall award grants to applicants that demonstrate the provision of equipment that has provided broadband service to an unserved household. The Office shall provide grants to eligible broadband service providers for providing broadband service equipment to unserved households as follows:

(1) Up to one thousand one hundred dollars ($1,100) for the provision of satellite broadband equipment to any single unserved household, or up to seven hundred dollars ($700.00) for the provision of fixed wireless broadband equipment to any single unserved household, providing broadband speeds of 50 megabits per second download and 3 megabits per second upload or greater.

(2) Up to seven hundred dollars ($700.00) for the provision of satellite broadband equipment to any single unserved household, or up to five hundred dollars ($500.00) for the provision of fixed wireless broadband equipment to any single unserved household, providing less than 50 megabits per second download and 3 megabits per second upload.

The grants awarded by the Office shall not exceed the cost of the broadband provider's equipment, including any installation costs, necessary to provide broadband service to the unserved household.

(d) Eligibility for a grant award is dependent upon the household maintaining broadband service with the grantee for at least 24 consecutive months. No grant shall be awarded for providing broadband service at an address that the Office has previously awarded a grant under this section. A grantee shall submit documentation to the Office annually that will provide information sufficient for the Office to verify eligibility of subscriptions, including that the household was unserved. Payment of grant funds is subject to documentation showing eligibility of subscriptions.

(e) The Office shall require a grantee to enter into an agreement. The agreement shall contain at least all of the following:

(1) An address of the household subscribing for broadband service for which the grant is sought.

(2) A provision that requires the grantee to maintain its service for the subscriber for at least 24 consecutive months.

(3) A provision establishing the conditions under which the grant agreement may be terminated and under which grant funds may be recaptured by the Office.

(4) A provision stating that unless the agreement is terminated pursuant to its terms, the agreement is binding and constitutes a continuing contractual obligation of the State and the grantee.

(5) A provision that establishes any allowed variation in the terms of the agreement that will not subject the grantee to grant reduction, amendment, or termination of the agreement.

(6) A provision describing the manner in which the amount of the grant will be measured and administered to ensure compliance with the agreement and this section.

(7) A provision stating that any recapture of a grant and any reduction in the amount of the grant or the term of the agreement must, at a minimum, be proportional to the failure to comply measured relative to the condition or criterion with respect to which the failure occurred.

(8) A provision describing the methodology the Office will use to verify subscriptions and the types of information required to be submitted by the grantee.

(9) A provision stating that the grantee may not impose data caps upon any eligible subscription, for the term of the agreement.

(10) A provision stating that the equipment necessary for a subscriber to receive broadband service from the grantee shall be deemed a fixed asset upon the property of the eligible subscription and shall transfer with the property to any successors.

(11) Any other provision the Office deems necessary.

(f) If the grantee fails to meet or comply with any condition or requirement set forth in an agreement, the Office shall reduce the amount of the grant or the term of the agreement, may terminate the agreement, or both. The reduction in the amount or the term must, at a minimum, be proportional to the failure to comply measured relative to the condition with respect to which the failure occurred. If the Office finds that the grantee has manipulated or attempted to manipulate data with the purpose of increasing the amount of a grant, the Office shall immediately terminate the agreement and take action to recapture any grant funds disbursed in any year in which the Office finds the grantee manipulated or attempted to manipulate data with the purpose of increasing the amount of a grant.

(g) The grantee shall certify and provide to the Office evidence consistent with a Federal Communications Commission attestation that the proposed minimum upstream and minimum downstream broadband speeds and latency metrics identified in the application guidelines are and will be available throughout the project area during the term of the agreement prior to any end user connections. A grantee may receive a disbursement of a grant only after the Office has certified that the grantee has met the terms and conditions of the agreement. A grantee shall submit a certification of compliance with the agreement to the Office. The Office shall require the grantee to provide any necessary evidence of compliance to verify that the terms of the agreement have been met.

(h) The Office shall require that a grantee offer the proposed advertised minimum download and minimum upload speeds and subscription cost identified in the application for the duration of the 24 consecutive months provided in the agreement. Upon request, a grantee shall provide to the Office evidence consistent with a Federal Communications Commission attestation that the grantee is making available the proposed advertised speed, or a faster speed, as contained in the grant agreement."

SECTION 38.7.(b) The Department may utilize up to one million dollars ($1,000,000) in funds appropriated to the Growing Rural Economies with Access to Technology Fund established in G.S. 143B-1373(b) for grants awarded under this section.

SECTION 38.7.(c) This section becomes effective July 1, 2022.

BROADBAND MAPPING

SECTION 38.8.(a) G.S. 143B-1321 reads as rewritten:

"**§ 143B-1321. Powers and duties of the Department; cost-sharing with exempt entities.**

(a) The Department shall have the following powers and duties:

…

(34) Prepare and maintain statewide broadband maps incorporating current and future federal data along with State data collected by the Department or provided to the Department from other sources to identify the capabilities and needs related to broadband distribution and access and serve as the sole source provider of broadband mapping for State agencies.

…."

SECTION 38.8.(b) G.S. 143B-1370 reads as rewritten:

"**§ 143B-1370. Communications services.**

(a) The State CIO shall exercise authority for telecommunications and other communications included in information technology relating to the internal management and operations of State agencies. In discharging that responsibility, the State CIO shall do the following:

…

(5) Provide for the establishment, management, and operation, through either State ownership, by contract, or through commercial leasing, of the following systems and services as they affect the internal management and operation of State agencies:

a. Central telephone systems and telephone networks, including Voice over Internet Protocol and Commercial Mobile Radio Systems.
b. Satellite services.
c. Closed-circuit TV systems.
d. Two-way radio systems.
e. Microwave systems.
f. Related systems based on telecommunication technologies.
g. The "State Network," managed by the Department, which means any connectivity designed for the purpose of providing Internet Protocol transport of information for State agencies.
h. ~~Broadband.~~Broadband, including serving as the sole source of agency broadband maps.

…."

SECTION 38.8.(c) G.S. 143B-1373 reads as rewritten:

"**§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.**

…

(m) The Office of Broadband Infrastructure in the Department of Information Technology (Office) shall be the designated agency for receipt and disbursement of federal grant funds intended for the State for broadband expansion and shall seek available federal grant funds for that purpose. All federal grant funds received for the purpose of broadband expansion shall be disbursed in accordance with this section. The Office shall serve as the designated agency for the receipt of all State, federal, and private grants, gifts, or matching funds for broadband mapping, as provided by G.S. 143B-1370(a)(5)h. Funds received under this subsection shall remain unexpended until appropriated by an act of the General Assembly.

…."

FACILITATION OF BROADBAND DEPLOYMENT

SECTION 38.9.(a) Article 15 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"**§ 160A-296.1. Facilitation of broadband deployment.**

(a) Except as provided in G.S. 160D-935, a city shall issue a written decision to approve or deny an application for a permit or encroachment to conduct activities in the city's rights-of-way that has been submitted by an entity deploying broadband service, as defined in G.S. 143B-1373(a), within 30 days of the submission of the application. If a written decision has not been issued within the 30-day period, the application shall be deemed approved by the city. An application submitted pursuant to this section shall include information concerning the identity of the applicant and any contractors for the applicant, the type of installation and related facilities to be installed, the proposed construction time line, and the location or address of the proposed construction or installation. A city may deny an application that fails to meet reasonable guidelines established pursuant to this section and shall provide the reasons for denial to the applicant. An applicant may cure the deficiencies identified in the application denial and resubmit

a revised application at no additional cost to the applicant. A city shall review only the portion of a resubmitted application relating to the deficiencies initially identified and shall approve or deny the resubmitted application within 10 days of resubmission. A city shall include a method to designate applications submitted pursuant to this section as being submitted by an entity deploying broadband service.

(b) In administering the provisions of this section, a city may do the following:

(1) Determine reasonable guidelines for the installation of facilities in the city's rights-of-way to prevent any activities from interfering with or endangering public use of city streets.

(2) Require an applicant to promptly repair any damage caused by the applicant or an agent of the applicant.

(3) Require that an applicant execute an affidavit evidencing financial responsibility or obtain commercially reasonable insurance that demonstrates adequate resources to repair any damage caused by the applicant or an agent of the applicant.

A city may not impose additional conditions or requirements on an applicant beyond those listed in this subsection. A city may not require an entity that has been issued a valid certificate of public convenience by the Public Utilities Commission or a franchise to provide video programming services issued by the Secretary of State to enter into a master encroachment agreement or other similar agreement as a condition of approval of an application under this section."

SECTION 38.9.(b) This section is effective when it becomes law.

BROADBAND ACCELERATION

SECTION 38.10.(a) G.S. 153A-459 reads as rewritten:

"**§ 153A-459. ~~Authorization to provide grants.~~County broadband acceleration.**

A county may provide grants to unaffiliated ~~qualified~~ private or nonprofit providers of ~~high-speed Internet access service,~~ broadband service, as that term is defined in ~~G.S. 160A-340(4),~~ G.S. 143B-1373(a)(2), for the purpose of expanding broadband service in unserved areas ~~for economic development~~ in the county. The grants shall be awarded on a technology neutral basis, shall be open to ~~qualified applicants,~~ all private or nonprofit providers of broadband service, and may require matching funds by the private ~~provider.~~ or nonprofit providers. A county shall seek and consider requests for proposal from ~~qualified private~~ providers ~~within the county~~ prior to awarding a broadband grant and shall use reasonable means to ensure that potential applicants are made aware of the ~~grant, including, at a minimum, compliance with the notice procedures set forth in G.S. 160A-340.6(c).~~ grant; provided, however, a county is not required to seek and consider requests for proposal when providing financial or other support in connection with an application from a private provider for a broadband service grant under G.S. 143B-1373. The county ~~shall~~ may use ~~only unrestricted~~ general fund revenue as well as State or federal funds for the grants. ~~For the purposes of this section, a qualified private provider is a private provider of high-speed Internet access service in the State prior to the issuance of the grant proposal.~~ For purposes of this section, the term "unserved area" has the same meaning as in G.S. 143B-1373(a)(14). For any grants awarded pursuant to this section after the date this section becomes effective, the term "unserved area" shall not include any location where a private provider has been designated to receive funds through State- or federally funded programs designed specifically for broadband service deployment if the recipient of the funding is in good standing with the grantor agency's requirements regarding construction build-out and time lines. Nothing in this section authorizes a county to provide high-speed Internet broadband service."

SECTION 38.10.(b) The Broadband Pole Replacement Program (hereinafter "Program") is hereby established for the purpose of speeding and facilitating the deployment of broadband service to individuals, businesses, agricultural operations, and community access

points in unserved areas by reimbursing a portion of eligible pole replacement costs incurred by communications service providers. A communications service provider who pays or incurs the costs of removing and replacing an existing pole in connection with a qualified project may apply to the Department for reimbursement in an amount equal to fifty percent (50%) of eligible pole replacement costs paid or incurred by the applicant or ten thousand dollars ($10,000), whichever is less, for each pole replaced.

SECTION 38.10.(c) The funds appropriated in this act for the Program shall be held by the Department in a special fund and shall not revert to the General Fund but shall remain available to reimburse communications service providers as authorized in this section until December 30, 2026, provided that reimbursements shall comply with applicable federal guidelines for the use of these recovery funds. The Department may use up to one percent (1%) of the funds appropriated for the Program, not to exceed the total sum of one hundred thousand dollars ($100,000) in each fiscal year, to administer the Program. The Department shall issue guidelines for the implementation of the Program and shall take all actions necessary to obtain access to the Coronavirus Capital Projects Fund for such purpose, including applying for such funding to the United States Treasury and promulgating any additional program requirements required by the United States Treasury as a condition of obtaining access to such funding.

SECTION 38.10.(d) Each applicant for reimbursement under the Program shall provide the following in a form specified by the Department:

(1) Information sufficient to establish the number, cost, and eligibility of pole replacements and the identity of the communications service provider attaching the broadband facilities.

(2) Documentation sufficient to establish that the pole replacements have been completed or are scheduled for completion not later than 90 days after the applicant has been reimbursed as authorized by this section.

(3) The amount of reimbursement requested and documentation or information justifying the amount requested.

(4) A verified statement from an officer or agent of the applicant declaring that the contents of the application are true and accurate.

(5) Any other information the Department deems necessary for final review of the application and award of reimbursement.

SECTION 38.10.(e) No later than 60 days after the date the Department receives a completed application for reimbursement under the Program, the Department shall review the application and, if the application establishes that the applicant has paid or incurred costs eligible for reimbursement under the Program and there are sufficient funds in the Program special fund, shall reimburse the applicant as authorized in this section. The Department shall reimburse an applicant no later than 30 days after the date the Department determines reimbursement can be made as provided in this subsection. If a communications service provider incurs eligible pole replacement costs, the pole owner shall cooperate and coordinate with the provider to supply all information required by the Department to aid the provider in promptly completing and submitting an application for reimbursement under the Program. A pole owner shall reasonably and promptly cooperate with any request by the Department for substantiation of charges assessed by the pole owner.

SECTION 38.10.(g) A pole owner shall promptly review a request for access, perform surveys, provide estimates and final invoices, and complete, or require the completion by other attaching entities of, any make-ready work necessary for purposes of offering broadband service in an unserved area. A pole owner shall provide a good-faith estimate for any make-ready costs to the communications service provider within 60 days after receipt of a complete application for access. If requested by the communications service provider, the pole owner shall provide accompanying documentation indicating the basis of all estimated fees or other charges, including, but not limited to, administrative costs, that form the basis of its estimate. A good-faith

estimate shall remain valid for 14 days. To accept a good-faith estimate, a communications service provider must provide the pole owner with written acceptance and payment of the good-faith estimate. For a request for access affecting up to 30 utility poles for the purpose of providing broadband service to an unserved area, make-ready work shall be completed within 90 days of written acceptance and payment of the good-faith estimate by the communications service provider. For a request for access affecting more than 30 utility poles for the purpose of providing broadband service to an unserved area, make-ready work shall be conditioned upon payment of the good-faith estimate and shall be completed within a reasonable time frame mutually agreed to by the communications service provider and the pole owner. A pole owner may treat multiple requests from a single communications service provider as one application for access when the requests are filed within 90 days of one another. A pole owner may deviate from the time limits specified in this subsection during performance of make-ready work for good and sufficient cause that renders it infeasible to complete make-ready work within the time limits specified in this subsection. Any deviation from the time limits specified in this subsection shall extend for a period no longer than necessary. A communications service provider shall promptly be notified, in writing, of the reason for a deviation and the new completion date estimate. A communications service provider shall provide notice, in writing, to the pole owner no later than 14 days after attaching equipment to a pole in an unserved area.

SECTION 38.10.(h) A party subject to a dispute arising under subsection (g) of this section may invoke the dispute procedures authorized in G.S. 62-350 in the same manner as a party seeking resolution of a dispute under G.S. 62-350(c), and the Utilities Commission shall issue a final order resolving the dispute within 120 days of the date the proceedings were initiated; provided, however, the Commission may extend the time for issuance of a final order for good cause and with the agreement of all parties. In such a dispute, the Commission shall apply the provisions of this section notwithstanding any contrary provisions of any existing agreement.

SECTION 38.10.(i) No later than 60 days after the date funds are appropriated to the Program special fund, and on a quarterly basis thereafter, the Department shall maintain and publish on its website all of the following:

(1) The number of applications for reimbursement received, processed, and rejected, including the reasons applications were rejected.
(2) The amount of each reimbursement, the total number of reimbursements, and the status of any pending reimbursements.
(3) The estimated remaining balance in the Program special fund.

SECTION 38.10.(j) The following definitions apply in this section:

(1) Broadband service. – As defined in G.S. 143B-1373(a).
(2) Communications service provider. – As defined in G.S. 62-350(e).
(3) Department. – The Department of Information Technology.
(4) Eligible pole replacement cost. – The actual and reasonable costs paid or incurred by a party after June 1, 2021, to remove and replace a pole, including the amount of any expenditures to remove and dispose of the existing pole, purchase and install a replacement pole, and transfer any existing facilities to the new pole. The term includes costs paid or incurred by the party responsible for the costs of a pole replacement to reimburse the party that performs the pole replacement. The term does not include costs that the party incurs initially that have been reimbursed to the party by another party ultimately responsible for the costs.
(5) Pole. – Any pole used, wholly or partly, for any wire communications or electric distribution, irrespective of who owns or operates the pole.
(6) Pole owner. – A city or cooperatively organized entity that owns utility poles.
(7) Qualified project. – A project undertaken by a communications service provider that is not affiliated with a pole owner seeking to provide qualifying

internet access service on a retail basis to one or more households, businesses, agricultural operations, or community access points in an unserved area.

(8) Qualifying internet access service. – Fixed, terrestrial internet access service with such speeds and technical capabilities required by the United States Treasury for projects under the Coronavirus Capital Projects Fund established by section 9901 of the American Rescue Plan Act and codified at section 604 of the Social Security Act, provided that if the United States Treasury does not establish such requirements, qualifying internet access shall mean service offered over a network that is capable of speeds of 100 megabits per second or faster in both the downstream and upstream directions.

(9) Unserved area. – An area in which, according to the most recent map of fixed broadband internet access service made available by the Federal Communications Commission, fixed, terrestrial broadband service at speeds of at least 25 megabits per second download and at least 3 megabits per second upload is unavailable at the time the communications service provider requests access. A pole shall be presumed to be located in an unserved area if the pole is located in an area that is the subject of a federal or State grant to deploy broadband service, the conditions of which limit the availability of a grant to unserved areas.

SECTION 38.10.(k) If any provision of this section or its application is held invalid, the invalidity does not affect other provisions or applications of this section that can be given effect without the invalid provisions or application, and to this end, the provisions of this section are severable.

SECTION 38.10.(*l*) G.S. 160D-931 reads as rewritten:

"**§ 160D-931. Definitions.**

The following definitions apply in this Part:

…

(7) City utility pole. – A pole owned by a city (i) in the city right-of-way that provides lighting, traffic control, or a similar ~~function.~~function and (ii) as part of a public enterprise owned or operated by a city pursuant to Article 16 of Chapter 160A of the General Statutes consisting of an electric power generation, transmission, or distribution system.

…."

SECTION 38.10.(m) G.S. 160D-935 reads as rewritten:

"**§ 160D-935. Collocation of small wireless facilities.**

…

(a1) A city may not charge a wireless provider who is taxed under G.S. 105-164.4(a)(4c) and submits an application under G.S. 160D-935(d) or G.S. 160D-936(j) either of the following:

(1) A fee for the collocation of a small wireless facility or the installation, modification, or replacement of a utility pole or city utility pole in the city right-of-way, including, without limitation, a fee under subsections (e) and (f) of this section or a fee for a building permit, electrical permit, inspection, lane closure, or work permit of any kind.

(2) Except for recurring charges assessed under G.S. 160D-937(a), (c), and (d), a recurring charge for the collocation of a small wireless facility in the city right-of-way or the installation, modification, or replacement of a utility pole or city utility pole in the city right-of-way, including, without limitation, a recurring charge under G.S. 160D-936(f).

…

(e) ~~Subject to the limitations provided in G.S. 160A-296(a)(6), a~~ A city may charge an application fee that shall not exceed the lesser of (i) the actual, direct, and reasonable costs to

process and review applications for collocated small wireless facilities, (ii) the amount charged by the city for permitting of any similar activity, or (iii) one hundred dollars ($100.00) per facility for the first five small wireless facilities addressed in an application, plus fifty dollars ($50.00) for each additional small wireless facility addressed in the application. In any dispute concerning the appropriateness of a fee, the city has the burden of proving that the fee meets the requirements of this subsection.

(f) ~~Subject to the limitations provided in G.S. 160A-296(a)(6), a~~ A city may impose a technical consulting fee for each application, not to exceed five hundred dollars ($500.00), to offset the cost of reviewing and processing applications required by this section. The fee must be based on the actual, direct, and reasonable administrative costs incurred for the review, processing, and approval of an application. A city may engage an outside consultant for technical consultation and the review of an application. The fee imposed by a city for the review of the application shall not be used for either of the following:

…."

SECTION 38.10.(n) G.S. 160D-936 reads as rewritten:

"**§ 160D-936. Use of public right-of-way.**

…

(f) Except as provided in this Part, a city may assess a right-of-way charge under this section for use or occupation of the right-of-way by a wireless ~~provider, subject to the restrictions set forth under G.S. 160A-296(a)(6).~~ provider. In addition, charges authorized by this section shall meet all of the following requirements:

…."

SECTION 38.10.(o) G.S. 160D-937 reads as rewritten:

"**§ 160D-937. Access to city utility poles to install small wireless facilities.**

…

(i) ~~This section shall not apply to an excluded entity.~~ Nothing in this Part shall be construed to apply to an electric membership corporation organized under Chapter 117 of the General Statutes that owns or controls poles, ducts, or conduits and is exempt from regulation under section 224 of the Communications Act of 1934, 47 U.S.C. § 151, et seq., as amended. Nothing in this section shall be construed to affect the authority of an ~~excluded entity~~ electric membership corporation to deny, limit, restrict, or determine the rates, fees, terms, and conditions for the use of or attachment to its utility ~~poles, city utility poles,~~ poles or wireless support structures by a wireless provider. This section shall not be construed to alter or affect the provisions of G.S. 62-350, and the rates, terms, or conditions for the use ~~of poles, ducts, or conduits~~ by communications service providers, as defined in ~~G.S. 62-350, are governed solely by G.S. 62-350. For purposes of this section, "excluded entity" means (i) a city that owns or operates a public enterprise pursuant to Article 16 of Chapter 160A of the General Statutes consisting of an electric power generation, transmission, or distribution system or (ii) an electric membership corporation organized under Chapter 117 of the General Statutes that owns or controls poles, ducts, or conduits, but which is exempt from regulation under section 224 of the Communications Act of 1934, 47 U.S.C. § 151, et seq., as amended.~~G.S. 62-350, of poles, ducts, or conduits owned by electric membership corporations."

SECTION 38.10.(p) This section is effective when it becomes law. Subsections (b) through (k) of this section expire December 31, 2024.

STATE SURPLUS COMPUTERS FOR NONPROFITS

SECTION 38.11.(a) G.S. 143-64.03 reads as rewritten:

"**§ 143-64.03. Powers and duties of the State agency for surplus property.**

(a) The State Surplus Property Agency is authorized and directed to:

(1) Sell all State owned supplies, materials, and equipment that are surplus, obsolete, or unused and sell all seized vehicles and other conveyances that the State Surplus Property Agency is authorized to sell;
(2) Warehouse such property; and
(3) Distribute such property to tax-supported or nonprofit tax-exempt organizations.

(b) The State Surplus Property Agency is authorized and empowered to act as a clearinghouse of information for agencies and private nonprofit tax-exempt organizations, to locate property available for acquisition from State agencies, to ascertain the terms and conditions under which the property may be obtained, to receive requests from agencies and private nonprofit tax-exempt organizations, and transmit all available information about the property, and to aid and assist the agencies and private nonprofit tax-exempt organizations in transactions for the acquisition of State surplus property. ~~When~~ Prioritization should be given to distributing computer equipment to nonprofit entities that refurbish computers and donate them to low-income students or households in this State, the State Surplus Property Agency shall distribute the computer equipment at no cost or the lowest possible cost to the nonprofit entities and must give consideration to the counties where the computer equipment will be donated to ensure that all geographic regions of the State benefit from the distributions.

(b1) Nothing in this Article, or any administrative rules promulgated under this Article, shall be deemed to prohibit The University of North Carolina from conveying surplus computer equipment at no cost and The University of North Carolina is encouraged to prioritize distribution to nonprofit entities that refurbish computers to donate to low-income students or households in the State. Any conveyance to a nonprofit under this subsection shall be conditioned upon, and in consideration of, the nonprofit's promise to refurbish the computer equipment and its donation to low-income students or households in the State and the nonprofit's reporting of information required by this subsection. After an initial conveyance, The University of North Carolina shall not convey additional surplus computer equipment to a nonprofit, unless that nonprofit has reported the information required by this subsection for prior conveyances.

When making a distribution under this subsection, The University of North Carolina shall keep records on the type of computer equipment distributed, the number distributed, the name of the nonprofit that received the distributions, and the nonprofit's report on donations of refurbished computers to low-income students or households in the State. If the nonprofit is unable to refurbish computer equipment for any reason, its report shall include the disposition of such computer equipment. A nonprofit shall provide a report to the Board of Governors of The University of North Carolina by February 1, 2022, and by February 1 of each year thereafter. The report shall contain the information required by this subsection and any other information the Board of Governors deems reasonably necessary to ensure the conditions required under this subsection are satisfied. The Board of Governors of The University of North Carolina shall submit a report containing the information required to be collected under this subsection to the Joint Legislative Education Oversight Committee by December 1, 2022, and by December 1 of each year thereafter.

…."

SECTION 38.11.(b) This section is effective when it becomes law.

JLOCIT/STUDY STATE INFORMATION TECHNOLOGY INTERNAL SERVICE RATES/REVIEW ALTERNATIVE COST RECOVERY METHODS

SECTION 38.12. The Joint Legislative Oversight Committee on Information Technology (JLOCIT) shall conduct a study of best practices and make recommendations for legislative proposals to formulate a new budget and cost accounting model for State information technology goods and services provided to State agencies by the Department of Information Technology (DIT). The JLOCIT shall do at least the following in conducting this examination:

(1) Evaluate the current internal service fund rate structure under G.S. 143B-1333, including the methodologies used by DIT in setting rates and fees and whether industry standards are reflected for the goods and services for which State agencies are charged. The specific matters for review include, but are not limited to, whether those rates and fees are (i) understandable, (ii) priced on usage, (iii) predictable for planning purposes, (iv) related to value received, (v) priced competitively with open market services, and (vi) readily adjustable to factor in unplanned events.

(2) Focus on the internal service rates and fees charged by DIT for State agency internet service, Wide Area Network costs, and any other costs of information technology goods and services that the JLOCIT deems appropriate.

(3) Review alternative ways to capture and recover the costs of information technology goods and services that DIT provides to State agencies.

(4) Examine how replacement costs are accounted for and built into State agency operating budgets.

(5) Review whether some State agencies should pay for information technology using the current or a similar rate system or if some should have information technology charges and costs funded differently.

The JLOCIT may make an interim report of its findings, conclusions, and legislative recommendations to the 2022 Regular Session of the 2021 General Assembly and shall make a final report to the 2023 General Assembly.

CYBERSECURITY/STATE AGENCIES PROHIBITED FROM MAKING RANSOMWARE PAYMENTS

SECTION 38.13.(a) Chapter 143 of the General Statutes is amended by adding a new Article to read:

"Article 84.

"Various Technology Regulations.

"**§ 143-800. State entities and ransomware payments.**

(a) No State agency or local government entity shall submit payment or otherwise communicate with an entity that has engaged in a cybersecurity incident on an information technology system by encrypting data and then subsequently offering to decrypt that data in exchange for a ransom payment.

(b) Any State agency or local government entity experiencing a ransom request in connection with a cybersecurity incident shall consult with the Department of Information Technology in accordance with G.S. 143B-1379.

(c) The following definitions apply in this section:

(1) Local government entity. – A local political subdivision of the State, including, but not limited to, a city, a county, a local school administrative unit as defined in G.S. 115C-5, or a community college.

(2) State agency. – Any agency, department, institution, board, commission, committee, division, bureau, officer, official, or other entity of the executive, judicial, or legislative branches of State government. The term includes The University of North Carolina and any other entity for which the State has oversight responsibility."

SECTION 38.13.(b) G.S. 143B-1320 reads as rewritten:

"**§ 143B-1320. Definitions; scope; exemptions.**

(a) Definitions. – The following definitions apply in this Article:

…

(4a) Cybersecurity incident. – An occurrence that:

a. Actually or imminently jeopardizes, without lawful authority, the integrity, confidentiality, or availability of information or an information system; or
b. Constitutes a violation or imminent threat of violation of law, security policies, privacy policies, security procedures, or acceptable use policies.

…

(14a) Ransomware attack. – A cybersecurity incident where a malicious actor introduces software into an information system that encrypts data and renders the systems that rely on that data unusable, followed by a demand for a ransom payment in exchange for decryption of the affected data.

…

(16a) Significant cybersecurity incident. – A cybersecurity incident that is likely to result in demonstrable harm to the State's security interests, economy, critical infrastructure, or to the public confidence, civil liberties, or public health and safety of the residents of North Carolina. A significant cybersecurity incident is determined by the following factors:
a. Incidents that meet thresholds identified by the Department jointly with the Department of Public Safety that involve information:
1. That is not releasable to the public and that is restricted or highly restricted according to Statewide Data Classification and Handling Policy; or
2. That involves the exfiltration, modification, deletion, or unauthorized access, or lack of availability to information or systems within certain parameters to include (i) a specific threshold of number of records or users affected as defined in G.S. 75-65 or (ii) any additional data types with required security controls.
b. Incidents that involve information that is not recoverable or cannot be recovered within defined time lines required to meet operational commitments defined jointly by the State agency and the Department or can be recovered only through additional measures and has a high or medium functional impact to the mission of an agency.

…."

SECTION 38.13.(c) G.S. 143B-1379(c) reads as rewritten:

"(c) ~~County and municipal government agencies~~ Local government entities, as defined in G.S. 143-800(c)(1), shall report cybersecurity incidents to the Department. Information shared as part of this process will be protected from public disclosure under G.S. 132-6.1(c). Private sector entities are encouraged to report cybersecurity incidents to the Department."

SECTION 38.13.(d) G.S. 143B-1322(c) reads as rewritten:

"(c) Administration. – The Department shall be managed under the administration of the State CIO. The State CIO shall have the following powers and duty to do all of the following:

…

(22) Coordinate with the Department of Public Safety to manage statewide response to cybersecurity ~~incidents and~~ incidents, significant cybersecurity ~~incidents~~ incidents, and ransomware attacks as defined by G.S. 143B-1320."

SECTION 38.13.(e) This section is effective when it becomes law.

ADMINISTRATIVE EXPENSES-STATE RECOVERY FUNDS

SECTION 38.14. The funds appropriated in this act to the Department of Information Technology for Broadband Administration shall be utilized solely for the purpose of

the administration of broadband grants and projects authorized in this act. Notwithstanding any provision of law or in this act to the contrary, the Department may not utilize additional State Fiscal Recovery Fund monies for the administration of broadband grants and projects and may not expend more than three million seven hundred fifty thousand dollars ($3,750,000) in State Fiscal Recovery Fund monies during any fiscal year for administrative purposes.

PART XXXIX. SALARIES AND BENEFITS

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASES/EFFECTIVE JULY 1, 2021, AND JULY 1, 2022

SECTION 39.1.(a) Effective July 1, 2021, 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, 2021, is awarded:

(1) A legislative salary increase in the amount of two and one-half percent (2.5%) of annual salary in the 2021-2022 fiscal year.

(2) Any salary adjustment otherwise allowed or provided by law.

SECTION 39.1.(a1) Effective July 1, 2022, 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, 2022, is awarded:

(1) A legislative salary increase in the amount of two and one-half percent (2.5%) of annual salary in the 2022-2023 fiscal year.

(2) Any salary adjustment otherwise allowed or provided by law.

SECTION 39.1.(b) For the 2021-2023 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) Correctional employees to which Section 39.14 of this Part applies.

(6) Law enforcement officers to which Section 39.15 of this Part applies.

(7) Probation and parole officers to which Section 39.15A of this Part applies.

(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.

BONUSES AWARDED TO STATE EMPLOYEES FOR WORK DURING THE PANDEMIC

SECTION 39.2.(a) The General Assembly finds that North Carolina's response efforts to the COVID-19 pandemic have included the extraordinary work of State employees and local school employees at all levels and in all agencies. Essential services were continuously provided throughout the pandemic to the citizens of North Carolina, including, but not limited to, public health, public safety, transportation, education, and public recreation. Therefore, it is

appropriate that State employees and local education employees who worked to continue the operations and services of government during the pandemic receive additional pay for their efforts during the emergency.

SECTION 39.2.(b) Further, the General Assembly finds that certain employees were at increased risk of exposure to COVID-19 due to job duties that required significant in-person interaction. These employees should receive additional pay due to the increased personal risk involved in providing the essential services associated with their job duties.

SECTION 39.2.(c) By January 31, 2022, employers of State employees and local education employees shall administer a one-time, lump sum bonus of one thousand dollars ($1,000) to all permanent full-time State employees and local education employees who are employed as of December 1, 2021.

SECTION 39.2.(d) By January 31, 2022, employers of State employees and local education employees shall provide an additional one-time, lump sum bonus of five hundred dollars ($500.00) to all permanent full-time State employees and local education employees who are employed as of January 1, 2022, and who meet at least one of the following eligibility criteria for the additional bonus:

(1) The employee earns an annual salary that does not exceed seventy-five thousand dollars ($75,000).

(2) The employee is employed as a law enforcement officer.

(3) The employee is an employee in the Division of Adult Correction and Juvenile Justice of the Department of Public Safety with job duties requiring frequent in-person contact.

(4) The employee is employed in a position at a 24-hour residential or treatment facility operated by the Department of Health and Human Services.

SECTION 39.2.(e) The following definitions apply for the purposes of the bonuses authorized in subsections (c) and (d) of this section:

(1) The term "State employee" includes all State employees in all State agencies, departments, and institutions regardless of funding source.

(2) The term "local education employee" includes all employees of community colleges, local school administrative units, innovative schools, regional schools, and public charter schools regardless of funding source.

SECTION 39.2.(f) Of the funds appropriated in this act from the State Fiscal Recovery Fund, the sum of five hundred forty-five million dollars ($545,000,000) 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.

SECTION 39.2.(g) The premium pay bonuses awarded by this section:

(1) Are in addition to any regular wage or other bonuses the employee receives or is scheduled to receive.

(2) Are not considered compensation for any retirement system administered by the State.

SECTION 39.2.(h) Permanent part-time employees shall receive the bonuses authorized in this section on a prorated and equitable basis.

SECTION 39.2.(i) The Office of State Budget and Management shall ensure that the funds for the bonuses authorized by this section are used only for the purposes set forth in this section. If the Director of the Budget determines that funds appropriated to a State agency for these bonuses exceed the amount required by that agency, the Director may reallocate those funds to another State agency for payment of these bonuses. Notwithstanding G.S. 143C-4-9, funds appropriated for these bonuses in excess of the amounts required for implementation shall not be credited to the Pay Plan Reserve.

SECTION 39.2.(j) Any funds remaining after these bonuses are awarded in accordance with this section shall be credited to the State Fiscal Recovery Fund.

GOVERNOR AND COUNCIL OF STATE

SECTION 39.3.(a) Effective July 1, 2021, G.S. 147-11 reads as rewritten:

"**§ 147-11. Salary and expense allowance of Governor; allowance to person designated to represent Governor's office.**

(a) The salary of the Governor shall be ~~one hundred fifty-four thousand seven hundred forty-three dollars ($154,743)~~ one hundred fifty-eight thousand six hundred twelve dollars ($158,612) annually, payable monthly.

(b) ~~He~~ The Governor shall be paid annually the sum of eleven thousand five hundred dollars ($11,500) as an expense allowance in attending to the business for the State and for expenses out of the State and in the State in representing the interest of the State and people, incident to the duties of ~~his~~ the office, the said allowance to be paid monthly.

(c) In addition to the foregoing allowance, the actual expenses of the Governor while traveling outside the State on business incident to ~~his~~ the office shall be paid by a warrant drawn on the State Treasurer. Whenever a person who is not a State official or employee is designated by the Governor to represent the Governor's office, ~~such~~ the person shall be paid actual travel expenses incurred in the performance of such duty; provided that the payment of ~~such~~ the travel expense shall conform to the provisions of the biennial appropriation act in effect at the time the payment is made."

SECTION 39.3.(a1) Effective July 1, 2022, 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 fifty-eight thousand six hundred twelve dollars ($158,612)~~ one hundred sixty-two thousand five hundred seventy-seven dollars ($162,577) annually, payable monthly."

SECTION 39.3.(b) Effective July 1, 2021, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	**Annual Salary**
Lieutenant Governor	$140,116
Attorney General	140,116
Secretary of State	140,116
State Treasurer	140,116
State Auditor	140,116
Superintendent of Public Instruction	140,116
Agriculture Commissioner	140,116
Insurance Commissioner	140,116
Labor Commissioner	140,116

SECTION 39.3.(b1) Effective July 1, 2022, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	**Annual Salary**
Lieutenant Governor	$143,619
Attorney General	143,619
Secretary of State	143,619
State Treasurer	143,619
State Auditor	143,619
Superintendent of Public Instruction	143,619
Agriculture Commissioner	143,619
Insurance Commissioner	143,619
Labor Commissioner	143,619

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 39.4.(a) Effective July 1, 2021, the annual salaries, payable monthly, for the following executive branch officials for the 2021-2022 fiscal year are as follows:

Executive Branch Officials	**Annual Salary**
Chairman, Alcoholic Beverage Control Commission	$125,821
State Controller	175,200
Commissioner of Banks	141,214
Chair, Board of Review, Division of Employment Security	138,516
Members, Board of Review, Division of Employment Security	136,823
Chairman, Parole Commission	138,516
Full-Time Members of the Parole Commission	128,072
Chairman, Utilities Commission	157,017
Members of the Utilities Commission	141,214
Executive Director, North Carolina Agricultural Finance Authority	122,530

SECTION 39.4.(a1) Effective July 1, 2022, the annual salaries, payable monthly, for the following executive branch officials for the 2022-2023 fiscal year are as follows:

Executive Branch Officials	**Annual Salary**
Chairman, Alcoholic Beverage Control Commission	$128,966
State Controller	179,580
Commissioner of Banks	144,745
Chair, Board of Review, Division of Employment Security	141,979
Members, Board of Review, Division of Employment Security	140,244
Chairman, Parole Commission	141,979
Full-Time Members of the Parole Commission	131,273
Chairman, Utilities Commission	160,942
Members of the Utilities Commission	144,745
Executive Director, North Carolina Agricultural Finance Authority	125,593

JUDICIAL BRANCH

SECTION 39.5.(a) Effective July 1, 2021, the annual salaries, payable monthly, for the following judicial branch officials for the 2021-2022 fiscal year are as follows:

Judicial Branch Officials	**Annual Salary**
Chief Justice, Supreme Court	$164,859
Associate Justice, Supreme Court	160,581
Chief Judge, Court of Appeals	158,041
Judge, Court of Appeals	153,939
Judge, Senior Regular Resident Superior Court	149,785
Judge, Superior Court	145,634
Chief Judge, District Court	132,350
Judge, District Court	128,198
Chief Administrative Law Judge	129,297
District Attorney	140,834
Assistant Administrative Officer of the Courts	135,621

Public Defender	140,834
Director of Indigent Defense Services	145,152

SECTION 39.5.(a1) Effective July 1, 2022, the annual salaries, payable monthly, for the following judicial branch officials for the 2022-2023 fiscal year are as follows:

Judicial Branch Officials	**Annual Salary**
Chief Justice, Supreme Court	$168,980
Associate Justice, Supreme Court	164,595
Chief Judge, Court of Appeals	161,992
Judge, Court of Appeals	157,787
Judge, Senior Regular Resident Superior Court	153,530
Judge, Superior Court	149,275
Chief Judge, District Court	135,659
Judge, District Court	131,403
Chief Administrative Law Judge	132,529
District Attorney	144,355
Assistant Administrative Officer of the Courts	139,011
Public Defender	144,355
Director of Indigent Defense Services	148,781

SECTION 39.5.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2021-2022 fiscal year, do not exceed eighty-four thousand six hundred fifty-eight dollars ($84,658) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-five thousand four hundred thirty-seven dollars ($45,437), effective July 1, 2021.

SECTION 39.5.(b1) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2022-2023 fiscal year, do not exceed eighty-six thousand seven hundred seventy-four dollars ($86,774) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-six thousand five hundred seventy-three dollars ($46,573), effective July 1, 2022.

CLERKS OF SUPERIOR COURT

SECTION 39.6.(a) Effective July 1, 2021, 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	~~$97,375~~$99,809
20-29	~~107,625~~110,316
30-49	~~117,875~~120,822
50-99	~~128,125~~131,328
100 and above	~~130,688.~~133,955

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 39.6.(a1) Effective July 1, 2022, 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	~~$99,809~~$102,305
20-29	110,316113,074
30-49	120,822123,842
50-99	131,328134,611
100 and above	133,955137,304

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 SUPERIOR COURT

SECTION 39.7.(a) Effective July 1, 2021, 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	~~$34,780~~$35,650
Maximum	~~64,258~~65,864

Deputy Clerks	Annual Salary
Minimum	~~$31,200~~$31,980
Maximum	~~50,466.~~51,728."

SECTION 39.7.(a1) Effective July 1, 2022, 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	~~$35,650~~$36,541
Maximum	~~65,864~~67,511

Deputy Clerks	Annual Salary
Minimum	~~$31,980~~$32,780
Maximum	~~51,728.~~53,021."

MAGISTRATES

SECTION 39.8.(a) Effective July 1, 2021, 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	~~$40,576~~$41,590
Step 1	~~$43,571~~$44,660
Step 2	~~$46,802~~$47,972
Step 3	~~$50,222~~$51,478
Step 4	~~$54,322~~$55,680
Step 5	~~$59,259~~$60,740
Step 6	~~$64,792.~~$66,412."

SECTION 39.8.(a1) Effective July 1, 2022, 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	~~$41,590~~$42,630
Step 1	~~$44,660~~$45,777
Step 2	~~$47,972~~$49,171
Step 3	~~$51,478~~$52,764
Step 4	~~$55,680~~$57,072
Step 5	~~$60,740~~$62,259
Step 6	~~$66,412.~~$68,072."

LEGISLATIVE EMPLOYEES

SECTION 39.9.(a) Effective July 1, 2021, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2021, shall be legislatively increased by two and one-half percent (2.5%).

SECTION 39.9.(a1) Effective July 1, 2022, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2022, shall be legislatively increased by two and one-half percent (2.5%).

SECTION 39.9.(a2) Temporary employees of the General Assembly employed pursuant to G.S. 120-32(1) are eligible to receive the bonuses awarded by Section 39.2 of this Part.

SECTION 39.9.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 39.10.(a) Effective July 1, 2021, 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 sixteen thousand seven hundred thirty-two dollars ($116,732),~~ one hundred nineteen thousand six hundred fifty dollars ($119,650), 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 39.10.(b) Effective July 1, 2022, 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 nineteen thousand six hundred fifty dollars ($199,650),~~ one hundred twenty-two thousand six hundred forty-two dollars ($122,642), 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 39.11.(a) Effective July 1, 2021, 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 sixty dollars ($460.00)~~ four hundred seventy-two dollars ($472.00) 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 39.11.(b) Effective July 1, 2022, 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 ~~four hundred seventy-two dollars ($472.00)~~ four hundred eighty-three dollars ($483.00) 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 39.12.(a) Community college personnel shall receive the following legislative salary increases:

(1) Effective July 1, 2021, 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 two and one-half percent (2.5%).

(2) Effective July 1, 2022, 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 two and one-half percent (2.5%).

SECTION 39.12.(b) The minimum salaries for nine-month, full-time curriculum community college faculty for the 2021-2022 fiscal year are as follows:

Education Level	**Minimum Salary 2021-2022**
Vocational Diploma/Certificate or Less	$38,521
Associate Degree or Equivalent	39,056
Bachelor's Degree	41,380
Master's Degree or Education Specialist	43,442
Doctoral Degree	46,414

SECTION 39.12.(b1) The minimum salaries for nine-month, full-time curriculum community college faculty for the 2022-2023 fiscal year are as follows:

Education Level	**Minimum Salary 2022-2023**
Vocational Diploma/Certificate or Less	$39,484
Associate Degree or Equivalent	40,032
Bachelor's Degree	42,415
Master's Degree or Education Specialist	44,528
Doctoral Degree	47,574

SECTION 39.12.(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.

SECTION 39.12.(d) Effective July 1, 2021, no State-funded community college employee shall earn less than thirteen dollars ($13.00) per hour.

SECTION 39.12.(e) Effective July 1, 2022, no State-funded community college employee shall earn less than fifteen dollars ($15.00) per hour.

THE UNIVERSITY OF NORTH CAROLINA

SECTION 39.13. The University of North Carolina shall receive the following legislative salary increases:

(1) Effective July 1, 2021, 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 two and one-half percent (2.5%).

(2) Effective July 1, 2022, 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 two and one-half percent (2.5%).

CORRECTIONAL OFFICER SALARY SCHEDULE

SECTION 39.14.(a) State employees serving as correctional officers in the Department of Public Safety, Division 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 39.14.(b) The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective for each year on July 1, 2021, and July 1, 2022, respectively:

	FY 2021-22			FY 2022-23		
Experience	**COI**	**COII**	**COIII**	**COI**	**COII**	**COIII**
0	$33,130	$34,220	$36,598	$33,958	$35,076	$37,513
1	$35,449	$36,615	$39,160	$36,335	$37,530	$40,139
2	$37,576	$38,812	$41,510	$38,515	$39,782	$42,548
3	$39,455	$40,753	$43,586	$40,441	$41,772	$44,676
4	$41,033	$42,383	$45,329	$42,059	$43,443	$46,462
5	$42,264	$43,654	$46,689	$43,321	$44,745	$47,856
6+	$43,109	$44,527	$47,623	$44,187	$45,640	$48,814

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE

SECTION 39.15.(a) Law enforcement officers of the State Highway Patrol, Alcohol Law Enforcement, and the State Bureau of Investigation 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 39.15.(b) The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for each respective fiscal year:

Years of Experience	**FY 2021-22**	**FY 2022-23**
0	47,384	48,569
1	50,464	51,726
2	53,744	55,088
3	57,237	58,669
4	60,957	62,482
5	64,919	66,543
6+	69,139	70,868

PROBATION AND PAROLE OFFICER SALARY SCHEDULE

SECTION 39.15A.(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 39.15A.(b) The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for each respective fiscal year:

Years of Experience	**FY 2021-22**	**FY 2022-23**
0	40,000	41,000

1	42,600	43,665
2	45,369	46,503
3	48,318	49,526
4	51,549	52,745
5	54,804	56,513
6+	58,366	59,824

SECTION 39.15A.(c) If an officer will not receive a salary increase during a fiscal year because the officer's salary exceeds the scheduled salary level, then the officer 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.

MOST STATE EMPLOYEES

SECTION 39.16. Unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2021, and June 30, 2022, shall be legislatively increased as provided by Section 39.1 of 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/FLEXIBLE ADMINISTRATION OF LEGISLATIVE SALARY INCREASES

SECTION 39.17.(a) The legislative salary increases authorized by this act:

(1) For the 2021-2022 fiscal year, shall be paid effective on January 1, 2022, 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 December 31, 2021. The amount of the legislative salary increases authorized for the period from July 1 to December 31, 2021, shall be paid in the form of a bonus equal to the authorized legislative salary increase for one-half of the fiscal year and shall be applied to the employee's base annual rate of pay. An employee who was not employed continuously on a full-time basis since July 1 shall receive this bonus on a prorated and equitable basis.
(2) For the 2022-2023 fiscal year, shall be paid effective on July 1, 2022, 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, 2022.

SECTION 39.17.(b) The Director of the Budget is granted flexibility to administer the compensation increases enacted by this act.

SECTION 39.17.(c) 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 39.17.(d) 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.

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES

SECTION 39.18.(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 39.18.(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 39.18.(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 39.18.(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 39.18.(e) No later than May 1, 2022, for the 2021-2022 fiscal year, and subsequently May 1, 2023, for the 2022-2023 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 2021-2023 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.

PAY PLAN RESERVE/CORRECTIONAL OFFICERS/PROBATION AND PAROLE OFFICERS/COURT PERSONNEL

SECTION 39.19. Effective July 1, 2021, 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, 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 compensated pursuant to the Correctional Officer Salary Schedule.

(8) The Act, for probation and parole officers 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, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized under this act.

ONE-TIME BONUS PAYMENT PROGRAM FOR ELIGIBLE DIRECT CARE WORKERS

SECTION 39.21.(a) One-Time Bonus. – Of the funds appropriated in this act to the Department of Health and Human Services (DHHS) from the State Fiscal Recovery Fund, one hundred thirty-three million dollars ($133,000,000) shall be used to distribute a one-time payment to eligible providers to be passed along as a one-time bonus payment to each of the eligible direct care workers employed by the eligible provider for continuing to provide critical services during the COVID-19 pandemic. Up to one million dollars ($1,000,000) of these funds may be used by DHHS to administer this one-time bonus payment program.

SECTION 39.21.(b) Eligible Provider. – For the purposes of this section, the term "eligible provider" means a provider that is enrolled in the Medicaid or NC Health Choice program in any of the following provider categories:

(1) Providers who provide services through the following Medicaid waiver programs:
   a. The Community Alternatives Program for Children (CAP/C).
   b. The Community Alternatives Program for Disabled Adults (CAP/DA).
   c. The North Carolina Innovations waiver.
   d. The Traumatic Brain Injury (TBI) waiver.
(2) Personal care services (PCS) providers.
(3) Intermediate care facilities for individuals with intellectual disabilities (ICF/IIDs), including ICF/IID-level group homes.
(4) Home health providers.
(5) Nursing homes.
(6) Behavioral health residential facilities, including Level III and Level IV residential treatment facilities, psychiatric residential treatment facilities (PRTFs), medical management and crisis stabilization facilities, and facilities providing inpatient substance use disorder treatment.

SECTION 39.21.(c) Eligible Direct Care Workers. – An eligible provider shall designate its employees who are direct care workers eligible for the one-time bonus payment program authorized by this section. Only employees who meet all of the following criteria may be so designated by an eligible provider:

(1) The employee is a direct care worker as determined by DHHS. DHHS shall include workers who do at least one of the following in the definition of direct care worker:
   a. Interact directly with patients or clients.
   b. Provide direct care support services at a licensed health care facility.
(2) The employee has been employed by the same eligible provider since March 10, 2020, through August 1, 2021.
(3) The employee has worked at least 1,000 hours providing direct care services between March 10, 2020, and August 1, 2021.
(4) The employee is not an employee of the State or otherwise eligible for any employment-related bonus under this act.

SECTION 39.21.(d) Procedure to Participate. – To participate in the one-time bonus payment program, each eligible provider shall submit the number of direct care workers the provider has designated as eligible, including a description of the position held by any direct care worker the provider has designated as eligible that supports designation that the position meets the criteria of direct care worker, to DHHS by no later than January 31, 2022. Prior to receiving any funds, the eligible provider shall submit an attestation that any funds received in accordance with this section shall be provided directly to designated eligible direct care workers.

Upon receipt of the information required by this subsection from an eligible provider, DHHS shall review the submitted information provided against historical Medicaid and NC Health Choice claims data of that eligible provider to evaluate the reasonableness of the submitted number of direct care workers designated as eligible for the one-time bonus payment under this section. No payment shall be made to an eligible employer until all information submitted is reviewed, the required attestation is received, and the total number of potential eligible direct care workers is ascertained. If, based upon the information submitted by a provider, DHHS determines that the number of direct care workers designated is not correct or that the provider is not an eligible provider, then, by no later than March 1, 2022, DHHS shall provide notice to the provider and include the reason for the determination and the number of eligible direct care workers determined to be correct by DHHS, if applicable. If DHHS makes any determination of ineligibility, then DHHS shall reserve funds in the amount necessary to make full payment as was applied for in case that determination is later modified.

No later than March 1, 2022, DHHS shall issue a one-time payment, including associated payroll costs, to each eligible provider in the amount required to provide bonuses to eligible direct workers, subject to the other requirements of this section.

SECTION 39.21.(e) Bonus Amount Calculation. – Subject to the requirements of subsection (d) of this section, the amount of the one-time bonus available for eligible direct care workers shall be calculated as the lesser of the following amounts:

(1) One hundred thirty-three million dollars ($133,000,000) minus both the amount used by DHHS for administration of this one-time bonus payment program and the amount determined to be necessary to cover the associated payroll costs for each eligible provider divided by the total number of direct care workers designated by eligible providers as eligible employees.

(2) Two thousand dollars ($2,000).

SECTION 39.21.(f) Any funds remaining after all payments are made to eligible providers in accordance with this section shall be credited to the State Fiscal Recovery Fund.

SECTION 39.21.(g) Nothing in this section shall be construed to create an entitlement to the distribution of funds by DHHS under this section.

SALARY-RELATED CONTRIBUTIONS

SECTION 39.22.(a) Effective for the 2021-2023 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 39.22.(b) Effective July 1, 2021, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2021-2022 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	16.38%	16.38%	6.84%	40.02%	28.43%
Disability	0.09%	0.09%	0.09%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	6.29%	6.29%	6.29%	6.29%	6.29%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	22.89%	27.89%	13.22%	46.31%	34.72%

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 39.22.(c) Effective July 1, 2022, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2022-2023 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	17.07%	17.07%	6.84%	39.29%	24.27%
Disability	0.10%	0.10%	0.10%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	6.89%	6.89%	6.89%	6.89%	6.89%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	24.19%	29.19%	13.83%	46.18%	31.16%

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 39.22.(d) Effective July 1, 2021, the maximum annual employer contributions for the 2021-2022 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee and the average covered retiree are as follows:

(1) For employees, seven thousand nineteen dollars ($7,019).

(2) For retirees, four thousand eight hundred fifty-six dollars ($4,856). In applying this subdivision, the annual employer contribution for the average retiree shall be calculated assuming the retiree enrollment counts remain at the April 2021 level throughout the 2021-2022 fiscal year.

SECTION 39.22.(e) Effective July 1, 2022, the maximum annual employer contributions for the 2022-2023 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee or retiree are as follows:

(1) For employees, seven thousand three hundred ninety-seven dollars ($7,397).
(2) For retirees, five thousand one hundred eighteen dollars ($5,118).

ONE-TIME COST OF LIVING SUPPLEMENTS FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 39.23.(a) G.S. 135-5 is amended by adding new subsections to read:

"(xxx) On or before December 31, 2021, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2021, and whose retirement commenced on or before September 1, 2021. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2021, 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.

(yyy) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2022, and whose retirement commenced on or before September 1, 2022. The payment shall be three percent (3%) of the beneficiary's annual retirement allowance payable as of September 1, 2022, 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 39.23.(b) G.S. 135-65 is amended by adding new subsections to read:

"(ii) On or before December 31, 2021, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2021, and whose retirement commenced on or before September 1, 2021. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2021, 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.

(jj) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2022, and whose retirement commenced on or before September 1, 2022. The payment shall be three percent (3%) of the beneficiary's annual retirement allowance payable as of September 1, 2022, 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 39.23.(c) G.S. 120-4.22A is amended by adding new subsections to read:

"(cc) In accordance with subsection (a) of this section, on or before December 31, 2021, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2021, and whose retirement commenced on or before September 1, 2021. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2021, 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.

(dd) In accordance with subsection (a) of this section, after September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2022, and whose retirement

commenced on or before September 1, 2022. The payment shall be three percent (3%) of the beneficiary's annual retirement allowance payable as of September 1, 2022, 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 39.23.(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 MODIFICATIONS

SECTION 39.24.(a) G.S. 143C-4-10 reads as rewritten:

"**§ 143C-4-10. Unfunded Liability Solvency Reserve.**

(a) Creation. – The Unfunded Liability Solvency Reserve is established as a reserve in the General Fund. The Unfunded Liability Solvency Reserve is an employee benefits trust as described under G.S. 143C-1-3(a).

(b) Definitions. – The following definitions apply in this section:

(1) Benefit enhancement. – Any change to the benefits provided under the Teachers' and State Employees' Retirement System of North Carolina established under G.S. 135-2 or to the Retiree Health Benefit Fund established under G.S. 135-7(f) that is estimated to increase the contributions or liabilities associated with either program, as indicated by an actuarial note provided under G.S. 120-114.

(2) Health Benefit Fund. – The Retiree Health Benefit Fund established under G.S. 135-7(f).

(3) Health Benefit Fund Actuarial Committee. – The Committee on Actuarial Valuation of Retired Employees' Health Benefits established under G.S. 135-48.12.

(4) Reserve. – The Unfunded Liability Solvency Reserve established under subsection (a) of this section.

(5) Retirement System. – The Teachers' and State Employees' Retirement System of North Carolina established under G.S. 135-2.

(c) Source of Funds. – The Reserve shall receive the following funds:

(1) Any amounts that shall be appropriated by the General Assembly.

(1a) Funds transferred under G.S. 143C-4-2(i) or (j).

(2) Funds transferred under ~~G.S. 142-15.4, 142-96, and 143C-4-2.~~G.S. 142-15.4 and G.S. 142-96.

(3) Any funds, in an amount directed by the State Treasurer to be transferred, that meet all of the following criteria:

a. The funds are the result of rebates received by the Department of State Treasurer from a company administering supplemental voluntary insurance benefits authorized under G.S. 120-4.32(b), 128-38.3(b), 135-18.8(b), or 135-75(b).

b. The funds are not owed to a company administering, or individuals participating in, supplemental voluntary insurance benefits.

c. As determined by the Board of Trustees of the Retirement System, the funds are not to be needed to pay future administrative costs of the supplemental voluntary insurance benefits.

(d) Transfer of Funds From the Reserve. – The transfer of funds from the Reserve shall meet all of the following requirements:

(1) The funds in the Reserve shall be used only for transfers to the (i) Health Benefit Fund or (ii) the Retirement System for the purpose of reducing the unfunded liabilities of those two funds.

(2) Funds in the Reserve must be appropriated or transferred by the end of the next fiscal year after the funds entered the Reserve.

(3) Transfers from the Reserve to the Health Benefit Fund and the Retirement System shall not supplant employer contributions otherwise designated for the Health Benefit Fund or Retirement System. Transfers shall be made from the Reserve only upon the following conditions:

a. The portion of the State's employer contribution rate provided to the Health Benefit Fund is not less than the cost of the premiums for the retirees served by the Retiree Health Benefit Fund in the most recent plan year.

b. The portion of the State's employer contribution rate provided to the Retirement System in effect at the time of the transfer is equal to or greater than the rate certified under G.S. 135-8 as necessary by the Board of Trustees of the Retirement System.

c. Transfers from the Reserves shall not be used to pay the cost of benefit enhancements commencing after July 1, 2017.

(e) Use of ~~Funds in the Reserve.~~ 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 ~~balance of the Reserve~~ 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. ~~This additional employer contribution shall be calculated as follows:~~

~~(1) The total balance in the Reserve as of the last day of the preceding fiscal year 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 Comprehensive Annual Financial Report issued by the State Controller.~~

~~(2) Each program's pro rata share of the total balance in the Reserve as of the last day of the preceding fiscal year shall be converted into a percentage of the General Fund payroll of covered members of the Health Benefit Fund and the Retirement System.~~

~~(3) Each program's percentage of General Fund payroll of covered members, as calculated in subdivision (2) of this subsection, shall be set as an additional portion of the State's employer contribution rate budgeted for retirement and related benefits. The following shall also apply:~~

~~a. The percentage of General Fund payroll of covered members allocated to the Health Benefit Fund shall be added to the portion of the State's employer contribution rate budgeted for hospital and medical benefits.~~

~~b. The percentage of General Fund payroll of covered members allocated to the Retirement System shall be added to the State's employer contribution rate budgeted for the Retirement System.~~

(e1) Use of Funds Transferred From Savings Achieved by State Debt Refinancing. – 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, 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.

(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.

(f) Not Considered Debt Service Funds. – Any funds in the Reserve, as well as any funds from the Reserve used to establish additional contributions to the Health Benefit Fund or Retirement System, shall not be considered debt service funds for general long-term debt principal and interest.

(g) Funds Do Not Revert. – No portion of the Fund shall be transferred to the General Fund, and any appropriation made to the Fund shall not revert."

SECTION 39.24.(b) This section is effective when it becomes law.

PART XL. CAPITAL

CAPITAL IMPROVEMENT AND 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**
Administrative Office of the Courts–	
Supreme Court & Court of Appeals-Lexan Windows	AOC21-1
Department of Agriculture and Consumer Services	
Eaddy Building–Addition & Renovation	DACS21-1
Tidewater Research Station–Swine Unit Replacements	DACS21-2
NCFS–County Offices	DACS21-3
NCFS–Region 1 Headquarters	DACS21-4
Mountain Island State Forest—Improvements	DACS21-5
Commissioner Troxler Building–New Chiller	DACS21-6
Department of Health and Human Services	
New Broughton Hospital–	
New Maintenance Facility	DHHS21-1
Department of Environmental Quality	
Reedy Creek Laboratory	DEQ21-1
Water Resources Development Projects	DEQ-WRD21
Department of Natural and Cultural Resources	
NC Museum of Art–Light Control	DNCR21-1
NC Museum of Art–Amphitheater Restoration	DNCR21-2
NC Museum of Natural History–Dueling Dinosaurs Lab	DNCR21-3

Fort Fisher Historic Site–New Visitor Center DNCR21-4
Fort Fisher Aquarium–Aquarium Expansion DNCR21-5
NC Zoo–Asia/Australia Exhibits DNCR21-6
NC Zoo–Parking/Trams DNCR21-7
NC Transportation Museum–Powerhouse Renovation DNCR21-8
Thomas Day House DNCR21-9
Graveyard of the Atlantic DNCR21-10
Pisgah View State Park DNCR21-12
NC Museum of History–Expansion DNCR21-13
NC Transportation Museum–Train Shed Renovation DNCR21-14
NC Museum of Art–Science Laboratory & Education Center DNCR21-15
NC Museum of Art–The Porch Venue & Park Entrance DNCR21-16
NC Museum of Art–Community Arts & Education Center DNCR21-17

Department of Administration
DHHS/Dix Campus Relocation DOA21-1
Dix Campus Relocation–Utilities & Mail Service Warehouse DOA21-2
State Gov't. Complex Chiller Plant DOA21-3
DHHS/Utility Infrastructure Support DOA21-4

Department of Insurance
Office of State Fire Marshal–
Land Development & Training Center DOI21-1

Department of Public Instruction
Center for the Advancement of Teaching DPI21-1

Department of Public Safety
Richmond Regional JDC–Raise the Age Renovations DPS21-1
Samarcand–Live Fire Training Building DPS21-2
Samarcand–Driving Track DPS21-3
Samarcand–Parking Lot DPS21-4
East Montgomery–Safer Schools Training Academy DPS21-5
State Highway Patrol–
Viper Building DPS21-6
Garner Road Armory DPS21-7
State Bureau of Investigation–
Headquarters & Building 12 Renovation DPS21-9
National Guard–
Federal Match Funding Pool NG21-1
Edgecombe County Readiness Center NG21-2
Burke County Readiness Center NG21-3
Guilford Regional Readiness Center NG21-4

General Assembly
Renovations/Elevator Repair NCGA21-1
Downtown Government Complex/Master Plan NCGA21-2
UNC System Office/Downtown Gov't Complex Relocation NCGA21-3
Old State Capitol NCGA21-4

The University of North Carolina

North Carolina State University–	
Apiculture Facility	UNC/NCS21-1
E-Sports Facility	UNC/NCS21-2
E-Sports Truck	UNC/NCS21-3
S.T.E.M. Building	UNC/NCS20-1
University of North Carolina at Chapel Hill–	
Business School	UNC/CH20-1
Nursing School Renovation	UNC/CH20-2
Elizabeth City State University–	
New Residence Hall	UNC/ECS21-1
Sky Bridge	UNC/ECS21-2
New Dining Facility	UNC/ECS21-3
Flight School	UNC/ECS21-4
Appalachian State University–	
Peacock Hall/Business	UNC/ASU21-1
Innovation Campus	UNC/ASU21-2
North Carolina School of Science and Math-Morganton–	
Repair & Renovation and Wellness Center	UNC/SSM21-1
North Carolina Central University–	
Lab Equipment	UNC/NCC21-1
East Carolina University–	
Brody School of Medicine	UNC/ECU21-1
University of North Carolina at Pembroke–	
Health Sciences Center	UNC/PEM21-1
Fayetteville State University–	
Dormitories	UNC/FSU21-1
College of Education	UNC/FSU21-2
Parking Deck	UNC/FSU21-3
Western Carolina University–	
Moore Building/Upper Campus Infrastructure	UNC/WCU21-1
Winston-Salem State University–	
K.R. Williams Auditorium	UNC/WSS21-1
UNC Board of Governors–	
UNC Lease Funds	UNC/BOG21-1
Repairs and Renovations-The University of North Carolina	UNC/R&R21
Repairs and Renovations-State Agencies (non-UNC)	R&R21
Community College Capital Allocations	CC21
UNC- Engineering North Carolina's Future	UNC/ENG21
Connect NC Bond Funds	CNC21
SCIF-Related Personnel	PERS21
OSBM Flexibility Funds	FLEX21

SECTION 40.1.(b) This subsection authorizes the following capital projects and allocates funding in the 2021-2023 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. An additional action by the General Assembly is required to increase the maximum authorization for any of the projects listed.

There is allocated from the State Capital and Infrastructure Fund to the Office of State Budget and Management for the 2021-2023 fiscal biennium the following amounts for capital improvement project codes, as defined in subsection (a) of this section:

Capital Improvements– State Capital and Infrastructure Fund	Total Project Authorization	FY 2021-2022	FY 2022-2023
AOC21-1	$135,000	$135,000	–
DACS21-1	1,632,000	1,632,000	–
DACS21-2	3,518,000	3,518,000	–
DACS21-3	4,000,000	4,000,000	–
DACS21-4	4,000,000	4,000,000	–
DACS21-5	1,500,000	1,500,000	–
DACS21-6	2,400,000	2,400,000	–
DOL21-1	5,000,000	5,000,000	–
DHHS21-1	1,600,000	1,600,000	–
DEQ21-1	55,000,000	5,500,000	13,750,000
DEQ-WRD21	N/A	44,469,664	35,231,560
DNCR21-1	1,000,000	1,000,000	–
DNCR21-2	4,000,000	4,000,000	–
DNCR21-3	2,500,000	2,500,000	–
DNCR21-4	8,000,000	4,000,000	–
DNCR21-5	10,000,000	5,000,000	5,000,000
DNCR21-6	75,000,000	41,233,563	33,766,437
DNCR21-7	5,000,000	5,000,000	–
DNCR21-8	4,000,000	4,000,000	–
DNCR21-9	800,000	800,000	–
DNCR21-10	4,200,000	4,200,000	–
DNCR21-12	12,200,000	9,000,000	3,200,000
DNCR21-13	60,000,000	8,000,000	15,000,000
DNCR21-14	6,000,000	6,000,000	–
DNCR21-15	6,500,000	6,500,000	–
DNCR21-16	5,000,000	5,000,000	–
DNCR21-17	3,000,000	3,000,000	–
DOA21-1	244,000,000	50,000,000	60,500,000
DOA21-2	13,700,000	13,700,000	–
DOA21-3	21,875,000	10,286,748	11,588,252
DOA21-4	5,000,000	5,000,000	–
DOI21-1	3,500,000	3,500,000	–
DPI21-1	23,416,952	19,482,815	3,934,137
DPS21-1	10,702,952	10,702,952	–
DPS21-2	1,831,000	1,831,000	–
DPS21-4	475,000	475,000	–
DPS21-5	4,170,000	4,170,000	–
DPS21-6	7,139,374	7,139,374	–
DPS21-7	17,845,933	8,922,967	8,922,967
DPS21-9	81,632,759	8,163,276	20,408,190
NG21-1	N/A	8,000,000	–
NG21-2	9,500,000	500,000	9,000,000
NG21-3	3,250,000	150,000	3,100,000
NG21-4	15,700,000	15,700,000	–
NCGA21-1	2,450,000	2,450,000	–
NCGA21-2	1,800,000	1,800,000	–
NCGA21-3	100,391,316	–	11,391,316
NCGA21-4	6,300,000	300,000	6,000,000

UNC/NCS21-1	4,000,000	4,000,000	–
UNC/NCS21-2	12,000,000	6,000,000	6,000,000
UNC/NCS21-3	4,000,000	4,000,000	–
UNC/NCS20-1	160,000,000	18,250,000	36,500,000
UNC/CH20-1	150,000,000	10,000,000	18,750,000
UNC/CH20-2	60,000,000	21,250,000	25,500,000
UNC/ECS21-1	40,000,000	10,000,000	30,000,000
UNC/ECS21-2	2,500,000	2,500,000	–
UNC/ECS21-3	7,500,000	7,500,000	–
UNC/ECS21-4	34,000,000	4,000,000	10,000,000
UNC/ASU21-1	25,000,000	12,500,000	12,500,000
UNC/ASU21-2	54,000,000	54,000,000	–
UNC/SSM21-1	12,000,000	12,000,000	–
UNC/NCC21-1	3,011,000	3,011,000	–
UNC/ECU21-1	215,000,000	21,500,000	53,750,000
UNC/PEM21-1	91,000,000	9,100,000	22,750,000
UNC/FSU21-1	40,000,000	4,000,000	10,000,000
UNC/FSU21-2	63,000,000	6,300,000	13,750,000
UNC/FSU21-3	10,000,000	10,000,000	–
UNC/WCU21-1	9,200,000	9,200,000	–
UNC/WSS21-1	57,000,000	5,700,000	14,250,000
UNC/BOG21-1	15,000,000	–	3,750,000
UNC/R&R21	N/A	250,000,000	250,000,000
R&R21	N/A	200,000,000	200,000,000
CC21	400,000,000	100,000,000	100,000,000
CNC21	258,000,000	182,333,333	17,491,667
PERS21	N/A	2,000,000	2,000,000
FLEX21	100,000,000	–	25,000,000
UNC/ENG21	90,000,000	45,000,000	45,000,000

SECTION 40.1.(c) Funds allocated for project codes R&R21 and UNC/R&R21 in subsection (b) of this section for the 2021-2023 fiscal biennium shall be utilized for repairs and renovations pursuant to G.S. 143C-8-13. The cost for any single repair and renovation project for a State agency other than The University of North Carolina that is not otherwise specifically authorized in this Part shall not exceed fifteen million dollars ($15,000,000). The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-8-13(b). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-8-13(b).

SECTION 40.1.(c1) Of the funds allocated for project code R&R21, the following sums shall be allocated for the following projects:

(1) One million six hundred seventy-three thousand five hundred dollars ($1,673,500) for the 2021-2022 fiscal year to the Department of Justice for repairs and renovations at the Edneyville Justice Academy.

(2) Two million eight hundred thirty-six thousand nine hundred fifty-two dollars ($2,836,952) for the 2021-2022 fiscal year to the Department of Justice for repairs and renovations at the Salemburg Justice Academy.

(3) Three million six hundred seventy-five thousand dollars ($3,675,000) for the 2021-2022 fiscal year to the Department of Health and Human Services for repair and renovation of the Avery Building on the Broughton Hospital campus.

(4) Five hundred thousand dollars ($500,000) for each fiscal year of the 2021-2023 fiscal biennium to the Department of Natural and Cultural Resources for repairs and renovations projects at Tryon Palace.

(5) Two million dollars ($2,000,000) for the 2021-2022 fiscal year to the Department of Public Instruction for repairs and renovations of the historic Superintendent's House located on the campus of North Carolina School for the Deaf to preserve and enhance the existing structure and site for the preservation and display of artifacts and exhibits related to the history of Broughton Hospital and other historic structures in the area, and for use as a multipurpose venue.

(6) One million one hundred thousand dollars ($1,100,000) for the 2021-2022 fiscal year to the Department of Public Instruction for repairs and renovations to the chapel located on the campus of the North Carolina School for the Deaf.

(7) Four million five hundred thousand dollars ($4,500,000) for the 2021-2022 fiscal year to the Department of Public Safety for repairs and renovations related to the Safer Schools Training Academy.

(8) Three million six hundred forty thousand dollars ($3,640,000) to the Department of Revenue for security improvements at various locations throughout the State.

(9) Five hundred seventy-five thousand dollars ($575,000) to the Department of Insurance for ground floor renovations to the Albemarle Building.

(10) It is the intent of the General Assembly to provide repair and renovation funding to the Department of Administration for the Mail Service Center relocation project beginning with the 2023-2024 fiscal year.

SECTION 40.1.(c2) Of the funds allocated for project code UNC/R&R21, the following sums shall be allocated for the following projects:

(1) Sixty million dollars ($60,000,000) for each fiscal year of the 2021-2023 fiscal biennium to North Carolina State University for repairs and renovations to Dabney Hall.

(2) Ten million dollars ($10,000,000) for the 2021-2022 fiscal year to North Carolina State University for repairs and renovations to Polk Hall.

SECTION 40.1.(d) Notwithstanding G.S. 143C-8-13(a), the Board of Governors of The University of North Carolina is authorized to utilize funds allocated for project code UNC/R&R21 in subsection (b) of this section for the projects listed in this subsection. The Board of Governors may reallocate funds in accordance with G.S. 143C-8-13(b); 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 Board of Governors is authorized to utilize funds allocated for project code UNC/R&R21 that are available after allocation for specific projects authorized in this Part and that exceed the amount needed to fund intended projects at the constituent institutions as listed in this subsection. The provisions of G.S. 143C-8-13(b)(4), as enacted by Section 40.10(b) of this act, shall not apply to the projects listed in this subsection. The Board of Governors may prioritize funding for the following proposed projects that the General Assembly intends to fund through the 2023-2025 fiscal biennium:

UNC Constituent Institution	**Proposed Project Cost**
Appalachian State University–	
Wey Hall Envelope & Roof Repair	$5,000,000
Wey Hall Partial Renovation–Building Systems	10,000,000
Walker Hall HVAC Repair & Upgrades	500,000
Walker Hall Envelope & Structural Repair	1,300,000
Campus-Wide Electronic Door Access Installation	1,500,000

Chapell Wilson Gutter/Soffit/Roof Replacement	600,000
Smith Wright Hall Roof Repair & Replacement	1,000,000
Holmes Convocation Center Chiller	200,000
BB Dougherty Chiller Repair	100,000
Facilities Operations/Motorpool Wall Repairs	300,000
John E. Thomas Chiller Compressor Upgrades	250,000
Anne Belk Hall Hot Water Piping Replacement	500,000
Edwin Duncan Hall HVAC & Lighting Improvements	800,000
John E. Thomas Envelope	300,000
Howard Street Hall Road Opening	200,000
Holmes Convocation Center VAV Replacement	150,000
Peacock Elevator Upgrade	200,000
University Hall Sprinkler System	250,000
Duncan Hall Renovation	20,000,000
Total Proposed Project Authorizations- Appalachian State University	**43,150,000**
East Carolina University–	
Brody High-Rise Code Compliance, Phase 2	6,000,000
Main Campus-College Hill Drive Steam, Phase 3	2,500,000
Whichard Building Comprehensive Renovation	10,000,000
Speight Building Roof, Window, & Envelope Replacement	4,000,000
Chilled Water Extension to Whichard & Graham	6,475,000
Main Campus-Relocate Steam & Condensate, Phase 1	5,000,000
Health Science Building Envelope Infiltration Repairs	5,000,000
Brody Building Freight Elevators-Emergency Power	250,000
Science & Technology–Replace Roof	400,000
Old Cafeteria Building–Install Steam Manhole & Replace Piping	300,000
Health Science Campus Catwalks/Central Utility Plant	225,000
Warren Life Sciences–Replace Roof–Section B	300,000
Health Science Campus Central Utility Plant Transformers 1 & 2	404,000
Bate Upgrade Elevators (2)	350,000
Rivers–Replace Roof	300,000
Christenbury–Replace Roof	410,000
Brody Building Envelope Infiltration Repairs, Phase 1	1,500,000
Brody Chilled Water Loop Valve Replacement	100,000
Jenkins Art North Building Envelope Repairs	1,750,000
McGinnis Scene Shop–Replace Roof	100,000
Brody–Inline Fan Replacement, Phase 1	200,000
Jenkins Art–Replace Distribution Sub Panels, Westside Jenkins Art	225,000
Messick–Upgrade/Replace Elevator	150,000
Building 127–Upgrade/Replace Elevator	150,000
Coastal Studies Annex–Repair & Coat Siding & Roofing	100,000
School of Dental Medicine/Comm. Svc. Learning Ctrs. Upgrades (HVAC & Indoor Air Quality)	203,000
Main Campus Steam Plant–Install Steam Blanket for Boilers	100,000
McGinnis Auditorium–Upgrade/Replace Elevator	300,000
Brewster–HVAC Controls Optimization/D Wing	400,000
Greenville Centre–HVAC Controls Upgrade (Specific Remote Terminal Unit Variable Air Volumes)	300,000
Plate & Frame Heat Exchanger for Science & Technology/ Central Chiller Plant w/Controls Upgrade	300,000
Old Cafeteria Building Controls Upgrade (Specific Direct Digital Control)	300,000

Carol Belk Building–HVAC System (Specific Variable Air Volume Integration)	300,000
Rivers Building–HVAC System (Specific Variable Air Volume)	300,000
Austin Building–Air Handlers Replacement	1,500,000
Warren Life Sciences–Extend Sprinkler System to Original Section	181,000
Building 43–Upgrade Freight Elevator/Replace Shaft and Jack	230,000
Main Campus–Replace Power Distribution System Steam Plant	250,000
Biotechnology Building–Upgrade Laboratory Exhaust System	452,000
Biotechnology Building–Replace Exhaust Fans	130,134
Repair & Repave Service Drive at West End Dining/ Behind White Residence Hall	150,000
Wright Building/Wright Auditorium–Fire Alarm System Upgrade	300,000
Old Cafeteria & Ragsdale Annex–Replace Roof	240,000
Brody School of Medicine–Replace Computer Room Air Conditioning Units	200,000
Cotanche Data Center–Renovations to Improve Fire Protec. Syst./Data Rooms	210,000
Howell Science Building South	30,000,000
Total Proposed Project Authorizations- East Carolina University	**82,535,134**
Elizabeth City State University–	
Repair Campus Main Switch	700,000
Repair Campus Pump Station	650,000
Infrastructure Upgrades–Water & Electrical, Phase 1	12,000,000
Emergency Generator Power–Operations	4,900,000
Emergency Generator Power–Residence Halls	2,100,000
Campus-Wide Lockdown System	2,000,000
Building Demolition (4 Buildings)	1,500,000
Butler Residence Hall Renovations	2,500,000
Underground Infrastructure– (Replace all campus plumbing gate valves/infrastructure for fire pump)	150,000
Underground Infrastructure– (Replace 6-in. with 8-in. line to improve water volume/Campus North)	300,000
Jenkins Hall, Phase 2–Renovation of Laboratory and Classroom	400,000
Vaughn Center–Repair Student Phys. Ed. Learning Spaces– (Pool, flooring, ceilings & building envelope)	550,000
Fine Arts–Roof Replacement	200,000
Dixon Hall–Classroom & Laboratory Renovations	400,000
ITC–Air Handler Replacement	300,000
Lester Hall–Demolition	495,000
Infrastructure Upgrades–Water & Electrical, Phase 2	27,000,000
Total Proposed Project Authorizations- Elizabeth City State University	**56,145,000**
Fayetteville State University–	
Lyons Science Renovation	1,500,000
Butler Renovation–(HVAC, Bldg. Envelope, Fire Alarm)	3,450,000
A.B. Rosenthal Building–Targeted Renovation	10,000,000
Campus-Wide Utility Infrastructure	9,950,000
Barber/Collins Admin Complex–Roof Replacement	200,000
Campus-Wide Exterior Lighting Retrofit	400,000
Campus-Wide Brick Paver & Concrete Walk Repairs	500,000
Telecom–Roof Replacement	150,000
Butler–Roof Replacement	650,000
Chesnutt–MEP (Generator)	400,000
Telecom–MEP (Central Plant Tie, AHU, BAS, MDP, Generator)	750,000
University Advancement–MEP (AHU, Heat Pumps, BAS, MDP)	600,000

FM Complex–MEP (HVAC, MDP, Generator, Restrooms)	450,000
Harris CBE–Precast Concrete Structural Repair	100,000
Cook–Exterior Stairs & Patio Repairs	100,000
J. Knuckles Science Annex–Roof Replacement	150,000
H.T. Chick–Targeted Renovation	9,500,000
Total Proposed Project Authorizations- Fayetteville State University	**38,850,000**
North Carolina Agricultural & Technical State University–	
Carver Hall–Comprehensive Modernization, Phase 1	9,700,000
Price Hall–Renovation, Phase 1	8,000,000
Marteena Hall Renovation	9,100,000
General Classroom, B Side–Roof Repairs	1,241,107
Boiler Replacement	1,459,200
Hines Hall–HVAC Modifications	300,000
Waterproofing Buildings	600,000
IRC Building–HVAC Repairs/Replacement	705,274
Dudley–HVAC Repairs/Controls	403,305
McNair Hall–HVAC Repairs	250,000
Elevator Repairs/Replacement	450,000
Campus-Wide Steam Leaks	500,000
Building Steam System Repairs	200,000
Moore Gym/Hodgin Hall/Fraiser Hall–Roof Repairs	1,000,000
Price Hall/1020 Wendover/Hodgin Hall/Campbell Hall/C.H. Moore– Window Replacement	200,000
1020 Wendover/Price/Corbett Sports Center/Campbell, & Carver– Asbestos Abatement	150,000
Campus-Wide–Back Flow Preventors	300,000
Beef Barn/Bull Barn/Calf Barn/Dairy Barn	100,000
Carver Hall–Comprehensive Modernization, Phase 2	10,400,000
Price Hall Renovation, Phase 2	8,500,000
Total Proposed Project Authorizations- North Carolina Agricultural & Technical State University	**53,558,886**
North Carolina Central University–	
Lee Biology Renovation	8,100,000
B.N. Duke Auditorium–Steam to Natural Gas Conversion	350,000
Art Museum–Roof Replacement	250,000
Campus-Wide Steam System Repairs (Steam Traps, Valves, Leaks, Piping & Insulation Replacement, MHs)	600,000
Robinson Science Building–Repair & Restore Brick Façade	300,000
Hubbard Totton Building–Elevator Replacement	350,000
Campus-Wide ADA Compliance Upgrades, Phase 2	100,000
William Jones Building–HVAC Upgrades	450,000
Walker PE Complex–Elevator Replacement	350,000
Sanitary Sewer System– (Locate/assess terra-cotta pipes; stop inflow and infiltration)	100,000
Roof Gutters & Vent Repairs	310,000
Taylor Building–Repair & Restore Brick Façade	161,000
Water System–Re-route South and East Sides/Increase Capacity	135,000
Campus-Wide Annual Flat Roof Diagnostics, Prev. Maint., & Leak Repairs	300,000
Fire Alarm Systems Upgrades & Repairs	250,000
Steam Plant–Roof Repair	40,000
Asbestos/Mold Remediation & Contaminants Removal	300,000

Shepard Library–ITS/NOC/HVAC Upgrades	230,000
Fine Arts Building–Fire Alarm System Replacement	495,000
Miller Morgan Building–VFDs Replacement	80,000
B.N. Duke Auditorium–Repair & Restore Brick Façade	300,000
Edmonds Building–Brick Façade Repair & ADA Access (Ease of Entry & Code Compliant Steps and Handrails)	245,300
Taylor Education Building Renovation	13,750,000
Total Proposed Project Authorizations- North Carolina Central University	**27,546,000**
North Carolina School of Science and Mathematics–	
Campus-Wide HVAC Renovations	2,000,000
Chiller Replacement	3,000,000
Building Envelope Repairs	5,850,000
Cafeteria Renovation	2,500,000
Academic Commons & Dining Hall Renovation	12,400,000
Total Proposed Project Authorizations- North Carolina School of Science & Mathematics	**25,750,000**
North Carolina State University–	
Page Hall–Building Envelope Repairs & Plumbing Upgrades	4,000,000
Scott Hall–HVAC Renovation	5,000,000
Mann Hall–HVAC & Plumbing Renovation	10,000,000
Kilgore Hall–HVAC Renovation	10,000,000
North & Central Campus–Domestic Water Line Replacement	4,303,000
Poe Hall–Fire Protection Systems	3,500,000
Thomas Hall–HVAC Renovation	4,000,000
Research Building III–HVAC Upgrades	900,000
Original Campus–Domestic Water Line Repair Under RR Tracks	270,000
Scott Hall Labs–Renovation	2,500,000
Brooks Hall–Renovation, Phase 1	1,500,000
Mann Hall–Electrical Upgrades	950,000
Thomas Hall Labs–Renovation	1,000,000
CVM Equine AHU Replacement	300,000
McKimmon–ADA Improvements/Restrooms	500,000
Morrill Drive Domestic Water Line Replacement	661,000
Nelson, Park Alumni, Beef Ed. Unit, Schaub, CVM Research– Fire Alarm Panel Replacement	250,000
Campus-Wide Domestic Water Line & Valve Replacement, Phase 2	650,000
Don Ellis, Brooks–BAS Controls Upgrade, Phase 1	100,000
Campus-Wide Asbestos Removal Steam System	650,000
Caldwell Hall–Pointing & Caulking	100,000
Research Building I–AHU Replacement	850,000
Research Building IV–HVAC Upgrades	1,100,000
Centennial Campus–Repair Steam Leaks	550,000
CVM Main–Fire Alarm Upgrade, Phase 3	400,000
Mann Hall–Fire Sprinkler System	500,000
Campus Steam Leak Repair–MH13	200,000
Gardner Labs–Renovation	480,000
Textiles–COT Pod 2, South Side Foundation Waterproofing	350,000
Campus Cooling Tower Refurbish at CBC	250,000
Biltmore–Code Deficiencies	2,000,000
Campus Upgrade Sanitary/Storm Water System, Phase 1	844,000
Campus Chilled Water System Improvements	575,000

Kilgore–Foundation Waterproofing	350,000
Cox–Pointing & Caulking	300,000
Tompkins Hall–Above-Grade Waterproofing/Pointing	200,000
Yarborough–Chiller Controls Upgrade	146,000
Campus Sewer Line Replacement/Court of NC	175,000
111 Lampe Drive Renovation	42,000,000
Total Proposed Project Authorizations- North Carolina State University	**102,404,000**
University of North Carolina at Asheville–	
Campus Safety Improvements, Access Control, Cameras	2,300,000
Campus Roadway Repairs	4,400,000
Campus-Wide–Arc Flash Compliance, Phase II	150,000
Replace & Upgrade Fueling Station/Compliant Storage Tanks & System (FCAP #31053)	150,000
Replace Pedestrian Paths/Main Quad to Owen Hall	250,000
Replace Walkways in Tennent Park/ADA Accessible Path to Main Quadrangle/Carmichael Hall	250,000
Repair Concrete at Carmichael Plaza & Walk Along Ramsey/Tennent Park	200,000
Reuter Center–Replace BAS; Add VFD to AHU (FCAP #31131)	150,000
Reuter Center/Riverside Warehouse–Roof Replacements (FCAP #14433)	475,000
Rework Intersection at Edgewood & University Heights	250,000
Utility Location Survey/Installation of Underground Utility Markers	200,000
Zageir Hall–Replace Machinery w/new HE Models (FCAP #31124)	225,000
Underground Waterline Repairs– (Replace Domestic Waterline/Valves & Assoc. Work)	506,000
Campus-Wide–Implement Interoperable Communications/911 Commission	250,000
Campus-Wide–Install Sub-Metering in all Buildings: (Gas, Electric, Domestic Hot Water, Rain Water Systems, & Heating)	150,000
Replace Sidewalks at Zageir Hall	150,000
Weizenblatt Hall–Replace Low Slope Roof w/New Membrane Roof	175,000
118 W.T. Weaver–HVAC Replacement (Replace Major HVAC Equip./Update Controls)	518,974
Campus-Wide–Replace Deteriorated/Rusted Handrails w/Aluminum	250,000
Lipinsky Renovation	10,000,000
Total Proposed Project Authorizations- University of North Carolina at Asheville	**20,999,974**
University of North Carolina at Chapel Hill–	
Wilson Library–Means of Egress	9,300,000
Swain Hall–Targeted Renovation	5,800,000
Phillips Hall–1958 Central HVAC System	6,000,000
Hamilton Hall–Central HVAC System	8,800,000
Wilson Library–1953 Central HVAC System AHU 1 & 2	7,000,000
Wilson Library–1953 Central HVAC System AHU 3	4,000,000
462 Art Studio Bldg.–Steel Roof	219,772
12 Carroll Hall–Replace Roofing/Built-Up Roof, Sector C	406,823
209 First Dental–Replace Roofing/Slate Roof	565,120
166 General Storeroom–Replace Roofing/Built-Up Roof, Sector 5	577,490
625 ITS Building-Manning–Replace Roofing/Built-Up Roof	672,719
27 Memorial Hall–Replace Barrel Roof	330,000
226 Old Clinic–Replace Built-Up Roof	283,355
5 South Building–Replace Metal Roof/Gutters & Install Fall Protection	927,239
228 Brinkhous-Bullitt Building–Electrical Service & Distribution	

(Replace Main/Sub-Distribution)	4,843,986
12 Carroll Hall–Repair & Renovate Elevator #1618	746,929
12 Carroll Hall–Repair & Renovate Elevator #6442	464,850
41 Coastal Process Environmental Health Lab Building–	
System Cumulative Deficiencies	675,000
13 Davie Hall–Replace Air Handling Unit 1A, 1st Floor, 1967 Bldg.	428,865
13 Davie Hall–Replace Air Handling Unit 1B, 1st Floor, 1967 Bldg.	169,045
3 Ackland Art Museum–Install Bldg. Automation System	236,625
13 Davie Hall–Replace Air Handling Unit 1C, 1st Floor, 1967 Bldg.	225,461
14 Dey Hall–Repair & Renovate Elevator #4576	407,206
369 Friday Center–Replace Heating/Cooling Air Handling Units:	
AHU 01/Office, 1st Floor	255,456
369 Friday Center–Replace Heating/Cooling Air Handling Units:	
AHU 02/Mail/Book Room, 1st Floor	272,402
462 Art Studio Building–Install Fire Sprinkler System	326,540
211 Brauer Hall–Fire Alarm Systems:	
Replace Fire Alarm Initiating Devices & Control Panel	565,868
13 Davie Hall–Fire Alarm Systems:	
Replace Fire Alarm Control Panel	135,985
498 Kenan Center–Fire Alarm Systems:	
Replace Initiating Devices & Control Panel	200,000
3 Ackland Art Museum–Air Handling Units:	
(AHU 2, Rear Galleries, Admin, 1983 Building)	419,748
24 Wilson Library–Replace AHU 7 HVAC System	5,086,299
3 Ackland Art Museum–Replace Windows/Painted Wood Window	484,785
328 Bingham Facility (Building 1)–Replace Roofing/EPDM Roof	225,560
228 Brinkhous-Bullitt Building–Provide Roof Fall Protection	156,547
229 Burnett-Womack Building–Provide Roof Fall Protection	138,419
Total Proposed Project Authorizations- University of North Carolina at Chapel Hill	**61,348,094**
University of North Carolina at Charlotte–	
Atkins Library Tower–ADA & Elev.	10,000,000
Smith–Replace HVAC & Controls, Envelope, Replace Roof	5,950,000
Atkins Library Tower–Fire & Smoke Systems	3,840,000
Woodward–Controls & Lab HVAC Modernization	2,700,000
Friday–HVAC, Controls & Electrical Upgrade	9,700,000
Atkins–Roof	911,250
Reese–Roof	226,100
Reese–Fire Systems	773,500
Memorial Hall–Fire Systems	327,250
Duke–HVAC & Controls	654,500
Friday–Roof	1,011,000
RUP-2–HVAC & Controls	416,500
King–Fire Systems & Abatement	729,000
Fretwell–HVAC & Controls	1,574,009
Memorial Hall–Envelope	120,311
Memorial Hall–Roof	188,792
Reese–Envelope	995,269
King–Envelope	839,459
Grigg–HVAC & Controls	561,202
Friday–Fire Systems	631,072

Rowe–Elevators	156,334
Rowe–Electrical	154,042
Fretwell–Fire Systems	362,670
Cameron–Second Floor Renovation	19,100,000
Burson–Renovation	25,900,000
Total Proposed Project Authorizations- University of North Carolina at Charlotte	**87,822,260**
University of North Carolina at Greensboro–	
Coleman–Fire Alarm Replacement	2,440,000
Steam Distribution Replacement, Phase IV-B	1,550,000
Campus Chiller Water Infrastructure & Equip. Improvements	10,400,000
Petty Bldg.–Portico Waterproofing	712,031
MHRA Building–Fire Alarm System Replacement	985,327
Mossman Bldg.–Roof Replacement	773,128
Campus-Wide ADA Compliance–Restrooms/Entrances, etc.	400,000
UNCG State Building–Exterior Envelope Repairs	762,000
Cone Art Bldg.–Replace Gallery Lighting/Light Controls, Phases 2 & 3	861,750
Replace Generator Diesel Fuel Tank	839,175
Campus-Wide–Replace Property-Line Fences/Replace Underground Piping for Roof Drainage	230,000
Sullivan Science Bldg.–Replace HVAC/Greenhouse	683,434
Campus-Wide–Pedestrian Crosswalks Repair & Upgrade	486,000
Armfield-Preyer/Visitor's Center–Exterior Renovation & Waterproofing	435,000
Campus-Wide Walks and Hardscape Improvements	240,000
Campus-Wide Asbestos & Lead Abatement	240,000
Petty Bldg.–Replace EST QuickStart Fire Alarm System	400,000
Sink Bldg./Maintenance Compound–Asphalt Replacement	140,000
Coleman Bldg.–VCT Flooring Abatement & Replacement	250,000
996 Spring Garden/1605 Spring Garden/535 Tate Street/2900 Oakland Ave.–Fire Alarm Upgrade	250,000
Cone Arts/Lecture Hall, Room 103–Seating, Flooring, Lighting, Other Upgrades	187,000
Jackson Library–Renovation/Addition	81,000,000
Total Proposed Project Authorizations- University of North Carolina at Greensboro	**104,264,845**
University of North Carolina at Pembroke–	
Jacobs Hall–Demolition/Site Restoration	1,250,000
Campus Roof Replacements	1,500,000
Campus Safety & Regional Emergency Response Center	4,480,000
Campus Gas Line Replacement	550,000
Jones Pool–HVAC Replacement	1,300,000
Livermoore & Jones–Generator	424,500
Honors College–Renovation	250,000
Jones Auxiliary Gym/Dance Studio–Flooring/Studio Upgrades	625,000
Education–Boiler Replacement	110,000
Chavis–Air Handlers	390,000
Moore Hall & Chavis–Boiler Replacement	190,000
Lumbee Hall & Old Main–Elevator Replacement	465,000
Jones/Livermore/Lumbee/Old Main–FACP Replacement	682,000
Jones–Ceiling Repaint	110,000
Business Administration Renovation	12,500,000
Total Proposed Project Authorizations- University of North Carolina at	

Pembroke	**24,826,500**
University of North Carolina School of the Arts–	
Stevens Center–Roof, Water Intrusion, Bldg. Envelope	4,800,000
Gray Building–Roof, Bldg. Envelope, HVAC, Fire Suppression	3,350,000
Performance Place/Workplace/WPV–Roof Replacements	2,435,000
Gray Building–New Electrical Service Main	256,000
Design and Production/Workplace/Film Building 3–Life Safety Code Correction	134,000
Admin/Aquarius/Facilities/D&P Storage/WorkplaceWest V/Demille–	
Install Exit/Egress Lighting	115,000
Workplace–Renovate Drama Studios	448,000
Drainage & Landscape Improvements/Common Area at Moore & Sanford	397,000
Workplace–Renovate Drama Administrative Offices	323,000
Facilities Management–Install Shop Exhaust & Heating System	95,000
Gray Building–Remove Boilers	123,000
Film School, Buildings 1 & 2–Repair & Replace Windows	202,000
Film Archives Building–A/C & Controls	485,000
Performance Place, Film 2–	
Provide Heating/Cooling to Control Booth and Foley Booth	87,000
Gray Building–Modifications to Heating/Ventilation/AC System for Police	101,000
Film School–Paint Rooftop Components	81,000
Facilities Management–Resurface Drives/Vehicle Staging	75,000
Design & Production–Renovate Administrative/Faculty Offices	162,000
Design & Production–Mechanical System Retrocommissioning	134,000
Campus-Wide ADA/Misc. Improvements	39,000
Chapel St. Buildings–Roof Replacement	34,000
300 Waughtown–Exterior Waterproofing & Repairs	73,000
Film School, Building 3–Theater Dimmers	232,000
Hanes Student Commons–Motor Control Center	150,000
Commons Building–Upgrade Air Distribution & Controls	93,000
Commons–Partial Interior Renovation	75,000
Residence Halls A-F–Replace Floor Slabs, Sidewalks, & Stairs	118,000
Stevens Center Renovation, Phase 1	25,000,000
Total Proposed Project Authorizations- University of North Carolina School of the Arts	**39,617,000**
University of North Carolina at Wilmington–	
Coastal Marine Studies–Plumbing, Mech., Elec. Renovation	9,930,000
West Side Energy Plant Modernization	3,926,440
Wagoner/Hurst/Hamilton Roadways–Storm Water Refurbishment	2,500,000
Warehouse/Receiving–Replace Fire Alarm System	161,000
Telecommunications–Replace Fire Alarm System	62,000
Kenan Auditorium–Fire/Life Safety Improvements	75,000
Isaac Bear Bldg.–Fire Sprinkler	410,000
Alderman Hall–Replace Windows	280,000
Randall Library Renovation & Expansion	56,000,000
Total Proposed Project Authorizations- University of North Carolina at Wilmington	**73,344,440**
Western Carolina University–	
Killian Building–HVAC Upgrades/Window Replacement	3,570,000
Reid Building–Roof Replacement	2,520,000
Moore Building–Abatement, Demo. & Struct. Improvements	7,100,000
Moore Building–Infrastructure & Accessibility	4,200,000

HFR Building–Roof Replacement	660,000
Campus-Wide Fire Alarm System Upgrades	300,000
Reid Building–Gym Floor Replacement	275,000
Undersized Water Main Replacements/Non-Functioning Valves/Upgrade Lines	3,000,000
Facilities Management Building–Roof Replacement	193,000
Highlands Biological Station–Structural Repairs	250,000
Ramsey Activities Center–Elevator Replacement	250,000
HFR Building–Chiller Replacement	200,000
Old Student Union–Foundation & Exterior Repair	450,000
Hunter Library–Cooling Tower Replacement	175,000
Campus-Wide Egress Lighting/Exit Light Replacement	100,000
Moore Building Renovation	15,000,000
Total Proposed Project Authorizations- Western Carolina University	**38,243,000**
Winston-Salem State University–	
Hauser Hall Renovations–Restore the Core	9,500,000
Computer Science–Roof Repair	120,000
Gaines Complex–Roof Replacement	660,000
Computer Science–Exterior Wall Repairs	110,000
W.B. Atkinson–Exterior Wall Repairs	125,000
Elva Jones Computer Science–HVAC Upgrades/BAS Controls Replacement	1,450,000
O'Kelly Library–Upgrade HVAC Make-Up Air System	375,000
1600 Lowery St.–Add Fire Alarm System	125,000
Campus-Wide Fire Alarm System Upgrades	750,000
R.J. Reynolds–Roof Replacement	205,000
Coltrane Hall–Exterior Wall Repairs/Door & Window Replacement	275,000
O'Kelly Library–Upgrade Electrical System	250,000
Hauser Hall–Renovation, Phase 2	7,500,000
Total Proposed Project Authorizations- Winston-Salem State University	**21,445,000**
PBS North Carolina–	
Tower Lighting/FAA Markers/Tower Elev. Repair	2,200,000
Bryan Center–Replace HVAC Air Handler & Controls	2,707,000
Bryan Center–Chiller & Cooling Tower Replacement	1,120,000
Total Proposed Project Authorizations- PBS North Carolina	**6,027,000**
North Carolina Arboretum–	
Infrastructure Restoration & Road Projects	1,000,000
Total Proposed Project Authorizations- North Carolina Arboretum	**1,000,000**

SECTION 40.1.(e) Of the funds in the State Capital and Infrastructure Fund allocated in subsection (b) of this section for project code CC21, the following amounts are allocated for capital improvement projects at community colleges in this State in the aggregate amount of four hundred million dollars ($400,000,000). Funds allocated pursuant to this subsection shall be used for the purpose of issuing allotted proceeds to community colleges for new construction or rehabilitation of existing facilities and repairs and renovations in accordance with the following:

Community College	**Proceeds Allotment**
Alamance CC	$ 7,938,704
Asheville-Buncombe TCC	$ 8,265,643
Beaufort County CC	$ 4,149,414
Bladen CC	$ 3,520,119
Blue Ridge CC	$ 2,905,574
Brunswick CC	$ 2,278,736
Caldwell CC and TI	$ 6,909,954

Cape Fear CC	$ 9,986,372
Carteret CC	$ 3,375,700
Catawba Valley CC	$ 8,655,880
Central Carolina CC	$10,031,233
Central Piedmont CC	$20,000,000
Cleveland CC	$ 7,598,247
Coastal Carolina CC	$ 8,460,455
College of the Albemarle	$ 6,376,529
Craven CC	$ 5,765,056
Davidson County CC	$ 6,755,089
Durham TCC	$ 6,188,478
Edgecombe CC	$ 5,417,837
Fayetteville TCC	$20,000,000
Forsyth TCC	$14,572,113
Gaston College	$ 9,009,858
Guilford TCC	$19,525,968
Halifax CC	$ 2,996,526
Haywood CC	$ 2,105,434
Isothermal CC	$ 5,007,321
James Sprunt CC	$ 3,144,017
Johnston CC	$ 5,111,793
Lenoir CC	$11,826,322
Martin CC	$ 2,190,242
Mayland CC	$ 3,829,850
McDowell TCC	$ 2,173,649
Mitchell CC	$ 3,397,210
Montgomery CC	$ 1,860,231
Nash CC	$ 7,753,111
Pamlico CC	$ 1,222,332
Piedmont CC	$ 3,001,442
Pitt CC	$14,535,241
Randolph CC	$ 5,418,451
Richmond CC	$ 7,526,958
Roanoke Chowan CC	$ 2,217,281
Robeson CC	$ 6,555,976
Rockingham CC	$ 4,407,523
Rowan-Cabarrus CC	$12,614,170
Sampson CC	$ 5,203,976
Sandhills CC	$ 4,970,448
Southeastern CC	$ 6,701,009
South Piedmont CC	$ 5,560,411
Southwestern CC	$ 5,020,226
Stanly CC	$ 5,610,190
Surry CC	$ 7,888,312
Tri-County CC	$ 2,055,656
Vance-Granville CC	$ 7,394,217
Wake TCC	$20,000,000
Wayne CC	$ 9,149,360
Western Piedmont CC	$ 3,947,229
Wilkes CC	$ 5,514,320
Wilson CC	$ 4,402,607

SECTION 40.1.(f) There is created within the Community Colleges System Office the Community Colleges Building Fund as an interest-bearing capital project fund. At the beginning of each fiscal year, the Office of State Budget and Management shall transfer an amount equal to the amount allocated for community college capital projects in the most recent Current Operations Appropriations Act to the Community Colleges Building Fund. Proceeds disbursed from the Fund shall be used for new construction or rehabilitation of existing facilities, repairs and renovations, building of technology infrastructure, and the purchase of measures to ensure building security. Projects for facilities for centralized administration, trailers, relocatable classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life of at least 10 years or must extend the life of the facility by at least 10 years once renovated or rehabilitated. The Community Colleges System Office shall develop a process to allocate the proceeds from the Community Colleges Building Fund.

A county that 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 2020 calendar year, shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds in the amount of one dollar ($1.00) of local matching funds for every one dollar ($1.00) of such proceeds. The provisions of G.S. 115D-31, or any other provision of law permitting prior expenditures to be used for match purposes, do not apply for purposes of meeting the matching funds requirements of this section. For rehabilitation of existing facilities and repairs and renovations, community colleges are not required to match proceeds allocated in this section. Each community college receiving the proceeds allocated pursuant to subsection (e) of this section shall report by January 1, and quarterly thereafter, to the Community Colleges System Office on the projects funded from those allocations, and the Community Colleges System Office shall combine the reports and submit them in accordance with G.S. 143C-8-14. Allocations from the fund shall not be used to retire debt issued or authorized prior to July 1, 2021. The amount distributed to any single community college shall not exceed the amount listed in the allocation schedule in subsection (e) of this section. Interest credited to the Community Colleges Building Fund shall revert to the State Capital and Infrastructure Fund.

SECTION 40.1.(g) For project code NCGA21-2, the Legislative Services Office shall utilize funds appropriated for the 2021-2022 fiscal year to expand upon the Government Facilities Master Plan initiated pursuant to Section 36.2(a) of S.L. 2018-5, with an emphasis on potential remodeling expenditures and the use of temporary workspace options to more effectively renovate and remodel State-owned property. The expanded Government Facilities Master Plan may also consider the cost and feasibility of leasing and leasing alternatives, including the use of privately owned structures, and potential energy efficiency savings. The expanded Government Facilities Master Plan shall focus on the following State-owned properties in the downtown government complex:

(1) The Department of Public Instruction/Education Building.
(2) Dobbs Building.
(3) Bath Building.
(4) Albemarle Building.
(5) The Department of Administration Building.

The expanded Government Facilities Master Plan outlined in this subsection shall also consider available options for consolidating the facilities of the Department of Commerce, The University of North Carolina System Office, the Community Colleges System Office, and the Department of Public Instruction into a single location located in the downtown government complex.

SECTION 40.1.(h) In connection with the expanded Government Facilities Master Plan described in subsection (g) of this section, the Legislative Services Office, utilizing the

Alternative Workplace Requirements methodology developed for the State of North Carolina during a project conducted with the assistance of the Office of State Auditor in 2019, shall direct a study of the Albemarle Building to determine the necessary space to house the Office of the State Auditor, considering the necessary amount of square footage that employees, or groups of employees, need in order to perform the required tasks for their positions. The cost of the study described in this subsection shall not exceed one hundred thousand dollars ($100,000) and shall be funded utilizing funds available to the Department of Insurance.

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 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.(i) For project code NCGA21-3, and notwithstanding G.S. 143-135.26 or any other provision of law to the contrary, the Legislative Services Office shall utilize the funds appropriated for the 2022-2023 fiscal year to initiate advance planning, full planning, and design for the location of The University of North Carolina System Office in the downtown government complex, including any facility consolidation identified using the study conducted pursuant to subsection (g) of this section.

SECTION 40.1.(j) For project code NCGA21-4, the Legislative Services Office shall utilize the funds allocated to develop a long-term master maintenance plan for the State Capitol Building, including the Capitol Square, with a focus on the roof of the structure and potential capital repairs, rehabilitation, renovation, and restoration expenditures for the structure and its infrastructure system components. The Legislative Services Office shall seek input from the Department of Natural and Cultural Resources and The North Carolina State Capitol Foundation, Inc., to ensure the integrity and historic significance of the structure is properly considered and maintained.

SECTION 40.1.(k) For project code NCGA21-4, 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 have final authority over any rehabilitation, renovation, or restoration activity identified by the long-term master maintenance plan developed pursuant to subsection (j) of this section. The Department of Administration and the Department of Natural and Cultural Resources shall provide resources and guidance to the Legislative Services Office on any rehabilitation, renovation, or restoration activity undertaken pursuant to this subsection. Any rehabilitation, renovation, or restoration activity undertaken pursuant to this subsection shall be in compliance with G.S. 143-138.

SECTION 40.1.(*l*) Section 1(e) of S.L. 2020-81 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) 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.(m) Section 1(f) of S.L. 2020-81 reads as rewritten:

"**SECTION 1.(f)** For project code UNC/NCS20-1, notwithstanding G.S. 143C-4-5, North Carolina State University is authorized to spend up to one hundred sixty million dollars ($160,000,000) on the project, but shall commit to providing funding of at least eighty million dollars ($80,000,000) from non-State sources on or before June 30, 2022, as a match for the intended State allocations totaling eighty million dollars ($80,000,000) for the project."

SECTION 40.1.(n) For the Gaston Aquatics Center (Center) grant allocated in this Part, Gaston Aquatics, Inc., a nonprofit organization, shall provide a match of one million dollars ($1,000,000) in non-State funds as a match for the three million dollars ($3,000,000) in grant funds allocated for the 2021-2022 fiscal year to the Center for pool construction. The Center shall provide a match of one million dollars ($1,000,000) in non-State funds as a match for the one million dollars ($1,000,000) in grant funds allocated for the 2022-2023 fiscal year to the Center for pool construction. Notwithstanding any provision of law to the contrary, funds allocated in this Part to the Center that have not been disbursed by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

SECTION 40.1.(o) For the Gaston Community Foundation grant allocated in this Part, Gaston Community Foundation (Foundation) shall match the sum of two million dollars ($2,000,000) on a one-to-one basis. The Foundation shall have four years in which to raise the matching funds. Upon raising the initial sum of one million dollars ($1,000,000) in non-State funding, the Foundation shall receive the sum of one million dollars ($1,000,000). Upon raising an additional sum of one million dollars ($1,000,000), the Foundation shall receive the sum of one million dollars ($1,000,000). Funds allocated in this Part to the Foundation that have not been disbursed by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

SECTION 40.1.(p) From the funds allocated in this Part to the Gaston County Family YMCA, the Warlick Family YMCA (Warlick) shall be allotted the sum of five hundred thousand dollars ($500,000) upon raising matching funds in the sum of five hundred thousand dollars ($500,000) in non-State funds. Funds allocated in this Part that have not been disbursed by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

SECTION 40.1.(q) For project code DACS21-4, the Department of Agriculture and Consumer Services shall select a site located in Duplin County for the construction of the new Region One headquarters for the North Carolina Forestry Service.

SECTION 40.1.(q1) Section 3.9 of S.L. 2020-97 reads as rewritten:

"**SECTION 3.9.** The funds allocated to the North Carolina Forest Service by subdivision (10) of Section 4.1 of S.L. 2016-124 and that are unencumbered and unexpended for those purposes or for the additional purposes authorized by Section 12.9 of S.L. 2017-57 shall be used by the Department of Agriculture and Consumer Services for the following purposes:

(1) The ~~purchase and renovation of an existing facility for use as a regional headquarters and training facility~~ construction authorization and partial support of construction of a Region One headquarters and training facility for the North Carolina Forest Service. The facility shall include, but is not limited to, an office building with classrooms, an equipment maintenance facility, and multibay equipment shelters.

(2) Support of operations and other receipt-supported activities such as maintenance and repairs at the North Carolina State Fair and the Western North Carolina Agriculture Center."

SECTION 40.1.(r) Notwithstanding G.S. 143-341(4)e. and Article 7 of Chapter 146 of the General Statutes, the Department of Natural and Cultural Resources may enter into a memorandum of understanding or a lease agreement with a nonprofit entity for the operation of the Hayes Manor facility and the Wyse Fork Battlefield and other activities related to the operation of those sites.

At each of the State Historic Sites receiving funding from the State Capital and Infrastructure Fund in this act, the Department of Natural and Cultural Resources shall seek to partner with nonprofit organizations to provide funds and in-kind contributions for site development, preservation, or operational support in order to minimize the use of public funds. The Department of Natural and Cultural Resources shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research

Division no later than April 1, 2022, with an estimate of any additional recurring costs associated with acquisition, maintenance, and operation of the sites acquired pursuant to this subsection.

SECTION 40.1.(s) For the Holy Angels grant allocated in this Part, Holy Angels Services, Inc., a nonprofit organization, shall utilize funds received to pay for costs associated with the construction of up to three new group homes with up to a combined total of 20 intermediate care facility for individuals with intellectual disabilities (ICF/IID) beds operating these new homes. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General Statutes, or any other provision of law to the contrary, Holy Angels Services, Inc., shall be exempt from certificate of need review for the construction of each group home, including up to a combined total of 20 new ICF/IID beds operating in the group homes, for which funding was received under this Part. These group homes and beds shall be subject to existing licensure laws and requirements.

SECTION 40.1.(t) The following entities receiving a grant allocated in this Part shall utilize funds received for the same purpose and subject to the same guidelines and limitations set forth in Section 9F.9(a) of this act:

(1) Harnett Health Systems, Incorporated.
(2) Good Hope Hospital, Incorporated.
(3) Johnston Health Enterprises, Incorporated.

SECTION 40.1.(u) Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General Statutes, or any other provision of law to the contrary, the following entities shall be exempt from certificate of need review for the construction of any behavioral health-related facilities or beds for which grants are allocated in this Part, provided those facilities and beds shall be subject to existing licensure laws and requirements:

(1) Randolph Health, with regard to any construction or beds in a psychiatric unit at Randolph Hospital.
(2) Gateway of Hope Addiction Recovery Center.
(3) Hope Alive, Inc., with regard to construction or beds related to the Robeson County Substance Abuse System of Care project.
(4) Cabarrus County, with regard to the construction of, or beds associated with, a new behavioral health center.

SECTION 40.1.(v) For project code DOA21-2, the Department of Administration may utilize a sum not exceeding eight million dollars ($8,000,000) of the funds allocated for the project for the purpose of entering into lease agreements to facilitate the completion of the project.

SECTION 40.1.(w) For project code FLEX21, after making a reasonable attempt to adjust the project scope to meet the amount authorized by the General Assembly, the Office of State Budget and Management may utilize the funds allocated to supplement separate funds allocated for any State agency project listed in subsection (b) of this section in accordance with G.S. 143C-8-7.1(d). Funds utilized pursuant to this subsection may not be used to increase the amount authorized for a project by more than ten percent (10%).

SECTION 40.1.(x) Section 1(c) of S.L. 2020-81 reads as rewritten:

"**SECTION 1.(c)** There is appropriated from the State Capital and Infrastructure Fund to the Office of State Budget and Management the sum of one hundred four million dollars ($104,000,000) in nonrecurring funds for the 2020-2021 fiscal year to be allocated for the following project codes, as defined in subsection (b) of this section:

Capital Improvements–State Capital and Infrastructure Fund	**Total Project Authorization**	**2020-2021 FY**
OSBM20-1	$1,500,000	$1,500,000
R&R20-1	–	$85,250,000
UNC/CH20-1	$150,000,000	$7,000,000

UNC/CH20-2	~~$45,000,000~~$60,000,000	$2,500,000
UNC/NCS20-1	$160,000,000	$7,000,000
UNC/AVL20-1	$750,000	$750,000"

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 2021-2023 fiscal biennium and estimated amounts (in thousands) needed for completion of those projects:

Project Code	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
UNC/R&R21	250,000	250,000	250,000	250,000	250,000	250,000
R&R21	200,000	200,000	200,000	200,000	200,000	200,000
PERS21	2,000	2,000	2,000	2,000	2,000	2,000
FLEX21	–	25,000	50,000	25,000	–	–
DEQ21-1	5,500	13,750	22,000	13,750	–	–
DOA21-1	50,000	60,500	54,000	64,500	–	–
DNCR21-13	8,000	15,000	22,000	15,000	–	–
DPS21-3	–	–	–	11,409	–	–
DPS21-9	8,163	20,408	32,653	20,408	–	–
NCGA21-3	–	11,391.3	38,000	51,000	–	–
UNC/ECU21-1	21,500	53,750	86,000	53,750	–	–
UNC/NCS20-1	18,250	36,500	18,250	–	–	–
UNC/CH20-1	21,250	25,500	10,750	–	–	–
UNC/CH20-2	13,750	18,000	10,750	–	–	–
UNC/PEM21-1	9,100	22,750	36,400	22,750	–	–
UNC/ECS21-4	4,000	10,000	10,000	10,000	–	–
UNC/FSU21-1	4,000	10,000	16,000	10,000	–	–
UNC/FSU21-2	6,300	13,750	25,200	15,750	–	–
UNC/WSS21-1	5,700	14,250	22,800	14,250	–	–
UNC/BOG21-1	–	3,750	3,750	3,750	3,750	–
CC	100,000	100,000	100,000	100,000	–	–

WATER RESOURCES DEVELOPMENT PROJECTS

SECTION 40.3.(a) The Department of Environmental Quality shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years. These funds will provide a State match for an estimated two hundred twenty million five hundred twenty-six thousand dollars ($220,526,000) in federal funds.

	Name of Project	2021-2022	2022-2023
(1)	Princeville Flood Damage Reduction	$5,197,500	$5,197,500
(2)	Carolina Beach CSDM	4,750,000	1,083,333
(3)	Wilmington Harbor DA Maintenance	3,663,642	7,334,000
(4)	Kure Beach CSDM	4,889,423	825,641

(5)	Surf City/North Topsail Beach CSRM	14,537,000	14,537,000
(6)	Ocean Isle CSDM	494,599	1,534,615
(7)	WRD Grant Program–State & Local Projects	2,750,000	1,500,000
(8)	WRD Grant Program–EQIP Projects	2,000,000	2,750,000
(9)	Manteo Old House Channel, Sec. 204, CAP, (65/35)	2,700,000	–
(10)	Wrightsville Beach CSDM	3,487,500	469,471
TOTALS		**$44,469,664**	**$35,231,560**

SECTION 40.3.(b) Part 8A of Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.73B. Water resources development grants administration.**

(a) Fund Creation. – There is established the Water Resources Development Grants Special Fund, a special fund within the Department of Environmental Quality to be used in accordance with this section.

(b) Fund Uses; Flexibility. – Funds within the Water Resources Development Grants Special Fund shall be used for water resources development projects as directed by an act of the General Assembly. Where the actual project costs are different from the authorized estimated project costs, the Department may adjust the allocations among projects as needed. If any funded projects are delayed and the budgeted State funds cannot be used during any given fiscal year, or if the projects are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) U.S. Army Corps of Engineers project feasibility studies.

(2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State matching funds in the current fiscal year.

(3) State-local water resources development projects.

(4) NRCS-EQIP stream restoration projects.

(c) Reports. – The Department shall submit semiannual reports on the use of funds from the Water Resource Development Grant Special Fund to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Office of State Budget and Management on or before March 1 and September 1. Each report shall include all of the following:

(1) The project name.

(2) The estimated 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 the project.

The semiannual reports also shall show those projects advanced in schedule and those projects delayed in schedule."

SECTION 40.3.(c) The following project funds shall be transferred to the Water Resources Development Grants Special Fund established in G.S. 143-215.73B(a), as enacted in subsection (b) of this section:

Fund Number	Project Title	Allotment Balance
4T17	DWR – State & Local Projects	$187,438.98
4U07	DWR – State & Local Water Res Develop Grant	317,000.00
4U08	DWR – Cape Fear Lock & Dam # Fish Ramp	470,684.08
4U10	DWR – Environmental Qual Incent Prog	259,732.98
4V11	DWR – NRCS EQUIP	53,123.81
4V12	DWR – State & Local Projects	465,701.71
4Y13	DWR – NRCS EQUIP	881,757.48

4Y14	DWR – Everette Jordan Reservoir Water	15,167.24
4Y16	DWR – State & Local Projects	1,857,851.47
4Y17	DWR – Brunswick/FT Anderson Cape Fear	365,495.08
4Y19	DWR – Lindsey Bridge Dam Restoration	210,750.00
4Y26	DWR – Town of Rutherfordton Stream	500,000.00
4Y27	DWR – Ararat River Greenway Stream Restoration	500,000.00
4O01	DWR – Princeville Flood Damage Reduction (Pre-Contr/Design)	3,465,000.00
4O02	DWR – Carolina Beach CSRM	1,754,946.65
4O03	DWR – Kure Beach CSRM	2,187,500.37
4O04	DWR – Wrightsville Beach CSRM	2,206,487.00
4O05	DWR – Ocean Isle CSRM	1,040,016.76
4O06	DWR – Planning Assistance to Communities	244,613.13
4O07	DWR – Wilmington Harbor DA Maintenance	3,670,358.64
4O08	DWR – Morehead City Maintenance	1,980,627.09
4O09	DWR – Surf City/North Topsail CSRM	12,500,000.00
4O10	DWR – Dan River Regional Water Supply Project	34,000.00
4O11	DWR – Carteret County (Bogue Banks) CSRM	2,567,320.08
4O12	DWR – Neuse River-Goldsboro Sec. 1135. CAP, Project Mods. (50/50)	333,500.00
4O13	DWR – Concord Streams, Sec. 206, CAP, Ecosystem Restoration, Strick Branch, Constr. (65/35)	1,023,000.00
4O14	DWR – Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000.00
4O15	DWR – B. Everette Jordan Reservoir Water Supply	1,732,410.25
4O16	DWR – North Topsail Beach Shoreline Protection – Phases 1-4	1,500,000.00
4O17	DWR – NRCS EQIP/Stream Restoration	2,064,698.97
4O18	DWR – State-Local Projects (WRD Grant Program)	4,734,317.22
4O20	DWR – Cape Fear Lock and Dam # 2 and # 3 Fish Ramp	903,140.24
TOTALS		**$50,151,639.23**

SECTION 40.3.(d) Notwithstanding any other provision of law to the contrary, funds allocated in prior acts of the General Assembly for the water resources development project entitled "North Topsail Beach Shoreline Protection – Phase 2" may also be used for Phase 1, 3, or 4 of that project.

SECTION 40.3.(e) G.S. 143-215.72(d) is amended by adding a new subdivision to read:

"(4) A single project shall consist of all the landowners and other participants under a project design contract approved by the Natural Resources Conservation Service for a contiguous section of stream."

NATIONAL GUARD PROJECTS

SECTION 40.4.(a) From the funds allocated in this Part for project code NG21-1, 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, or as needed for repairs of facilities damaged during Hurricane Florence, and designated by the Adjutant General of the North Carolina National Guard in an amount not exceeding eight million dollars ($8,000,000) during the 2021-2022 fiscal year. Funds allocated to project code NG21-1 shall not revert.

SECTION 40.4.(b) No later than June 1, 2023, 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 40.5.(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 Funding Authorized**	
	FY 2021-2022	**FY 2022-2023**
Department of Natural and Cultural Resources		
Edenton State Historic Site–		
Frinks House Renovations	$300,000	–
Transportation Museum–		
Southern Railway Car Exhibit Renovations	287,442	–
Bennett Place State Historic Site–		
Visitor Center Renovations	300,000	–
USS NC Battleship–		
Mast Repairs	1,000,000	–
Living With Water	2,335,431	–
Bentonville State Historic Site–		
Harper House Renovations	115,000	–
NC Museum of Art–		
Terrace & Green Project	2,500,000	–
Brunswick Town State Historic Site–		
Shoreline Stabilization	3,000,000	–
Charlotte Hawkins Brown Museum–		
Memorial Galen Stone Hall	1,100,000	–
Tea House Renovations	425,000	–
Department of Agriculture and Consumer Services		
State Fair–Repairs & Improvements	5,000,000	–
NC Forest Service–		
Design & Install New Bridges	25,000	$100,000
Equipment Shelters	500,000	500,000
Parking Lot Expansions	500,000	250,000
Picnic Shelters	25,000	50,000
Restrooms	25,000	125,000
Storage Buildings	125,000	–

Viewing Platforms	25,000	125,000
State Research Stations–		
Equipment Storage Shelter	500,000	–
Dilapidated Building Demolition	100,000	–
Livestock & Mission Critical Facility Improvements	–	500,000
Irrigation Improvements at Research Stations	–	500,000
Department of Military and Veterans Affairs		
New State Veterans Home–Raleigh	85,700,000	–
Department of Public Safety		
Alcoholic Beverage Control–		
Office Roof Replacement	864,000	–
Warehouse Office Renovation	480,000	–
Warehouse Storage	313,000	–
TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL PROJECTS AUTHORIZED	**$105,544,873**	**$2,150,000**

SECTION 40.5.(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 2021-2022 fiscal year and the sum of seventy-five thousand dollars ($75,000) for the 2022-2023 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.

SECTION 40.5.(c) Notwithstanding Section 36.7(d) of S.L. 2018-5, as enacted by Section 9.1(a) of S.L. 2018-97, the Department of Military and Veterans Affairs may utilize funds in an amount not exceeding twenty-nine million nine hundred ninety-five thousand dollars ($29,995,000) in funds appropriated in this act from the North Carolina Veterans Home Trust Fund established under G.S. 143B-1293 to provide the required State match for federal funding for the construction of a new State veterans nursing facility in Wake County. Any federal funds received for this purpose are hereby appropriated.

STATE CONSTRUCTION CHANGES

SECTION 40.6. G.S. 143-341 reads as rewritten:

"**§ 143-341. Powers and duties of Department.**

The Department of Administration has the following powers and duties:

…

(3) Architecture and Engineering:

a. To examine and approve all plans and specifications for the construction or renovation of the following:

1. All State buildings or buildings located on State lands, except those buildings over which a local building code inspection department has and exercises jurisdiction. For the purposes of this sub-sub-subdivision, buildings, facilities, or projects located on State lands that are (i) privately owned or privately leased and (ii) located within the North Carolina Global TransPark are exempt.

2. All community college buildings requiring the estimated expenditure <u>of public money</u> for construction or repair work

~~for which public bidding is required under G.S. 143-129~~ of two million dollars ($2,000,000) or more prior to the awarding of a contract for such work; and to examine and approve all changes in those plans and specifications made after the contract for such work has been awarded.

…

c. To supervise the letting of all contracts for the design, construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision.

d. To supervise and inspect all work done and materials used in the construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision; to act as the appropriate official inspector or inspection department for purposes of G.S. 143-143.2; and no such work may be accepted by the State or by any State agency until it has been approved by the Department.

…."

STREAM DEBRIS REMOVAL

SECTION 40.7.(a) Funds transferred from the State Capital and Infrastructure Fund to the Department of Environmental Quality (Department) for stream debris removal shall be used for the removal and disposal of waterway debris from waters of the State located in a targeted river basin. The Department shall develop a schedule for the removal and disposal of waterway debris from waters of the State located in a targeted river basin and shall contract with one or more appropriate and qualified private entities to carry out the debris removal and disposal activities.

SECTION 40.7.(b) Stream debris removal projects funded under this section shall be exempt from the requirements of Articles 1, 4, and 7 of Chapter 113 of the General Statutes, as well as requirements for stormwater or water quality permits under Article 21 of Chapter 143 of the General Statutes. The Department is directed to waive any right of certification under section 401 of the federal Clean Water Act with respect to projects funded by this act.

SECTION 40.7.(b1) No funds allocated by this section may be expended by the Department until the initial draft of the Flood Resiliency Blueprint required pursuant to Section 5.9(c) of this act has been completed.

SECTION 40.7.(c) Funds allocated by this section for the 2021-2023 fiscal biennium shall not revert but shall remain available for nonrecurring expenses until the funds have been spent or encumbered. The Department may utilize up to three percent (3%) of the funds allocated by this section for administration of the stream debris removal projects authorized under this section.

SECTION 40.7.(d) The Department shall report within 30 days of the end of each fiscal quarter in which funds are expended to the chairs of the Joint Legislative Oversight Committee on Agriculture and Environment and Natural Resources and the Fiscal Research Division regarding uses of the funds appropriated by this section. The report shall include a cumulative and quarterly listing of projects funded, counties where funded projects were located, and linear feet of streams cleared.

SECTION 40.7.(e) Definitions. – The following definitions apply in this section:

(1) Acute incident. – A natural event such as a hurricane, tornado, or extreme rain event that results in the release of large amounts of waterway debris.

(2) Targeted river basins. – The Neuse River basin, the Cape Fear River basin, the Lumber River basin, the Tar-Pamlico River basin, and the White Oak River basin.

(3) Vegetative debris. – Vegetative matter resulting from landscaping, maintenance, right-of-way or land-clearing operations, including whole trees, tree limbs, tree stumps, limbs or leaves, shrubbery, grass clippings, and other plant material.

(4) Waters of the State. – Any surface body or accumulation of water, whether publicly or privately owned and whether naturally occurring or artificially created, which is contained within, flows through, or borders upon any part of this State.

(5) Waterway debris. – Any solid material, including, but not limited to, vegetative debris and debris exposed to or that has the potential to release oil, hazardous substances, pollutants, or contaminants, that enters a waterway in a targeted basin following an acute incident and poses a threat to the natural or man-made environment or has the potential to increase the risk or severity of future flood events. This may include shoreline and wetland debris and debris in inland, non-tidal waterways of a targeted river basin.

GRANTS TO NON-STATE ENTITIES

SECTION 40.8. 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 2021-2022 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 2022-2023 fiscal year shall be completed no later than 100 days after the beginning of the 2022-2023 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, 2022, 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.

CONNECT NC BOND CHANGE/DEBT AVOIDANCE

SECTION 40.9.(a) The General Assembly finds the following:

(1) The use of general obligation bonds can be an efficient method for financing needs of the State.

(2) Debt service, even on general obligation bonds, is a cost that can be avoided if the State has funds to directly pay for capital needs.

(3) Where the State provides a general obligation bond question to the voters, it is tantamount to representing both that capital improvements covered by the debt question are needed by the State and that the incurrence of debt for those purposes is the most responsible, cost-effective way of meeting those needs.

(4) If subsequent economic changes affect the validity of those representations, including where, as here, management of State resources has resulted in having sufficient funding for such capital improvements, thereby obviating the need to incur debt service costs, then such changes also affect the representations and assumptions on which the voters rely in voting for the issuance of the debt. Stated alternatively, voters make assumptions on the need for debt based on the amount and uses set forth in the ballot question, and, if circumstances change those assumptions, the State has an obligation to avoid associated costs if it would be inefficient to incur them.

(5) This section allocates funds to satisfy the needs and purposes for which indebtedness was originally authorized by the voters of this State pursuant to S.L. 2015-280. Accordingly, funding and debt service costs using the general obligation debt for such purposes would be redundant and would frustrate the assumptions made by (and the representations made to) the voters of this State at the time the debt obligation was approved by the voters as to the State's need.

SECTION 40.9.(b) For project code CNC21, the Office of State Budget and Management shall allocate the sum of two hundred fifty-eight million dollars ($258,000,000) for the purposes described in Section 1(f) of S.L. 2015-280, as amended by Section 36.7(a) of S.L. 2018-5. Funds allocated pursuant to this subsection will be used to fully fund all projects authorized and listed in S.L. 2015-280, and further debt authorized by that Session Law may not be used to increase the total funding for any project authorized above the applicable project amount provided in S.L. 2015-280.

SECTION 40.9.(c) The State Treasurer shall not issue more than an aggregate principal amount of one billion six hundred million dollars ($1,600,000,000) of general obligation bonds of the State authorized pursuant to Section 1 of S.L. 2015-280. The authority to issue additional bonds or notes previously authorized under S.L. 2015-280 above the amount provided in this subsection is repealed, and the bond referendum authorized by and held pursuant to S.L. 2015-280 no longer provides authority to issue further debt, other than refunding bonds, authorized by that act.

SECTION 40.9.(d) Subdivision (3) of Section 1(f) of S.L. 2015-280 is repealed.

SECTION 40.9.(e) Section 4(b) of S.L. 2015-280 reads as rewritten:

"**SECTION 4.(b)** Any funds retained by the Office of State Budget and Management pursuant to subsection (a) of this section at the time a project is completed shall be retained by the Office of State Budget and ~~Management until reallocated for other purposes by the General Assembly.~~ Management. The Office of State Budget and Management shall report to the Joint Legislative Oversight Committee on Capital Improvements on any funds retained pursuant to this subsection within 90 days of a project's completion."

CAPITAL PROJECT REPORTING/OTHER CHANGES

SECTION 40.10.(a) It is the intent of the General Assembly to consolidate reporting for capital improvement projects. With the exception of the statutory requirements contained in

G.S. 143C-8-14, any reporting requirements imposed on capital improvement projects for State agencies authorized by a previous act of the General Assembly are hereby repealed.

SECTION 40.10.(b) G.S. 143C-8-13 reads as rewritten:

"**§ 143C-8-13. Repairs and Renovations.**

…

(b) Allocation and Reallocation of Funds for Particular Projects. –Any funds that are allocated to the Board of Governors of The University of North Carolina or to the Office of State Budget and Management may be allocated or reallocated ~~by~~ at the discretion of those agencies for repairs and renovations projects so long as all of the following conditions are satisfied:

(1) Any project that receives an allocation or reallocation satisfies the requirements of subsection (a) of this section.

(2) ~~If the allocation or reallocation of funds from one project to another under this section is two million five hundred thousand dollars ($2,500,000) or more for a particular project, the~~ The Office of State Budget and Management or the Board of Governors, as appropriate, ~~consults with~~ shall report to the ~~Joint Legislative Commission on Governmental Operations~~ Fiscal Research Division on the initial allocation prior to the expenditure ~~or reallocation.~~of funds.

(3) ~~If the allocation or reallocation of funds from one project to another under this section is less than two million five hundred thousand dollars ($2,500,000) for a particular project,~~ On or before August 1 each year, the Office of State Budget and Management or the Board of Governors, as appropriate, shall submit a final report showing the ~~allocation or~~ reallocation of funds ~~is reported~~ during the preceding fiscal year to ~~the Joint Legislative Commission on Governmental Operations within 60 days of the expenditure or reallocation.~~the Joint Legislative Capital Improvements Oversight Committee and the Fiscal Research Division.

(4) If the funds were previously allocated for a repairs and renovations project that was not specifically allocated for by an act of the General Assembly; provided, however, if a project specifically allocated for by the General Assembly has been completed, then funds may be reallocated pursuant to this subsection.

…."

SECTION 40.10.(c) G.S. 143C-8-12 reads as rewritten:

"**§ 143C-8-12. Capital improvement projects from sources other than the General Fund.**

(a) University Projects. – Notwithstanding any other provision of this Chapter, the Board of Governors of The University of North Carolina may approve any of the following:

(1) Expenditures to plan a capital improvement project of The University of North Carolina, the planning for which is to be funded entirely with non-General Fund ~~money.~~and non-State Capital and Infrastructure Fund monies.

(2) Expenditures for a capital improvement project of The University of North Carolina that is to be funded and operated entirely with non-General Fund ~~money.~~and non-State Capital and Infrastructure Fund monies.

(3) A change in the scope of any previously approved capital improvement project of The University of North Carolina provided that both the project and change in scope are funded entirely with non-General Fund ~~money.~~and non-State Capital and Infrastructure Fund monies.

Nothing in this subsection shall be construed to prohibit expenditures for planning for a project that has been authorized by an act of the General Assembly and funded with an allocation from the State Capital and Infrastructure Fund.

(b) Carryforward Funds. – For purposes of this section, the term "non-General Fund ~~money"~~ and non-State Capital and Infrastructure Fund monies" includes funds carried forward from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B. These funds shall only be used for projects listed in G.S. 143C-8-13(a).

…."

ENGINEERING NC'S FUTURE

SECTION 40.11.(a) The General Assembly finds that the STEM Program Needs Assessment published by The University of North Carolina in 2019 highlighted the importance of STEM programs as drivers of economic investment, expansion, and employment throughout the State. The General Assembly has made significant investments to bolster health science programming with funding for capital improvement projects at the University of North Carolina at Chapel Hill, the University of North Carolina at Pembroke, and East Carolina University. In addition to the investments in the health sciences, the General Assembly is initiating Engineering N.C.'s Future with significant investments in key engineering programs at North Carolina State University, North Carolina Agricultural and Technical University, and the University of North Carolina at Charlotte. The investments in Engineering N.C.'s Future will support the continued growth of related economic investments and job opportunities in the State by expanding enrollment opportunities at these constituent institutions to enable more students to pursue an education in engineering fields. Engineering N.C.'s Future provides thirty-five million dollars ($35,000,000) among these constituent institutions for curriculum improvements, research equipment, and administration in this act. In addition, the General Assembly intends to provide ninety million dollars ($90,000,000) in funding for capital improvements at these constituent institutions over the next two years.

SECTION 40.11.(b) The funds allocated for project code UNC/ENG21 shall be allocated by the Board of Governors of The University of North Carolina in equal amounts among North Carolina State University, the University of North Carolina at Charlotte, and North Carolina Agricultural and Technical University. Funds allocated by the Board of Governors may be used by each recipient institution for capital improvements to existing buildings on that institution's campus that will allow for expanded offerings and enrollments related to that campus' engineering program. The Board of Governors may determine the priority and timing of funds allocated to the constituent institutions listed in this subsection.

SCIF AUTHORIZED USES

SECTION 40.12. G.S. 143C-4-3.1(e) reads as rewritten:

"(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service obligations supported by the General Fund. In addition to meeting the debt service obligations supported by the General Fund, monies in the Fund may be used for the following purposes:

(1) New State and The University of North Carolina capital projects governed pursuant to Article 8 of Chapter 143C of the General Statutes.

(2) Repair and renovation of existing capital assets, as provided in G.S. 143C-8-13.

(3) Broadband infrastructure projects funded through appropriations to the Growing Rural Economies with Access to Technology Fund established in G.S. 143B-1373(b).

(4) Projects and grants identified in the Current Operations Appropriations Act or that have been authorized and funded by an act of the General Assembly. With the exception of health facilities licensed under Chapter 131E or Chapter 122C of the General Statutes, grants intended for affordable housing or other residential purposes are not an allowable use of monies in the Fund."

RENDEZVOUS STATE FOREST

SECTION 40.13.(a) For the Rendezvous Mountain Park grant allocated in this Part, the Department of Agriculture and Consumer Services (DACS) shall transfer to the Department of Natural and Cultural Resources (DNCR) a portion of the Rendezvous Mountain Educational State Forest allocated to the North Carolina Forest Service that is situated in Wilkes County, the specific location and description to be mutually agreed upon by DACS and DNCR. The land transfer shall occur no later than February 1, 2022.

SECTION 40.13.(b) The General Assembly authorizes the Department of Natural and Cultural Resources to add the portion of land described in subsection (a) of this section to the State Parks System, as provided in G.S. 143B-135.54(b), and which shall be designated as a satellite annex of Stone Mountain State Park.

SECTION 40.13.(c) The Department of Agriculture and Consumer Services and the Wildlife Resources Commission shall renegotiate any lease of land for game land purposes in the Rendezvous Mountain Educational State Forest to encompass all or a portion of the lands remaining after the transfer of land pursuant to subsection (a) of this section. The Department of Agriculture shall retain timber rights to any lands subject to the renegotiated lease agreements. The Department of Agriculture and Consumer Services shall renegotiate any existing leases for wireless or other similar communication towers that may be in effect on the land transferred pursuant to subsection (a) of this section.

REALLOCATION OF SPECIAL INDEBTEDNESS FUNDS FOR THE ECU SCHOOL OF DENTISTRY

SECTION 40.14.(a) Section 27.8(a) of S.L. 2008-107, as amended by Section 2(a) of S.L. 2009-209, reads as rewritten:

"**SECTION 27.8.(a)** The State, with the prior approval of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in order to provide funds to the State to be used, together with other available funds, to pay the capital facility costs of the projects described in this subsection. In accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special indebtedness:

(1) In the maximum aggregate principal amount of sixty-one million five hundred ninety-nine thousand three hundred sixty-nine dollars ($61,599,369) to finance the capital facility costs of completing a School of Dentistry ~~building~~ building, life safety improvements to the Brody School of Medicine, and renovation of space at the ECU Health Science Campus, Brody School of Medicine, to accommodate the dental school at East Carolina University and no more than 10 satellite dental clinics across the State. No more than a maximum aggregate amount of twenty-one million dollars ($21,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2009. No more than a maximum aggregate amount of sixty million dollars ($60,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2010.

…."

SECTION 40.14.(b) Nothing in this section shall be construed to authorize any entity to issue or incur additional indebtedness.

BEAUFORT COUNTY ECONOMIC DEVELOPMENT

SECTION 40.15. Of the funds appropriated in this act from the State Capital and Infrastructure Fund to the City of Washington (hereinafter "City"), the sum of ten million dollars ($10,000,000) in nonrecurring funds in each fiscal year of the 2021-2023 fiscal biennium shall be disbursed by the City to the Washington-Warren Airport Advisory Board (hereinafter

"Board") for the purpose of modernizing the Washington-Warren Airport, including landing areas and air navigation facilities and acquiring real property for these purposes, to attract new jobs and economic growth, including existing sectors in manufacturing, boat building, and agriculture. The City shall, by resolution, delegate to the Board the necessary powers and duties to expend the funds provided under this section, including, but not limited to, those under Chapter 63 of the General Statutes. For purposes of implementing this section, the Board shall be exempt from the provisions of Article 3 and Article 8 of Chapter 143 of the General Statutes. The Board may use up to two percent (2%) of the funds provided by this section for administrative costs.

LOCAL GOVERNMENT INFRASTRUCTURE GRANT USE

SECTION 40.16. Funds appropriated from the State Capital and Infrastructure Fund for Local Government Infrastructure Grants, as identified in the Committee Report referenced in Section 43.2 of this act, shall be used exclusively for property owned by the grant recipient city, county, or regional council of government.

PART XLI. TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND

SECTION 41.1.(a) Subsections (b) and (c) of Section 4.1 of S.L. 2020-91 are repealed.

SECTION 41.1.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2023-2024	$2,628.0 million
For Fiscal Year 2024-2025	$2,724.2 million
For Fiscal Year 2025-2026	$2,814.8 million
For Fiscal Year 2026-2027	$2,833.6 million
For Fiscal Year 2027-2028	$2,875.9 million

SECTION 41.1.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2023-2024	$1,758.1 million
For Fiscal Year 2024-2025	$1,797.5 million
For Fiscal Year 2025-2026	$1,809.0 million
For Fiscal Year 2026-2027	$1,843.8 million
For Fiscal Year 2027-2028	$1,878.7 million

SECTION 41.1.(d) The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a five-year revenue forecast. The five-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 41.1A.(a) The funds appropriated in this act to the Department of Transportation, Construction – Contingency Fund Code for the 2021-2023 fiscal biennium 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 41.1A.(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.

BUILD NC BONDS/MAX CASH BALANCE EXCEPTION

SECTION 41.3. Notwithstanding G.S. 142-97(2)a., for the 2021-2023 fiscal biennium, the Department of Transportation average month end cash balance for the first three months in the calendar year prior to the date of determination must be equal to or less than two billion dollars ($2,000,000,000).

SPEND PLAN TECHNICAL REVISION

SECTION 41.4. G.S. 143C-6-11.1(a) reads as rewritten:

"(a) The Department of Transportation shall develop a comprehensive cash-spending plan, known as the "Spend Plan," that is based on the appropriations of the General Assembly, to spend money from any source, including federal funds and bond proceeds, for programs, functions, activities or objects, by the Department."

INDEMNIFY WILMINGTON FOR MAP ACT

SECTION 41.5.(a) The Department of Transportation shall defend, indemnify, and hold harmless the Wilmington Urban Area Metropolitan Planning Organization and its members against any claims, civil actions, and proceedings arising out of the filing or amendment of a transportation corridor official map in accordance with Article 2E of Chapter 136 of the General Statutes, as it existed before its repeal, for the proposed Hampstead Bypass (R-3300) that extends from the Wilmington Bypass in New Hanover County to U.S. Highway 17 in Pender County.

SECTION 41.5.(b) The Department of Transportation shall defend, indemnify, and hold harmless the City of Wilmington and its members and employees against any claims, civil actions, and proceedings arising out of the filing or amendment of all transportation corridor official maps, including for Military Cutoff Road (U-4751) and the Martin Luther King/Kerr Ave. Project (U-3338), filed by the City of Wilmington in accordance with Article 2E of Chapter 136 of the General Statutes and G.S. 160A-458.4 as they existed before their repeal.

SECTION 41.5.(c) This section is effective when it becomes law and applies retroactively to June 13, 2019.

DMV PERFORMANCE DASHBOARD EXPANSION

SECTION 41.6.(a) Expand Performance Dashboard. – No later than January 15, 2022, the Department of Transportation shall expand the performance dashboard available on the Department's website to display the total number of transactions completed by the Division of Motor Vehicles per month and year-to-date. The performance dashboard report shall sort the transactions by type and indicate whether the transactions were conducted in person, by mail, or by online application.

SECTION 41.6.(b) Establish Performance Dashboard Archive. – No later than January 15, 2022, the Department shall maintain and make available from the performance dashboard an archive of all prior performance dashboard reports.

SECTION 41.6.(c) Paperless Operations Report. – By March 15, 2022, the Division of Motor Vehicles shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. The report shall contain all of the following:

(1) A list of services provided by the Division that currently involve paper correspondence of any kind.

(2) A list of services provided by the Division involving paper correspondence that could be made paperless.
(3) A description of requirements to implement paperless transactions for the services identified in subdivision (2) of this subsection, including one-time and recurring costs.
(4) A description of the processes the Division is currently pursuing to implement paperless transactions for the services identified in subdivision (2) of this subsection.
(5) An estimate of when the processes described in subdivision (4) of this subsection will be fully implemented.

REPORT ON DMV MOBILE UNIT DEPLOYMENT

SECTION 41.7. By March 31, 2022, the Division of Motor Vehicles and the Department of Information Technology shall report to the Joint Legislative Transportation Oversight Committee with respect to the deployment of the Division's mobile units. The report shall include the following:

(1) A comparison of the amount appropriated to develop mobile units compared to the amount expended to develop the mobile units.
(2) The current location, including street address, of each mobile unit.
(3) An accounting of when the mobile units were taken out of service, including an explanation for the termination of service.
(4) A description of all efforts to improve the effectiveness of mobile units, including an analysis of any surveys submitted by the Division to other states with respect to the deployment of mobile services.
(5) A description of all efforts to assess the need for future redeployment of the mobile units.
(6) A description of the Division's plans for mobile units, including whether the units will be placed back into service, redesigned, or discarded.
(7) A description of all requirements for redeployment, including a cost estimate and anticipated time line, if the Division intends to redeploy the mobile units.
(8) Any recommended legislative changes.

DMV SALARY ADJUSTMENT FUND

SECTION 41.10.(a) For the 2021-2023 fiscal biennium, the funds appropriated in this act from the Highway Fund to the Salary Adjustment Fund shall only be used for the salary adjustment of Division of Motor Vehicle (DMV) personnel. To be eligible for a salary increase under this section, a DMV employee must not have any active disciplinary action and must not have received a salary adjustment under the authority provided in Section 34.19 of S.L. 2018-5. A salary increase under this section shall not exceed five percent (5%) of the employee's base salary.

SECTION 41.10.(b) No later than January 1 and June 30 of each year of the 2021-2023 fiscal biennium, the Department shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the actions taken pursuant to this section. The report shall contain all of the following:

(1) The total amount of salary adjustments implemented pursuant to this section.
(2) The average percentage increase in salary for each employee whose salary was increased pursuant to this section.
(3) The total number of employees whose salaries were increased pursuant to this section.
(4) The methodology used by the Department to calculate salary adjustments pursuant to this section.

(5) A description of any proposed future salary adjustments.

AVIATION/DIVISION ANNUAL REPORT

SECTION 41.11.(a) Article 7 of Chapter 63 of the General Statutes is amended by adding a new section to read:

"**§ 63-74.5. Division of Aviation annual report.**

Beginning October 1, 2021, and annually thereafter, the Division of Aviation shall submit to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division a report containing the following information from the prior fiscal year:

(1) A list of all public use airports within the State, their municipality and county, status as commercial services or general aviation, airport code, and the following corresponding information:

a. Total amount of funds allocated to each airport subtotaling federal, Commercial Services, State Aid to Airports, Special Projects, Economic Development, and State Transportation Improvement Program dollars and total number of projects receiving allocations.

b. Total amount of funds disbursed to each airport subtotaling federal, Commercial Services, State Aid to Airports, Special Projects, Economic Development, and State Transportation Improvement Program dollars and total number of projects receiving disbursements.

c. Total amount of unallocated State appropriations for Commercial Services, State Aid to Airports, Special Projects, and Economic Development.

(2) Summary of activities related to unmanned aircraft systems, including total number of drones owned subtotaled by units of the Department of Transportation and by other State agencies, purposes and uses of drones in each unit and agency, a list describing each private sector partnership to which the Division of Aviation is a party, and any other activities of this unit.

(3) Total number of trips and flight hours by each manned aircraft owned by the Department of Transportation, subtotaled by agency, fees charged to each agency, and total cost of providing services to each agency.

(4) Summary of activities related to Safety and Education, including total expenditures, number and description of programs, and number of participants."

SECTION 41.11.(b) Notwithstanding G.S. 63-74.5, as enacted by this act, the first report required by G.S. 63-74.5 shall be submitted by March 31, 2022.

QUARTERLY ALLOCATIONS TO PORTS AUTHORITY AND COMMERCIAL AIRPORTS

SECTION 41.12.(a) G.S. 136-176(b3) reads as rewritten:

"(b3) Funds appropriated to the North Carolina State Ports Authority from the Highway Trust Fund may only be used (i) to pay debt service or related financing costs and expenses on revenue bonds or notes issued by the State Ports Authority and (ii) for capital projects. An appropriation to the State Ports Authority from the Highway Trust Fund constitutes an agreement by the State to pay the funds appropriated to the State Ports Authority within the meaning of G.S. 159-81(4). Notwithstanding the foregoing, it is the intention of the General Assembly that the appropriation of funds to the State Ports Authority, the enactment of this subsection, and the issuance of bonds or notes by the State Ports Authority in reliance thereon shall not in any manner constitute a pledge of the faith and credit and taxing power of the State, and nothing contained herein shall prohibit the General Assembly from amending an appropriation made to the State Ports Authority at any time to decrease or eliminate the amount annually appropriated to the State

Ports Authority. Funds appropriated to the State Ports Authority for the purposes described in this subsection are not subject to the formula set forth in G.S. 136-189.11. The Department of Transportation shall disburse funds appropriated under this subsection to the State Ports Authority on a quarterly basis beginning September 30 of each fiscal year."

SECTION 41.12.(b) G.S. 63-74(d) reads as rewritten:

"(d) Permissible Uses, Reporting, and Return of Funds. – The Department of Transportation shall not allocate funds to an airport under this section until that airport has provided a report outlining how the airport will use the funds in conformance with the purposes of the program. Airports shall submit their report between July 1 and August 15 of the fiscal year. No later than 45 days from the date the Department receives the report required under this subsection, the Department shall ~~make a determination~~ determine whether the intended use of the funds matches the purposes of the program and, if so, allocate funds under this section to the compliant airport. The Department of Transportation shall disburse funds appropriated under this section on a quarterly basis beginning September 30 of the fiscal year. An airport that receives funds under this section shall return the funds to the Department if the funds are in the possession or control of the airport and not expended or encumbered by ~~August 31~~ September 30 of the year following the fiscal year in which the Department makes the allocation. All funds returned to the Department under this section, or retained by the Department for failure of an eligible airport to submit a report under this subsection, shall be credited to the fund from which they were appropriated and shall remain unexpended and unencumbered until appropriated by the General Assembly."

SECTION 41.12.(c) Notwithstanding G.S. 63-74(d), as revised by subsection (b) of this section, for the 2021-2022 fiscal year, airports shall submit their report on the use of funds no later than November 15, 2021, and the Department shall disburse funds to compliant airports no later than December 31, 2021, March 31, 2022, and June 30, 2022.

AVIATION/GRANT FUNDS NOT AUTHORIZED TO FUND POSITIONS

SECTION 41.13.(a) The following positions shall not be paid for by funds appropriated to the State Aid to Airports grant program:

Position Number	Title
60015619	Aviation Safety Specialist
60020073	Business Officer II
60016342	Technical Trainer II
60026296	Program Manager II
60015609	Engineering Supervisor III
60015610	Engineer III
60015612	Engineer III
60015613	Engineer II
60015622	Engineer III
60015627	Airport Preservation Engineer
60016328	Engineer III
60020271	Engineer III
60027110	Engineer II
60029095	Engineer III

SECTION 41.13.(b) Article 7 of Chapter 63 of the General Statutes is amended by adding a new section to read:

"**§ 63-74.2. Division of Aviation grant funded positions prohibited.**

The Department of Transportation shall not create or authorize any Division of Aviation positions that are paid for using State funds appropriated for State Aid to Airports or any other airport aid program."

AVIATION/STATE PLANE COST OF USE RATE ANALYSIS

SECTION 41.14.(a) The Division of Aviation shall conduct a rates and charges analysis for the Hawker Beechcraft King Air B200 passenger aircraft (King Air). The report shall contain a comparison of the market rates of private aircraft providers in North Carolina and surrounding states and an analysis of actual operating-cost-rate for the King Air. The Division of Aviation shall submit the results of the study, including a recommended rate, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by March 1, 2022.

SECTION 41.14.(b) During the 2021-2023 fiscal biennium, unless the General Assembly modifies the rate after the study required by subsection (a) of this section, the Department of Transportation shall charge one thousand two hundred dollars ($1,200) per hour to State agencies, excluding the Department of Transportation, for use of the King Air until June 30, 2023.

FERRY CAPITAL SPECIAL FUND

SECTION 41.15.(a) G.S. 136-82 reads as rewritten:

"**§ 136-82. Department of Transportation to establish and maintain ferries.**

…

(c2) Ferry Capital Special Fund. – The Ferry Capital Special Fund is established as a special fund separate from the Highway Fund within the Department of Transportation.

(d) Use of Toll Proceeds. – The Department of Transportation shall ~~credit~~ deposit the proceeds from tolls collected on North Carolina Ferry System routes and ~~certain~~ route-generated receipts ~~generated~~ authorized under subsection (f) of this section to ~~reserve accounts~~ fund codes within the ~~Highway Fund~~ Ferry Capital Special Fund for each of the Highway Divisions in which system terminals are located and fares are earned. For the purposes of this subsection, fares are earned based on the terminals from which a passenger trip originates and terminates. Commuter pass receipts shall be ~~credited~~ deposited proportionately to each ~~reserve account~~ fund code based on the distribution of trips originating and terminating in each Highway Division. The proceeds ~~credited~~ deposited to each ~~reserve account~~ fund code shall be used exclusively for prioritized North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or supplement funds allocated for ferry passenger vessel replacement projects approved in the Transportation Improvement Program.

…

(f) Authority to Generate Certain Receipts. – The Department of Transportation, notwithstanding any other provision of law, may operate or contract for the following receipt-generating ~~activities and, except as otherwise provided in subsection (f1) of this section, use the proceeds for ferry passenger vessel replacement projects in the manner set forth in subsection (d) of this section:~~activities. The proceeds collected on North Carolina Ferry System routes from receipts generated under this subsection shall be deposited and used in accordance with subsection (d) of this section. The proceeds collected from receipts generated from the Shipyard shall be deposited and used in accordance with subsection (f1) of this section.

(1) Operation of, concessions on the ferries and at ferry facilities to provide to passengers on the ferries food, drink, and other refreshments, personal comfort items, Internet access, and souvenirs publicizing the ferry system.

(2) Sponsorships, including, but not limited to, the sale of naming rights to any ferry vessel, ferry route, or ferry facility.

(3) Advertising on or within any ferry vessel or at any ferry facility, including, but not limited to, display advertising and advertising delivered to passengers through the use of video monitors, public address systems installed in passenger areas, and other electronic media.

(4) Any other receipt-generating activity not otherwise forbidden by applicable law pertaining to public health or safety.

The Department may issue rules to implement this subsection.

(f1) Use of Receipts Generated From Shipyard. – The Department of Transportation shall ~~credit~~ deposit the proceeds from receipts generated under subsection (f) of this section from activities performed by the North Carolina State Shipyard to a ~~reserve account~~ fund code within the ~~Highway Fund~~ Ferry Capital Special Fund to be used exclusively for improvements to the Shipyard, including equipment and associated infrastructure. ~~Notwithstanding the restrictions on the use of proceeds set forth in subsections (d) and (f) of this section, the Department may use a proportional amount of the proceeds credited to each reserve account described in subsection (d) of this section to replace or repair equipment in accordance with this subsection if there is an insufficient amount of funds in the reserve account within the Highway Fund for the Shipyard.~~

(f2) ~~Reserve Account~~ Ferry Systemwide Fund Code and Disposition of Marine Vessels. – There is created in the ~~Highway Fund~~ Ferry Capital Special Fund a Ferry Systemwide ~~reserve account.~~ fund code. The funds in ~~the account~~ this fund code shall be used for the acquisition or construction of marine vessels to maintain existing service capacity by replacing marine vessels that have reached the end of their useful life, as determined by the Department of Transportation. The Department of Transportation shall decommission and dispose of a marine vessel subject to replacement in a timely manner after the replacement marine vessel is operationalized. Notwithstanding any provision of law to the contrary, any proceeds received from the disposition of a marine vessel shall be ~~credited~~ deposited to the ~~reserve account~~ fund code established under this subsection. Nothing in this subsection shall be construed as prohibiting the Department of Transportation from using funds held in the ~~reserve account~~ fund code established under this subsection to supplement funds ~~credited~~ deposited to a ~~reserve account~~ fund code under subsection (d) of this section to use exclusively for prioritized Ferry System ferry passenger vessel replacement projects in the Highway Division in which the funds ~~credited~~ deposited to the ~~reserve account~~ fund code under subsection (d) of this section are earned. For purposes of this subsection, the term "marine vessels" means tugs, barges, dredges, and ferries other than passenger-only vessels.

…

(h) Transfer of Funds. – Notwithstanding G.S. 136-44.2(f), G.S. 136-44.2(f1), and any other provision of law to the contrary, beginning with the 2021-2022 fiscal year, no later than 45 days after the first day of the fiscal year, the Department of Transportation shall transfer from the Highway Fund to the Ferry Systemwide fund code of the Ferry Capital Special Fund all unexpended funds for the Ferry Division's budget from the prior fiscal year.

(i) Semiannual Report. – No later than March 1 and September 1 of each year, the Ferry Division shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division that contains the total cost to operate each ferry route."

SECTION 41.15.(b) G.S. 136-16.10 reads as rewritten:

"**§ 136-16.10. Allocations by Department Chief Financial Officer to eliminate overdrafts.**

The Chief Financial Officer of the Department of Transportation shall allocate at the beginning of each fiscal year from the various appropriations made to the Department of Transportation for State Construction, State Funds to Match Federal Highway Aid, ~~State Maintenance, and Ferry Operations,~~ and State Maintenance sufficient funds to eliminate all overdrafts on State maintenance and construction projects, and these allocations shall not be diverted to other purposes."

SECTION 41.15.(c) G.S. 136-44.2(f1)(2) reads as rewritten:

"(2) The unallotted and unencumbered balances on the last day of the fiscal year for the following:

a. Funds appropriated from the Highway Fund for the multimodal programs of the Department, consisting of funds for bicycle and

pedestrian, ~~ferry,~~ railroad, aviation, and public transportation programs, excluding funds deposited in the Freight Rail & Rail Crossing Safety Improvement Fund.

b. Funds appropriated from the Highway Fund for the construction programs of the Department, consisting of funds for secondary construction, access and public service roads, spot safety improvement, small urban construction, and economic development programs."

SECTION 41.15.(d) Subdivision (2) of subsection (b) of Section 35.1 of S.L. 2016-94 is repealed.

OSBM/CERTIFY FERRY FUND CODE

SECTION 41.15A.(a) The Director of the Office of State Budget and Management (OSBM), in consultation with the Chief Financial Officer of the Department of Transportation, shall certify for Fund Code 7825 line item expenditure accounts in the major account groups per the State Budget Manual and the Office of the State Controller's Chart of Accounts as appropriated by the General Assembly.

SECTION 41.15A.(b) Positions in Fund Code 7825 shall be budgeted to the Personal Services major account group and shall not be budgeted to agency receipts.

SUMMER FERRY LEASE

SECTION 41.15B. If by March 30, 2022, the passenger ferry being constructed for service between Hatteras and Ocracoke is not operational and received by the Department of Transportation, the sum of up to one million dollars ($1,000,000) from the funds appropriated in this act to the Ferry Division shall be used for the lease of a passenger ferry for the summer 2022 season. The Ferry Division shall not reduce regularly scheduled ferry service on any route to comply with this provision. Beginning February 1, 2022, the Ferry Division shall submit a monthly report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the status of the passenger ferry being constructed until completion.

DOT/RECLASSIFICATION AUTHORITY FOR CERTAIN POSITIONS

SECTION 41.16. Notwithstanding any other provision of law to the contrary, the Department of Transportation shall reclassify vacant positions, pursuant to the classification system established by the State Human Resources Commission, to the following positions:

(1) Up to four full-time equivalent (FTE) positions in the Office of Civil Rights.

(2) Up to seven FTE positions in the Purchasing Division to manage the procurement and contractual needs of the Department.

(3) Up to four FTE positions in the Department's Finance Division to improve financial operations and performance.

DOT/FACILITIES PLAN

SECTION 41.17.(a) The Department of Transportation shall develop a 10-year Facilities Plan for the Department's current and future facility needs. The plan shall identify the need for replacement and major renovations of all Department-owned buildings and include the following components: complete facility inventory, condition analysis, building and site usage, building capacity analysis with square footage, staff replacement, renovation cost estimates, and proposed 10-year replacement and renovations schedule. The Department shall seek input from all units of the Department to develop the comprehensive plan of the Department. The Department shall contract with an outside consultant to develop the comprehensive plan.

SECTION 41.17.(b) The Department shall submit a report to the Joint Legislative Transportation Oversight Committee, the Joint Legislative Oversight Committee on Capital

Improvements, and the Fiscal Research Division. The report shall include all components of the plan, including the proposed 10-year schedule, estimated costs, and the status of all building replacements and renovations underway by the Department. The report is due no later than March 1, 2023.

REPORT ON PREVENTIVE MAINTENANCE PLAN FOR DOT BUILDINGS

SECTION 41.18.(a) The Facilities Division of the Department of Transportation shall develop a preventive maintenance program for all buildings owned by the Department. The plan shall include a schedule to examine the building systems, including lighting and electrical, safety, HVAC, building interior, full building exterior, and a short-term and long-term plan for repair and maintenance.

SECTION 41.18.(b) No later than March 1, 2022, the Facilities Division shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the plan, schedule, and an estimate of recurring funds needed for maintenance and repair.

CAPITAL, REPAIRS, AND RENOVATIONS

SECTION 41.19. For the 2021-2023 fiscal biennium, the funds appropriated in this act from the State Capital and Infrastructure Fund and the Highway Fund to the Department of Transportation for capital, repairs, and renovations shall be used as follows:

Item	**FY 2021-22**	**FY 2022-23**
Polk Maintenance Shop	745,285	
Currituck Equipment and Maintenance Storage Facility	447,544	
Northampton Sub Shop	3,000,000	
Alamance County Sub Shop		1,792,764
Edgecombe Maintenance and Storage		1,751,208
Cleveland County Division 12 Office		5,022,534
Alleghany Equipment Shop		162,000
Ferry Facilities	1,631,015	
Repairs and Renovations	1,637,500	1,681,250
Total	**$7,461,344**	**$10,409,756**

DOT/CONTRACTING AUTHORITY FOR CERTAIN CAPITAL ITEMS

SECTION 41.20.(a) Notwithstanding G.S. 143-135.26(1), or any other provision of law to the contrary, for the 2021-2023 fiscal biennium, the Department of Transportation shall have the authority to (i) procure design services and (ii) oversee the solicitation, bidding, and contracting for the construction of the capital replacement projects listed in Section 41.19 of this act and shall not be subject to the jurisdiction of the Department of Administration, if the estimated cost of the design and construction of the replacement building is less than two million dollars ($2,000,000). The Department of Transportation shall advertise and award contracts in the manner required by Article 3 and Article 8 of Chapter 143 of the General Statutes. Upon request, the Department of Administration shall assist the Department of Transportation in advertising and awarding a contract under this section.

SECTION 41.20.(b) No later than 30 days after the end of each fiscal quarter, the Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the status of all contracts awarded by the Department of Transportation under subsection (a) of this section. The report shall include for each capital replacement project:

(1) The estimated cost of the design and construction of the replacement structure.

(2) The method for replacement, to include design phase through construction.

(3) Any assistance provided by the Department of Administration.
(4) The issued request for proposal, selection criteria, bid amounts, and selected contractor.
(5) The status of project, total contract cost, amount paid-to-date, and anticipated completion date.

REVISE CASH WATCH REPORT

SECTION 41.21. G.S. 143C-6-11(n) reads as rewritten:

"(n) Cash Watch Weekly Report. – The Department of Transportation shall publish for public review a weekly report of the Department's cash position, which shall be entitled "NCDOT Cash Watch Numbers." The report shall be issued as a press release to all interested parties, posted on the Department's Web site, and submitted to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. In addition to any cash flow category the Department determines is beneficial to include, the report shall contain the following:

(1) Total Cash and Bond Proceeds
(2) Add Receipts
  a. Subcategory of federal receipts
  b. Subcategory of federal receipts (declared disaster reimbursements)
(3) Less Disbursements
  a. Payroll
  b. Debt Service
  c. STI Construction Costs
  d. General Operating Costs
  e. Map Act Claims/Settlements
  f. State Aid Payments
  g. Disaster-Related Costs
  h. Other
(4) Reserved Cash
  a. GARVEE/Federal Repayment Reserve
  b. Transportation Emergency Reserve
  c. Trustee Accounts – Build NC proceeds
  d. Trustee Accounts – GARVEE
  e. Trustee Accounts – Other Bonds
  f. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.
  g. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.
(5) Unreserved Cash Balance Total
  a. Highway Fund Total
  b. Highway Trust Fund Total
  c. Statutory Cash Requirement"

HIGHWAY DIVISIONS ANNUAL REPORT

SECTION 41.22. G.S. 143C-6-11 is amended by adding a new subsection to read:

"(s) No later than September 1 of each year, the Department of Transportation shall submit to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division an annual report on the prior fiscal year allocations and expenditures for each highway division that contains the following information:

(1) A chart detailing all Highway Fund allocations allotted to each highway division by category and purpose, the actual amount spent by each division, and any funds remaining for each division for the fiscal year.
(2) The amount of funds reallocated between divisions under G.S. 136-44.6 by division source and recipient.

(3) The overdrafts and carryforward amounts in total and by division."

REST AREAS

SECTION 41.23.(a) Article 7 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-102.10. Rest areas report.**

No later than October 1 of each year, the Department shall submit an annual report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division that contains the following information:

(1) Total inventory of rest areas.

(2) Location and description of each rest area to include condition of the rest area buildings, parking, landscape, ingress and egress roads, restrooms, lighting, vending, whether collocated with a welcome center, and availability of Wi-Fi and cell phone service strength.

(3) Most recent reopening date and the reason and length of closure before reopening.

(4) Actual expenditures by categories to include staff, contracts, building operations, and other maintenance.

(5) Number of estimated visitors and how estimated visitors are calculated.

(6) Planned renovations and closures for renovations."

SECTION 41.23.(b) Notwithstanding G.S. 136-102.10, as enacted by this act, the initial annual report on rest areas is due no later than March 30, 2022.

INCREASE NUMBER OF BOARD OF TRANSPORTATION APPOINTEES PERMITTED FROM THE SAME HIGHWAY DIVISION

SECTION 41.24. G.S. 143B-350(b)(1) reads as rewritten:

"(b) Membership of the Board. –

(1) Number, appointment. – The Board of Transportation shall have 20 voting members. Voting members shall be appointed as provided in subdivisions (2) and (3) of this subsection for terms of office beginning July 31 of the year of initial appointment, and every four years thereafter. Fourteen of the members shall be division members appointed by the Governor. Six members shall be at-large members appointed by the General Assembly, three upon recommendation of the President Pro Tempore of the Senate and three upon recommendation of the Speaker of the House of Representatives. The Secretary of Transportation shall serve as an ex officio nonvoting member of the Board. No more than ~~two~~ three members of the Board may reside in the same highway division."

AUTHORIZE REVISOR OF STATUTES TO MAKE CONFORMING CHANGES TO STATUTE FOR THE DMV QUADRENNIAL FEE INCREASE

SECTION 41.26. G.S. 20-4.02 reads as rewritten:

"**§ 20-4.02. Quadrennial adjustment of certain fees and rates.**

(a) Adjustment for Inflation. – Beginning July 1, 2020, and every four years thereafter, the Division shall adjust the fees and rates imposed pursuant to the statutes listed in this subsection for inflation in accordance with the Consumer Price Index computed by the Bureau of Labor Statistics. The adjustment for per transaction rates in subdivision (8a) of this subsection shall be rounded to the nearest cent and all other adjustments under this subsection shall be rounded to the nearest twenty-five cents (25¢):

…

(c) Rules. – The provisions of Chapter 150B of the General Statutes ~~shall~~ do not apply to the inflation adjustment required by this section.

(d) Consultation and Publication. – At least 90 days prior to making an adjustment pursuant to subsection (a) of this section, and notwithstanding any provision of G.S. 12-3.1 to the contrary, the Division shall (i) consult with the Joint Legislative Commission on Governmental Operations, (ii) provide a report to the chairs of the Senate Appropriations Committee on ~~Department of~~ Transportation and the House of Representatives Appropriations Committee on Transportation, and (iii) publish notice of the fees that will be in effect in the offices of the Division and on the Division's ~~Web site.~~website. After making the adjustment, the Division shall notify the Revisor of Statutes who shall adjust the amounts in statute.

…."

POWELL BILL FUNDS

SECTION 41.27. For the 2021-2023 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).

AUTHORIZE ONLINE RENEWALS FOR DMV-ISSUED LICENSES, PERMITS, CERTIFICATES, AND REGISTRATIONS

SECTION 41.29.(a) Article 1 of Chapter 20 of the General Statutes is amended by adding a new section to read:

"**§ 20-4.04. Division authority to create electronic systems for renewals.**

(a) Authorization. – The Division is authorized to establish and maintain electronic systems and means for renewals of all licenses, permits, certificates, and registrations issued by the Division pursuant to this Chapter for the purposes of administrative efficiency and to modernize Division systems and practices. This authorization does not supersede or modify specific renewal authorizations set out in this Chapter.

(b) Reporting Requirement. – By December 31, 2021, and annually thereafter, the Division must report to the Joint Legislative Transportation Oversight Committee, the Fiscal Research Division, and the Legislative Analysis Division any electronic system or means for renewal that has been implemented or is in the process of being implemented. This report shall also include any proposed legislative recommendations necessary as conforming changes to the General Statutes."

SECTION 41.29.(b) Notwithstanding subsection (a) of this section, the first report required by G.S. 20-4.04 shall be submitted by March 31, 2022.

MODIFY USE OF DOT/DMV INFORMATION TECHNOLOGY FUNDS

SECTION 41.42. Funds appropriated in S.L. 2013-360 and S.L. 2014-100 from the Highway Fund to the Department of Transportation for replacement of the State Titling and Registration System (STARS), the State Automated Driver License System (SADLS), and the Liability Insurance Tracking and Enforcement System (LITES) may be used by the Department for information technology innovation and modernization for the Division of Motor Vehicles and to advance the development and implementation of replacement systems for Division mainframe applications, including STARS, SADLS, and LITES, which includes the procurement of contractual services, hardware, and software for these modernization and replacement efforts.

BRIDGE NAMING

SECTION 41.43. Notwithstanding any provision of law to the contrary, the Department of Transportation shall designate the bridges described in the subdivisions below as follows:

(1) The bridge on State Road 1341 that crosses Reedy Meadow Swamp in Bladen County as the "Ronald Phillip Allen Jr. Bridge."

(2) The bridge that connects Bruton Smith Boulevard and Concord Mills Boulevard and crosses part of Interstate 85 in the city of Concord in Cabarrus County as the "Officer Jason Shuping Bridge."

(3) The bridge on O'Berry Road crossing U.S. Highway 117 in Wayne County as the "Trooper Nolan Sanders Bridge."

(4) The bridge on U.S. Highway 1 that crosses the U.S. Highway 74 Bypass in Richmond County and is numbered 760194 by the Department as the "Sheriff James E. Clemmons, Jr. Bridge."

REVISIONS TO OUTDOOR ADVERTISING CONTROL ACT

SECTION 41.47.(a) G.S. 136-128 is amended by adding a new subdivision to read:

"(5e) "Sign not conforming to State standards" shall mean a sign which was legally erected but does not conform to the zoning, size, lighting, and spacing criteria established in State law, or State rules and regulations of the Department authorized by this Article and promulgated at a later date, or a sign which was legally erected but later fails to conform to the zoning, size, lighting, and spacing criteria established in State law, or State rules and regulations of the Department authorized by this Article."

SECTION 41.47.(b) Article 11 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-131.5. Relocation of lawfully existing outdoor advertising sign.**

(a) Subject to subsection (c) of this section, in order to minimize the amount of just compensation due, whenever property on which a lawfully erected outdoor advertising sign is located is acquired by a public or private condemnor, as defined in G.S. 40A-3, or the Department of Transportation, and the acquiring party requires removal of the sign, or whenever the construction of a sound barrier wall would impair the visibility of a lawfully erected outdoor advertising sign, the eligible sign is permitted to be relocated and reconstructed, subject to all of the following requirements:

(1) The new site for relocation is permitted to be any area within 660 feet of the nearest edge of the right-of-way of a highway on the National System of Interstate and Defense Highways or the federal aid primary highway system within the same zoning jurisdiction as the relocated site or, if the relocated site is within an unzoned city or county, then within the same territorial limits.

(2) The new site for relocation must be conforming to State standards as set forth in this Article and pursuant to rules and regulations promulgated by the Department as authorized by this Article.

(3) The new site for relocation must be along a highway on the interstate system or primary systems that has the same route number and letter or one of the same route numbers and letters as the highway adjacent to the relocated site.

(4) The reconstruction of the outdoor advertising sign at the new site shall comply with G.S. 136-131.2.

(5) The new site for relocation shall not be within an historic district lawfully established by a local city or county government pursuant to Part 4 of Article

9 of Chapter 160D of the General Statutes, unless consented to by a resolution adopted by the applicable local governing board.

(6) The new site for relocation shall not be adjacent to any scenic highway as provided in G.S. 136-129.2; provided, however, if a relocated sign is already adjacent to a scenic highway, it may be relocated within the same parcel.

(7) The construction work related to the relocation of the outdoor advertising sign shall commence within one year after the date of removal.

The express allowances of relocation and reconstruction in this section shall apply to any lawfully erected outdoor advertising sign anywhere within this State that is required to be removed as a result of action taken by a public or private condemnor, as defined in G.S. 40A-3, or the Department of Transportation, including such signs that are not subject to the jurisdiction of the Department of Transportation.

(b) Subject to subsection (c) of this section, any outdoor advertising sign that does not otherwise qualify for relocation as provided in subsection (a) of this section and for which there is in effect a valid permit issued by the Department of Transportation pursuant to this Article is permitted to be relocated and reconstructed subject to all of the requirements listed in subdivisions (1) through (7) of subsection (a) of this section within the same parcel or an adjoining conforming parcel. No sign shall be relocated pursuant to this subsection within 10 years from the date of the last relocation pursuant to this subsection, however, this temporal limitation does not apply to relocations within the same parcel.

(c) A sign not conforming to State standards shall not be relocated pursuant to this section unless the nonconformity is removed as part of the relocation.

(d) The Department shall not require additional permits, nor revoke any existing permits, for any action taken pursuant to this section. The Department may require within 30 days of the completion of any action taken pursuant to this section an addendum to an existing permit showing or describing the changes to the conditions of the outdoor advertising sign. The rights set forth in this section shall attach to a permit issued by the Department of Transportation and shall expire with the voluntary cancellation of such permit or after the permit has been lawfully revoked and any appeals pursuant to G.S. 136-134.1 have been exhausted. The rights set forth in this section do not run with or attach to the land."

SECTION 41.47.(c) This section becomes effective January 1, 2022, and applies to signs legally erected or that require removal on or after that date.

NOT-FOR-HIRE ANTIQUE HEAVY VEHICLE PLATES

SECTION 41.48.(a) G.S. 20-79.4 reads as rewritten:

"**§ 20-79.4. Special registration plates.**

…

(b) Types. – The Division shall issue the following types of special registration plates:

…

(94) Historic Vehicle Owner. – Issuable for a motor vehicle that is at least 30 years old measured from the date of ~~manufacture.~~ manufacture, including vehicles weighing more than 6,000 pounds. The plate for an historic vehicle shall bear the word "Antique" unless the vehicle is a model year 1943 or older. The plate for a vehicle that is a model year 1943 or older shall bear the word "Antique" or the words "Horseless Carriage", at the option of the vehicle owner. The plate for an historic vehicle weighing more than 6,000 pounds shall bear the phrase "Not-for-hire."

…."

SECTION 41.48.(b) G.S. 20-88 reads as rewritten:

"**§ 20-88. Property-hauling vehicles.**

…

(b) The following fees are imposed on the annual registration of self-propelled property-hauling vehicles; the fees are based on the type of vehicle and its weight:

SCHEDULE OF WEIGHTS AND RATES

Rates Per Hundred Pound Gross Weight

	Farmer Rate
Not over 4,000 pounds	$0.38
4,001 to 9,000 pounds inclusive	.52
9,001 to 13,000 pounds inclusive	.65
13,001 to 17,000 pounds inclusive	.88
Over 17,000 pounds	1.00

Rates Per Hundred Pound Gross Weight

	General Rate
Not over 4,000 pounds	$0.77
4,001 to 9,000 pounds inclusive	1.05
9,001 to 13,000 pounds inclusive	1.30
13,001 to 17,000 pounds inclusive	1.77
Over 17,000 pounds	2.00

…

(7) The registration fee for historic vehicles licensed under G.S. 20-79.4 that weigh more than 6,000 pounds shall be calculated at the general rate. A motor vehicle displaying a historic vehicle registration plate may operate in conjunction with a trailer or semitrailer but shall not be operated in furtherance of any commercial enterprise. The driver of a vehicle who violates this subdivision is subject to the penalties set forth in G.S. 20-382.2.

…."

SECTION 41.48.(c) This section becomes effective March 31, 2022, and applies to the registration on or after that date of historic vehicles that weigh more than 6,000 pounds.

ELIMINATE VACANT POSITIONS

SECTION 41.49.(a) The Department of Transportation shall eliminate the following vacant positions:

Position Number	Title
60015572	Engineer II
60015950	Transportation Supervisor I
60016160	Transportation Worker IV
60016405	Engineer II
60016416	Program Coordinator I
60016469	Transportation Supervisor I
60016484	Transportation Worker IV
60016506	Transportation Worker III
60016639	Engineer I
60016650	Technical Trainer II
60016676	Transportation Worker III
60016681	Transportation Supervisor II
60016708	Transportation Worker IV
60016747	Transportation Worker IV
60016822	Transportation Worker II
60016863	Transportation Worker III
60016938	Engineering Technician I
60016980	Transportation Supervisor I

60017047	Engineering Technician I
60017138	Administrative Associate II
60017171	Administrative Associate II
60017182	Transportation Worker II
60017230	Engineering Specialist I
60017359	Engineering Technician II
60017364	Engineering Technician I
60017375	Engineering Technician II
60017411	Engineering Specialist II
60017441	Engineering Technician II
60017642	Engineering Supervisor I
60017797	Engineer II
60017904	Engineering Technician III
60017912	Engineering Technician III
60017920	Engineering Technician III
60017967	Engineer II
60018188	Engineering Technician I
60018237	Transportation Worker I
60018280	Transportation Worker II
60018292	Transportation Worker I
60018405	Engineering Technician II
60018437	Real Property Agent I
60018454	Engineering Technician I
60018632	Ferry Mate
60019047	Transportation Worker I
60019063	Transportation Worker II
60019066	Transportation Worker I
60019076	Transportation Worker I
60019084	Transportation Worker I
60019094	Transportation Worker II
60019114	Engineering Technician I
60019176	Transportation Worker I
60019186	Transportation Worker I
60019196	Transportation Worker I
60019200	Transportation Worker I
60019215	Engineering Technician I
60019222	Transportation Worker I
60019237	Transportation Worker II
60019242	Transportation Worker I
60019285	Transportation Worker I
60019291	Transportation Worker I
60019307	Transportation Worker I
60019308	Transportation Worker I
60019326	Transportation Worker II
60019358	Transportation Worker I
60019374	Transportation Worker I
60019399	Engineering Technician I
60019435	Transportation Supervisor II
60019449	Transportation Supervisor I
60019456	Transportation Worker I
60019457	Engineering Technician I

60019512	Engineering Technician I
60019516	Engineering Technician III
60019517	Engineering Technician II
60019521	Engineering Technician III
60019556	Engineering Technician II
60019560	Engineering Technician II
60019562	Engineering Technician III
60019568	Engineering Specialist I
60019577	Engineering Technician I
60019585	Engineering Technician I
60019592	Engineering Technician II
60019594	Engineering Technician II
60019598	Engineering Technician II
60019607	Engineering Technician I
60019609	Engineering Technician I
60019613	Engineering Technician I
60019623	Engineering Technician I
60019709	Transportation Worker I
60019793	Transportation Worker I
60019881	Transportation Supervisor I
60019897	Transportation Worker IV
60019901	Transportation Worker IV
60019983	Transportation Worker IV
60021224	Engineering Technician II
60021295	Transportation Supervisor I
60021318	Transportation Worker IV
60021359	Engineer II
60021542	Engineering Technician III
60021602	Engineering Technician I
60021615	Engineering Technician I
60021651	Engineering Technician I
60021655	Engineering Technician II
60021673	Transportation Supervisor I
60021684	Transportation Supervisor I
60021690	Transportation Worker IV
60021704	Transportation Worker IV
60021712	Transportation Worker IV
60021785	Transportation Worker II
60021814	Transportation Worker I
60021829	Transportation Worker II
60021847	Transportation Worker II
60021879	Transportation Worker II
60021908	Transportation Supervisor I
60021937	Transportation Worker IV
60021972	Transportation Worker III
60022021	Transportation Supervisor I
60022036	Transportation Worker II
60022090	Transportation Worker II
60022108	Transportation Worker I
60022132	Transportation Supervisor I
60022226	Engineering Supervisor II

60022270	Engineering Supervisor II
60022402	Transportation Worker III
60022418	Transportation Worker III
60022431	Engineering Manager II
60022435	Transportation Supervisor I
60022496	Technical Trainer II
60022604	Engineering Supervisor I
60022621	Engineering Technician I
60022629	Engineering Technician I
60022632	Engineering Supervisor II
60022654	Engineering Technician I
60022685	Engineer II
60022697	Engineering Technician I
60022708	Engineer Specialist I
60022710	Engineering Technician I
60022720	Transportation Supervisor I
60023390	Engineering Technician I
60023418	Vehicle/Equipment Repair Technician II
60023452	Engineering Technician I
60023764	Engineering Technician II
60023784	Engineering Technician I
60023789	Engineering Technician I
60023804	Engineering Technician I
60023972	Bridge Inspector II
60024187	Vehicle/Equipment Repair Technician II
60024202	Vehicle/Equipment Repair Technician II
60024310	Vehicle/Equipment Repair Technician II
60024344	Administrative Associate II
60024357	Vehicle/Equipment Repair Technician III
60024361	Vehicle/Equipment Repair Technician II
60024362	Vehicle/Equipment Repair Technician III
60024379	Vehicle/Equipment Repair Technician II
60024385	Vehicle/Equipment Repair Technician I
60024388	Vehicle/Equipment Repair Technician I
60024389	Vehicle/Equipment Repair Technician I
60024403	Vehicle/Equipment Repair Supervisor I
60024466	Vehicle/Equipment Repair Technician I
60024474	Administrative Associate II
60024740	Machinist
60025098	Engineering Supervisor I
60025203	Engineering Technician II
60025235	Engineering Technician II
60025381	Engineer III
60025413	Program Analyst II
60025467	Engineer II
60025626	Transportation Worker I
60025640	Transportation Worker II
60025655	Engineering Technician II
60025992	Engineering Manager I
60026288	Transportation Worker III
60026291	Transportation Worker I

60026332 Transportation Worker II
60026335 Transportation Worker I
60026702 Real Property Agent I
60026749 Real Property Agent I
60026751 Real Property Agent I
60026780 Real Property Agent I
60026799 Real Property Agent I
60026855 Real Property Appraiser I
60026862 Real Property Appraiser I
60026875 Real Property Appraiser I
60026878 Real Property Appraiser I
60026927 Real Property Agent I
60026935 Real Property Appraiser II
60026975 Executive Assistant I
60027163 Engineer III
60027173 Engineer III
60027364 Engineer III
60027615 Engineer I
60029238 Management Engineer I
60029269 Engineer II
60029269 Engineer II
60029310 IT Business System Analyst II
60029316 Engineer III
60029490 Environmental Program Consultant
65013355 Engineer III
65022664 Ferry Crew Member II

SECTION 41.49.(b) This section is effective when it becomes law.

RAIL PROPERTY TRANSFER

SECTION 41.50. Notwithstanding Section 4.15(b) of S.L. 2020-91, no later than June 30, 2022, the Rail Division shall (i) relocate the three rolling stock marked RNCX 400025, RNCX 400206, and RNCX 400208 to the North Carolina Transportation Museum and (ii) transfer to the North Carolina Transportation Museum Foundation, Employer Identification Number 58-1315178, any ownership interest in the three rolling stock identified in this section.

APPROVAL OF PORTS AUTHORITY CONSULTANT SERVICE CONTRACTS

SECTION 41.53. G.S. 143-64.24 is amended by adding a new subdivision to read:

"(9) The North Carolina State Ports Authority. The North Carolina State Ports Authority may only contract to obtain the services of a consultant after the proposed contract is approved by the Board of the North Carolina State Ports Authority."

PORTS AUTHORITY ANNUAL REPORT

SECTION 41.54.(a) Article 20 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-280. Annual report.**

Beginning October 1, 2021, and annually thereafter, the North Carolina State Ports Authority (Authority) shall submit to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division a report on funds appropriated to the Authority from the Highway Fund and Highway Trust Fund. The report shall include the following:

(1) Total funds appropriated to the Authority since the 2015-2016 fiscal year through the end of the prior fiscal year, total appropriations spent by fiscal year, planned spending of any remaining unspent appropriations, and a breakdown of amount spent and planned to spend by project with a description of each project. Project description shall include how each project relates to the goals of the Authority outlined in the Authority's Strategic Plan.

(2) Allocations of total funds appropriated for the current fiscal year, including a breakdown of amount of planned spending by project with a description of each project. Project description shall include how each project relates to the goals of the Authority outlined in the Authority's Strategic Plan.

(3) Progress on metrics and goals outlined in the Authority's Strategic Plan."

SECTION 41.54.(b) Notwithstanding subsection (a) of this section, the initial annual report on the Authority is due no later than March 30, 2022.

REVISIONS TO HIGHWAY MAINTENANCE IMPROVEMENT PROGRAM

SECTION 41.55.(a) G.S. 143B-350(f)(4a) reads as rewritten:

"(4a) To approve a schedule of State highway maintenance projects and their anticipated cost. This schedule is designated the Highway Maintenance Improvement Program and is established in G.S. 136-44.3A. The Board shall publish the schedule on the Department's ~~Web site by April 1~~ website by June 1 of each year. The document that contains the Highway Maintenance Improvement Program shall include the anticipated funding sources for the improvement projects included in the Highway Maintenance Improvement ~~Program, a list of any changes made from the previous year's Highway Maintenance Improvement Program, and the reasons for the changes.~~Program."

SECTION 41.55.(b) G.S. 136-44.3A reads as rewritten:

"**§ 136-44.3A. Highway Maintenance Improvement Program.**

(a) Definitions. – The following definitions apply in this Article:

~~(1) Cape seal treatment. – A chip seal treatment followed by a slurry seal treatment.~~

~~(2) Chip seal treatment. – A type of pavement preservation treatment applied to existing asphalt pavement. The treatment involves spraying an asphalt emulsion onto the roadway, applying a layer of aggregate chips, and rolling the chips into the emulsion. This term includes single, double, and triple chip seal treatments.~~

(3) Highway Maintenance Improvement Program. – The schedule of State highway maintenance projects required under G.S. 143B-350(f)(4a).

(4) Highway Maintenance Improvement Program Needs Assessment. – A report of the amount of funds ~~needed, the number of affected lane miles, and the percentage of the primary and secondary system roads that are rated to need a resurfacing or pavement preservation treatment within the Highway Maintenance Improvement Program's five year time period but are not programmed due to funding constraints.~~needed and the quantity of work to be accomplished to meet and sustain the performance standards for the State highway system in each of the maintenance program categories.

~~(5) Microsurfacing treatment. – A type of pavement preservation treatment that involves mixing fine aggregate, asphalt emulsion, minerals, water, and a polymer additive, and applying the mixture to the roadway.~~

(6) Pavement preservation treatment. – ~~Includes full-width surface treatments used to extend or renew~~ A pavement preservation treatment is a roadway

improvement practice that improves roadway quality and extends or renews the pavement life. Types of pavement preservation treatment include hot-mixed asphalt overlays, cape seal treatment, chip seal treatment, microsurfacing, crack sealing, slurry seal, and fog seal.

(7) Rehabilitation. – A contract resurfacing maintenance program that involves applying multiple layers of pavement that exceed two inches.

(8) Resurfacing. – A contract resurfacing program that involves applying one layer that does not exceed two inches of pavement.

~~(9) Slurry seal treatment. – A type of pavement preservation treatment that involves mixing fine aggregate, asphalt emulsion, minerals, and water, and applying the mixture to the roadway.~~

…

(c) Highway Maintenance Improvement Program. – After the annual inspection of roads within the State highway ~~system, each highway division shall determine and report to the Chief Engineer on (i) the need for rehabilitation, resurfacing, or pavement preservation treatments, (ii) the need for bridge and general maintenance, and (iii) projected changes to the condition of pavement on primary and secondary roads for each year over a five year period. The Chief Engineer shall establish a five year priority list for each highway division based on the Chief Engineer's estimate of need. In addition, the Chief Engineer shall establish a five-year improvement schedule, sorted by county, for rehabilitation, resurfacing, and pavement preservation treatment activities. The schedule shall be based on the amount of funds appropriated to the contract resurfacing program and the pavement preservation program in the fiscal year preceding the issuance of the Highway Maintenance Improvement Program for all five years of the Highway Maintenance Improvement Program. State funding for the Highway Maintenance Improvement Program shall be limited to funds appropriated from the State Highway Fund.~~system, all of the following shall occur:

(1) The Chief Engineer shall establish the annual cost to meet and sustain the performance standards for pavement, bridge, and general maintenance activities for the State highway system.

(2) The Division Engineer for each highway division shall determine and report to the Chief Engineer a five-year improvement schedule, sorted by county, for pavement, bridge, and general maintenance activities within each highway division. The schedule shall be based on the amount of funds appropriated to the pavement, bridge, and general maintenance programs in the fiscal year preceding the issuance of the Highway Maintenance Improvement Program for all five years of the Highway Maintenance Improvement Program. State funding for the Highway Maintenance Improvement Program shall be limited to funds appropriated from the State Highway Fund.

…

(g) Report. – The Department shall submit the Highway Maintenance Improvement Program and Highway Maintenance Improvement Program Needs Assessment to the General Assembly by ~~April 1~~ June 1 of each year. If the General Assembly is in session, the Department shall report to the House of Representatives Appropriations Subcommittee on Transportation, the Senate Appropriations Committee on Transportation, and the Fiscal Research Division. If the General Assembly is not in session, the Department shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division."

INCREASE FUNDING FOR HISTORICAL MARKER PROGRAM

SECTION 41.56. G.S. 136-42.3 reads as rewritten:

"**§ 136-42.3. Historical marker program.**

The Department of Transportation ~~may spend up to sixty thousand dollars ($60,000) a year to purchase historical markers prepared and delivered to it by the Department of Natural and Cultural Resources.~~ shall transfer one hundred thousand dollars ($100,000) each fiscal year to the Department of Natural and Cultural Resources for the purchase of historical markers. The Department of Transportation shall erect the markers on sites selected by the Department of Natural and Cultural Resources. This expenditure is hereby declared to be a valid expenditure of State highway maintenance funds. No provision in this section shall be construed to prevent the expenditure of any federal highway funds that may be available for this purpose."

RELOCATION OF LICENSE PLATE READERS/RESTRICTIONS ON USE OF CAPTURED DATA

SECTION 41.57.(a) Article 2 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-27.3A. Relocation of automatic license plate reader systems.**

An authorized entity may relocate system equipment placed on right-of-way owned or maintained by the Department of Transportation in the event the authorized entity needs immediate access to the right-of-way or utility facilities. The authorized entity must promptly provide notice to the law enforcement agency that owns or controls the system equipment relocated pursuant to this section. An authorized entity shall only be liable for damages to system equipment caused solely by the authorized entity's gross negligence or willful misconduct. For purposes of this section, the term "authorized entity" means the Department of Transportation or a public utility and the term "system equipment" means an automatic license plate reader system and related equipment."

SECTION 41.57.(b) G.S. 20-183.31(b) reads as rewritten:

"(b) Data obtained by a law enforcement agency in accordance with this ~~section or G.S. 20-183.32~~ Article shall be obtained, accessed, preserved, or disclosed only for law enforcement or criminal justice purposes. Notwithstanding, data obtained under the authority of this Article shall not be used for the enforcement of traffic violations."

SECTION 41.57.(c) Article 3D of Chapter 20 of the General Statutes is amended by adding a new section to read:

"**§ 20-183.32A. Report on automatic license plate reader systems.**

No later than March 1 of each year, any law enforcement agency that has placed an automatic license plate reader system on right-of-way owned or maintained by the Department of Transportation shall submit a report to the Joint Legislative Oversight Committee on Justice and Public Safety containing the written policy governing use of the automatic license plate reader system, the number of requests for captured data by requesting agency, and the amount of data preserved for more than 90 days compared to the amount of data captured on an annual basis."

REMOVE HMMWV (HUMVEE) AFFIDAVIT REQUIREMENT FOR REGISTRATION AND TITLE APPLICATIONS

SECTION 41.58.(a) G.S. 20-53.5 reads as rewritten:

"**§ 20-53.5. Titling and registration of HMMWV.**

(a) Registration and Certificate of Title. – The Division shall register and issue a certificate of title for an HMMWV if all of the following conditions are met:

(1) The applicant for the title and registration of the HMMWV has provided to the Division a sworn affidavit ~~from a manufacturer, motor vehicle dealer, or seller of the HMMWV~~ certifying that the vehicle ~~complies with all applicable federal motor vehicle safety standards for vehicles designed for highway use.~~ is equipped with:

a. Safety belt and anchorages that meet construction, design, and strength requirements under G.S. 20-135.2(a) and, if equipped with rear seats, G.S. 20-135.3(a).

b. Lights or lighting equipment, as required by G.S. 20-129 or G.S. 20-129.1.

(2) The vehicle has a vehicle identification number that matches the vehicle ownership documents. If the vehicle does not have a vehicle identification number, the Division shall assign one to the vehicle prior to registration. The existence of a valid vehicle identification number for the vehicle shall be verified by the License and Theft Bureau of the Division prior to its registration and titling.

(b) Applicability of This Chapter. – All provisions of this Chapter shall apply to an HMMWV, including the provisions of Article 3A and Article 9A of this Chapter, to the same extent they would apply to any other registered motor vehicle. Notwithstanding G.S. 20-135.2A(c)(5) and G.S. 20-137.1(b), all provisions of this Chapter requiring safety belt use and child restraint systems use apply to an HMMWV to the same extent they would apply to a registered motor vehicle manufactured with seat belts as required by federal law or standard.

(c) Fees. – The vehicle registration fees applicable to property-hauling vehicles shall apply to the registration of an HMMWV.

(d) No Liability for Operations. – Neither the State nor its commission contract agents shall be liable for any injury or damages resulting from the operation of an HMMWV registered or titled pursuant to this section."

SECTION 41.58.(b) This section becomes effective February 1, 2022, and applies to applications for registration and certificate of title submitted on or after that date.

ASHEBORO & RANDOLPH COUNTY ESTABLISH JOINT AIRPORT

SECTION 41.59.(a) The City of Asheboro and the Asheboro Airport Authority (hereinafter "Authority") are hereby authorized to transfer and convey all of their right, title, and interest in and to all Asheboro Regional Airport property and facilities and all other property held or owned by the City or the Authority, real or personal, tangible or intangible, including all cash and cash equivalents and checking, investment, and demand deposit bank accounts held by the City or the Authority pertaining to or generated from revenues of the Asheboro Regional Airport, to the airport authority created by the City of Asheboro and Randolph County for the purpose of establishing and maintaining a joint airport as authorized by G.S. 63-4.

SECTION 41.59.(b) The airport authority created by the City of Asheboro and Randolph County for the purpose of establishing and maintaining a joint airport as authorized by G.S. 63-4 shall:

(1) Consist of nine members, five of whom shall be appointed by the Asheboro City Council and four of whom shall be appointed by the Randolph County Board of Commissioners. At least two members appointed by each governing body shall have experience in business or industry.

(2) Have the powers granted in Chapter 63 of the General Statutes, including the authority to lease air navigation facilities, including real property acquired or set apart for airport purposes, to private parties for manufacturing or industrial purposes.

SECTION 41.59.(c) The following acts are hereby repealed effective on the day following the transfer by the City of Asheboro and the Authority of all their interest and assets as authorized in subsection (a) of this section:

(1) Article XIV of the Charter of the City of Asheboro, being Chapter 481 of the Session Laws of 1967, as amended by Chapter 245 of the Session Laws of 1985.

(2) Chapter 867 of the Session Laws of 1989.

SECTION 41.59.(d) This section is effective when this act becomes law.

DISPOSITION OF LAND MAINTAINED BY DOT

SECTION 41.60.(a) 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:

…

(4) No service charge into the State Land Fund shall be deducted from or levied against the proceeds of any disposition by lease, rental, or easement of lands (i) owned by the Department of ~~Transportation.~~ Transportation or (ii) owned by the Department of Administration and solely maintained by the Department of Transportation. All net proceeds of ~~those~~ these dispositions shall be deposited into the State Highway Fund.

…."

SECTION 41.60.(b) This section is effective when it becomes law and applies to dispositions on or after that date.

PART XLII. FINANCE

PERSONAL INCOME TAX REDUCTION

SECTION 42.1.(a) G.S. 105-153.7(a) reads as rewritten:

"(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 tax is ~~five and one-quarter percent (5.25%)~~ a percentage of the taxpayer's North Carolina taxable ~~income.~~income computed as follows:

Taxable Years Beginning	Tax
In 2022	4.99%
In 2023	4.75%
In 2024	4.6%
In 2025	4.5%
In 2026	4.25%
After 2026	3.99%."

SECTION 42.1.(b) G.S. 105-153.5(a)(1) reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	**Standard Deduction**
Married, filing jointly/surviving spouse	~~$21,500~~$25,500
Head of Household	~~16,125~~19,125
Single	~~10,750~~12,750
Married, filing separately	~~10,750.~~12,750."

SECTION 42.1.(c) G.S. 105-153.5(a1) reads as rewritten:

"(a1) Child Deduction Amount. – A taxpayer who is allowed a federal child tax credit under section 24 of the Code for the taxable year is allowed a deduction under this subsection for each qualifying child for whom the taxpayer is allowed the federal tax credit. The amount of the deduction is equal to the amount listed in the table below based on the taxpayer's adjusted gross income, as calculated under the Code:

Filing Status	AGI	Deduction Amount
Married, filing jointly/ surviving spouse	Up to $40,000	~~$2,500.00~~$3,000
	Over $40,000	
	Up to $60,000	~~2,000.00~~2,500
	Over $60,000	
	Up to $80,000	~~1,500.00~~2,000
	Over $80,000	
	Up to $100,000	~~1,000.00~~1,500
	Over $100,000	
	Up to $120,000	~~500.00~~1,000
	Over $120,000	~~0~~
	Up to $140,000	500.00
	Over $140,000	0
Head of Household	Up to $30,000	~~$2,500.00~~$3,000
	Over $30,000	
	Up to $45,000	~~2,000.00~~2,500
	Over $45,000	
	Up to $60,000	~~1,500.00~~2,000
	Over $60,000	
	Up to $75,000	~~1,000.00~~1,500
	Over $75,000	
	Up to $90,000	~~500.00~~1,000
	Over $90,000	~~0~~
	Up to $105,000	500.00
	Over $105,000	0
Single	Up to $20,000	~~$2,500.00~~$3,000
	Over $20,000	
	Up to $30,000	~~2,000.00~~2,500
	Over $30,000	
	Up to $40,000	~~1,500.00~~2,000
	Over $40,000	
	Up to $50,000	~~1,000.00~~1,500
	Over $50,000	
	Up to $60,000	~~500.00~~1,000
	Over $60,000	~~0~~
	Up to $70,000	500.00
	Over $70,000	0
Married, filing separately	Up to $20,000	~~$2,500.00~~$3,000
	Over $20,000	
	Up to $30,000	~~2,000.00~~2,500
	Over $30,000	
	Up to $40,000	~~1,500.00~~2,000
	Over $40,000	
	Up to $50,000	~~1,000.00~~1,500
	Over $50,000	
	Up to $60,000	~~500.00~~1,000
	Over $60,000	~~0.~~
	Up to $70,000	500.00

Over $70,000	0."

SECTION 42.1.(d) This section is effective for taxable years beginning on or after January 1, 2022.

ELIMINATE TAX ON MILITARY PENSION INCOME

SECTION 42.1A.(a) G.S. 105-153.5(b) reads as rewritten:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

…

(5a) The amount received during the taxable year from the United States government for the payments listed in this subdivision. Amounts deducted under this subdivision may not also be deducted under subdivision (5) of this subsection. The payments are:

a. Retirement pay for service in the Armed Forces of the United States to a retired member that meets either of the following:

1. Served at least 20 years.

2. Medically retired under 10 U.S.C. Chapter 61. This deduction does not apply to severance pay received by a member due to separation from the member's armed forces.

b. Payments of a Plan defined in 10 U.S.C. § 1447 to a beneficiary of a retired member eligible to deduct retirement pay under sub-subdivision a. of this subdivision.

…."

SECTION 42.1A.(b) This section is effective for taxable years beginning on or after January 1, 2021.

PHASE OUT CORPORATE INCOME TAX

SECTION 42.2.(a) G.S. 105-130.3 reads as rewritten:

"**§ 105-130.3. Corporations.**

A tax is imposed on the State net income of every C Corporation doing business in this ~~State at the rate of two and one half percent (2.5%).~~ State. An S Corporation is not subject to the tax levied in this section. The tax is a percentage of the taxpayer's State net income computed as follows:

Taxable Years Beginning	Tax
In 2025	2.25%
In 2026	2%
In 2028	1%
After 2029	0%."

SECTION 42.2.(b) This section is effective for taxable years beginning on or after January 1, 2025.

FRANCHISE TAX REDUCTION AND SIMPLIFICATION

SECTION 42.3.(a) G.S. 105-122(d) reads as rewritten:

"(d) Tax Base. – A corporation's tax base is the ~~greatest of the following:~~

~~(1)~~ ~~The~~ proportion of its net worth as set out in subsection (c1) of this section.

~~(2) Fifty five percent (55%) of the corporation's appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State. For purposes of this subdivision, the appraised value of tangible property, including real estate, is the ad valorem valuation for the calendar year next preceding the due date of the franchise tax return.~~

~~(3) (Effective for taxable years beginning on or after January 1, 2020, and applicable to the calculation of franchise tax reported on the 2019 and later corporate income tax returns) The corporation's total actual investment in tangible property in this State. For purposes of this subdivision, the total actual investment in tangible property in this State is the total original purchase price or consideration to the reporting taxpayer of its tangible properties, including real estate, in this State plus additions and improvements thereto less (i) reserve for depreciation as permitted for income tax purposes and (ii) any indebtedness specifically incurred and existing solely for and as the result of the purchase of any real estate and any permanent improvements made on the real estate.~~"

SECTION 42.3.(b) G.S. 105-114.1(b) reads as rewritten:

"(b) Controlled Companies. – If a corporation or an affiliated group of corporations owns more than fifty percent (50%) of the capital interests in a noncorporate limited liability company, the corporation or group of corporations must include in its ~~three~~ tax ~~bases~~ base pursuant to G.S. 105-122 the same percentage of ~~(i)~~ the noncorporate limited liability company's net ~~worth; (ii) fifty-five percent (55%) of the noncorporate limited liability company's appraised ad valorem tax value of property; and (iii) the noncorporate limited liability company's actual investment in tangible property in this State, as appropriate.~~worth."

SECTION 42.3.(c) 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, ~~the greater of the following:~~

~~(1)~~ ~~A~~ a franchise or privilege tax at the rate of one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) of the amount determined under subsection (a) of this section, 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).

~~(2) If the tax calculated under this subdivision exceeds the tax calculated under subdivision (1) of this subsection, then the tax is levied at the rate of one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) on the greater of the following:~~

~~a. Fifty-five percent (55%) of the appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State of each such corporation plus the total appraised value of intangible property returned for taxation of intangible personal property as computed under G.S. 105-122(d).~~

~~b. The total actual investment in tangible property in this State of such corporation as computed under G.S. 105-122(d).~~"

SECTION 42.3.(d) This section is effective for taxable years beginning on or after January 1, 2023, and applicable to the calculation of franchise tax reported on the 2022 and later corporate income tax return.

CONFORM TO FEDERAL TAX TREATMENT FOR PPP LOANS AND RELATED BUSINESS ASSISTANCE/IRC UPDATE

SECTION 42.4.(a) G.S. 105-228.90(b)(7) reads as rewritten:

"(7) Code. – The Internal Revenue Code as enacted as of ~~May 1, 2020,~~ April 1, 2021, including any provisions enacted as of that date that become effective either before or after that date."

SECTION 42.4.(b) G.S. 105-153.5(a)(2) reads as rewritten:

"(2) Itemized deduction amount. – An amount equal to the sum of the items listed in this subdivision. The amounts allowed under this subdivision are not

subject to the overall limitation on itemized deductions under section 68 of the Code:

a. Charitable Contribution. – The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable ~~year.~~ year, subject to the following provisions:

1. Distributions from IRAs. – For taxable years 2014 through 2018, a taxpayer who elected to take the income exclusion under section 408(d)(8) of the Code for a qualified charitable distribution from an individual retirement plan by a person who has attained the age of 70 1/2 may deduct the amount that would have been allowed as a charitable deduction under section 170 of the Code had the taxpayer not elected to take the income exclusion.

2. Charitable Giving During COVID-19. – For taxable ~~year 2020,~~ years 2020 and 2021, notwithstanding ~~G.S. 105-228.90(b)(7),~~ G.S. 105-228.90(b)(7) and for purposes of this ~~sub-subdivision~~ sub-sub-subdivision, the term "Code" means the Internal Revenue Code as enacted as of January 1, 2020. For taxable years beginning on or after January 1, 2021, a taxpayer may only carry forward the charitable contributions from taxable ~~year 2020~~ years 2020 and 2021 that exceed the applicable percentage limitation for the 2020 and 2021 taxable ~~year~~ years allowed under this ~~sub-subdivision.~~ sub-sub-subdivision. The purpose for defining the Internal Revenue Code differently for the 2020 and 2021 taxable ~~year~~ years is to decouple from the modification of limitations on charitable contributions ~~during 2020~~ allowed under section 2205 of the CARES ~~Act.~~Act and section 213 of the Consolidated Appropriations Act, 2021.

b. Mortgage Expense and Property Tax. – The amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence plus the amount allowed as a deduction for property taxes paid or accrued on real estate under section 164 of the Code for that taxable year. For taxable years 2014 through ~~2020,~~ 2021, the amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence shall not include the amount for mortgage insurance premiums treated as qualified residence interest. The amount allowed under this sub-subdivision may not exceed twenty thousand dollars ($20,000). For spouses filing as married filing separately or married filing jointly, the total mortgage interest and real estate taxes claimed by both spouses combined may not exceed twenty thousand dollars ($20,000). For spouses filing as married filing separately with a joint obligation for mortgage interest and real estate taxes, the deduction for these items is allowable to the spouse who actually paid them. If the amount of the mortgage interest and real estate taxes paid by both spouses exceeds twenty thousand dollars ($20,000), these deductions must be prorated based on the percentage paid by each spouse. For joint obligations paid from joint accounts, the proration is based on the income reported by each spouse for that taxable year.

…."

SECTION 42.4.(c) G.S. 105-153.5(c2) reads as rewritten:

"(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

(1) For taxable years 2014 through ~~2020,~~ 2025, the taxpayer must add the amount excluded from the taxpayer's gross income for the discharge of qualified principal residence indebtedness under section 108 of the Code. The purpose of this subdivision is to decouple from the income exclusion available under federal tax law. If the taxpayer is insolvent, as defined in section 108(d)(3) of the Code, then the addition required under this subdivision is limited to the amount of discharge of qualified principal residence indebtedness excluded from adjusted gross income under section 108(a)(1)(E) of the Code that exceeds the amount of discharge of indebtedness that would have been excluded under section 108(a)(1)(B) of the Code.

…

(18) For taxable ~~year 2020,~~ years 2020 through 2025, a taxpayer must add the amount excluded from the taxpayer's gross income for payment by an employer, whether paid to the taxpayer or to a lender, of principal or interest on any qualified education loan, as defined in section 221(d)(1) of the Code, incurred by the taxpayer for education of the taxpayer. The purpose of this subdivision is to decouple from the exclusion for certain employer payments of student loans under section 2206 of the CARES ~~Act.~~Act or under the Consolidated Appropriations Act, 2021.

…

(20) ~~A~~ For taxable years beginning on or after January 1, 2023, a taxpayer must add the amount of any expense deducted under the Code to the extent ~~that payment of the expense results in forgiveness of a covered loan pursuant to section 1106(b) of the CARES Act, and the income associated with the forgiveness is excluded from gross income pursuant to section 1106(i) of the CARES Act. The term "covered loan" has the same meaning as defined in section 1106 of the CARES Act.~~the expense is allocable to income that is either wholly excluded from gross income or wholly exempt from the taxes imposed by this Part.

(21) For taxable years 2021 and 2022, a taxpayer must add an amount equal to the amount by which the taxpayer's deduction under section 274(n) of the Code exceeds the deduction that would have been allowed under the Internal Revenue Code as enacted as of May 1, 2020. The purpose of this subdivision is to decouple from the increased deduction under the Consolidated Appropriations Act, 2021, for business-related expenses for food and beverages provided by a restaurant.

(22) For taxable years 2021 through 2025, a taxpayer must add the amount excluded from the taxpayer's gross income for the discharge of a student loan under section 108(f)(5) of the Code. The purpose of this subdivision is to decouple from the exclusion from income for the discharge of a student loan under section 9675 of the American Rescue Plan Act of 2021.

(23) For taxable year 2020, a taxpayer must add the amount excluded from the taxpayer's gross income for unemployment compensation received by the taxpayer under section 85(c) of the Code. The purpose of this subdivision is to decouple from the exclusion from income for unemployment compensation under section 9042 of the American Rescue Plan Act of 2021."

SECTION 42.4.(d) G.S. 105-130.5(a)(32) reads as rewritten:

"(32) ~~The~~ For taxable years beginning on or after January 1, 2023, the amount of any expense deducted under the Code to the extent ~~that payment of the expense results in forgiveness of a covered loan pursuant to section 1106(b) of the CARES Act and the income associated with the forgiveness is excluded from gross income pursuant to section 1106(i) of the CARES Act. The term "covered loan" has the same meaning as defined in section 1106 of the CARES Act.~~the expense is allocable to income that is either wholly excluded from gross income or wholly exempt from the taxes imposed by this Part."

SECTION 42.4.(e) Except as otherwise provided, this section is effective when it becomes law.

REDUCE IMPACT OF FEDERAL SALT CAP BY ALLOWING CERTAIN PASS-THROUGHS TO ELECT TO PAY TAX AT THE ENTITY LEVEL

SECTION 42.5.(a) G.S. 105-131(b) reads as rewritten:

"(b) For the purpose of this Part, unless otherwise required by the context:

…

(11) "Taxed S Corporation" means an S Corporation for which a valid election under G.S. 105-131.1A(a) is in effect."

SECTION 42.5.(b) G.S. 105-131.1 reads as rewritten:

"**§ 105-131.1. Taxation of an S Corporation and its shareholders.**

(a) An S Corporation shall not be subject to the tax levied under G.S. 105-130.3. A taxed S Corporation shall be subject to tax under G.S. 105-131.1A.

(b) ~~Each~~ Except with respect to a taxed S Corporation, each shareholder's pro rata share of an S Corporation's income attributable to the State and each resident shareholder's pro rata share of income not attributable to the State, shall be taken into account by the shareholder in the manner and subject to the adjustments provided in Parts 2 and 3 of this Article and section 1366 of the Code and shall be subject to the tax levied under Parts 2 and 3 of this Article."

SECTION 42.5.(c) Part 1A of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-131.1A. Taxation of S Corporation as a taxed pass-through entity.**

(a) Taxed S Corporation Election. – An S Corporation may elect, on its timely filed annual return required under G.S. 105-131.7, to have the tax under this Article imposed on the S Corporation for any taxable period covered by the return. An S Corporation may not revoke the election after the due date of the return including extensions.

(b) Taxable Income of Taxed S Corporation. – A tax is imposed for the taxable period on the North Carolina taxable income of a taxed S Corporation. The tax shall be levied, collected, and paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in G.S. 105-153.7. The North Carolina taxable income of a taxed S Corporation is determined as follows:

(1) The North Carolina taxable income of a taxed S Corporation with respect to such taxable period shall be equal to the sum of the following:

a. Each shareholder's pro rata share of the taxed S Corporation's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, attributable to the State.

b. Each resident shareholder's pro rata share of the taxed S Corporation's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, not attributable to the State with respect to such taxable period.

(2) Separately stated items of deduction are not included when calculating each shareholder's pro rata share of the taxed S Corporation's taxable income. For

purposes of this subdivision, separately stated items are those items described in section 1366 of the Code and the regulations under it.

(3) The adjustments required by G.S. 105-153.5(c3) are not included in the calculation of the taxed S Corporation's taxable income.

(c) Tax Credit. – A taxed S Corporation that qualifies for a credit may apply each shareholder's pro rata share of the taxed S Corporation's credits against the shareholder's pro rata share of the taxed S Corporation's income tax imposed by subsection (b) of this section. An S Corporation must pass through to its shareholders any credit required to be taken in installments by this Chapter if the first installment was taken in a taxable period that the election under subsection (a) of this section was not in effect. An S Corporation shall not pass through to its shareholders any of the following:

(1) Any credit allowed under this Chapter for any taxable period the S Corporation makes the election under subsection (a) of this section and the carryforward of the unused portion of such credit.

(2) Any subsequent installment of such credit required to be taken in installments by this Chapter after the S Corporation makes an election under subsection (a) of this section and the carryforward of any unused portion of such installment.

(d) Tax Credit for Income Taxes Paid to Other States. – With respect to resident shareholders, a taxed S Corporation is allowed a credit against the taxes imposed by this section for income taxes imposed by and paid to another state or country on income taxed under this section. The credit allowed by this subsection is administered in accordance with the provisions of G.S. 105-153.9.

(e) Deduction Allowed for Shareholders of a Taxed S Corporation. – The shareholders of a taxed S Corporation are allowed a deduction as specified in G.S. 105-153.5(c3)(1). This adjustment is only allowed if the taxed S Corporation complies with the provisions of subsection (g) of this section.

(f) Addition Required for Shareholders of a Taxed S Corporation. – The shareholders of a taxed S Corporation must make an addition as provided in G.S. 105-153.5(c3)(2).

(g) Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount of the tax payable as shown on the return of the taxed S Corporation must be paid to the Secretary within the time allowed for filing the return. In the case of any overpayment by a taxed S Corporation of the tax imposed under this section, only the taxed S Corporation may request a refund of the overpayment. If the taxed S Corporation files a return showing an amount due with the return and does not pay the amount shown due, the Department may collect the tax from the taxed S Corporation pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of collection for the amount of tax debt to the taxed S Corporation. If the tax debt is not paid to the Secretary within 60 days of the date the notice of collection is mailed to the taxed S Corporation, the shareholders of the S Corporation are not allowed the deduction provided in G.S. 105-153.5(c3)(1). The Secretary must send the shareholders a notice of proposed assessment in accordance with G.S. 105-241.9. For purposes of this subsection, the term "tax debt" has the same meaning as defined in G.S. 105-243.1(a).

(h) Basis. – The basis of both resident and nonresident shareholders of a taxed S Corporation in their stock and indebtedness of the taxed S Corporation shall be determined as if the election under subsection (a) of this section had not been made and each of the shareholders of the taxed S Corporation had properly taken into account each shareholder's pro rata share of the taxed S Corporation's items of income, loss, and deduction in the manner required with respect to an S Corporation for which no such election is in effect."

SECTION 42.5.(d) G.S. 105-131.7 is amended by adding a new subsection to read:

"(g) Taxed S Corporation. – Subsections (b) through (f) of this section do not apply to an S Corporation with respect to any taxable period for which it is a taxed S Corporation under G.S. 105-131.1A."

SECTION 42.5.(e) G.S. 105-131.8(a) reads as rewritten:

"(a) ~~For~~ Except as otherwise provided in G.S. 105-153.9(a)(4) with respect to a taxed S Corporation, for purposes of G.S. 105-153.9 and G.S. 105-160.4, each resident shareholder is considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S Corporation to a state that does not measure the income of S Corporation shareholders by the income of the S Corporation. For purposes of the preceding sentence, the term "net income tax" means any tax imposed on or measured by a corporation's net income."

SECTION 42.5.(f) G.S. 105-153.3 reads as rewritten:

"**§ 105-153.3. Definitions.**

The following definitions apply in this Part:

…

(18a) Taxed partnership. – A partnership for which a valid election under G.S. 105-154.1 is in effect.

(18b) Taxed pass-through entity. – A taxed S Corporation or a taxed partnership.

(18c) Taxed S Corporation. – Defined in G.S. 105-131(b).

…."

SECTION 42.5.(g) G.S. 105-154(d) reads as rewritten:

"(d) Payment of Tax on Behalf of Nonresident Owner or Partner. – If a business conducted in this State is owned by a nonresident individual or by a partnership having one or more nonresident members, the manager of the business shall report information concerning the earnings of the business in this State, the distributive share of the income of each nonresident owner or partner, and any other information required by the Secretary. The distributive share of the income of each nonresident partner includes any guaranteed payments made to the partner. The manager of the business shall pay with the return the tax on each nonresident owner or partner's share of the income computed at the rate levied on individuals under G.S. 105-153.7. The business may deduct the payment for each nonresident owner or partner from the owner or partner's distributive share of the income of the business in this State. If the nonresident partner is not an individual and the partner has executed an affirmation that the partner will pay the tax with its corporate, partnership, trust, or estate income tax return, the manager of the business is not required to pay the tax on the partner's share. In this case, the manager shall include a copy of the affirmation with the report required by this subsection. The affirmation must be annually filed by the nonresident partner and submitted by the manager by the due date of the report required in this subsection. Otherwise, the manager of the business is required to pay the tax on the nonresident partner's share. Notwithstanding the provisions of G.S. 105-241.7(b), the manager of the business may not request a refund of an overpayment made on behalf of a nonresident owner or partner if the manager of the business has previously filed the return and paid the tax due. The nonresident owner or partner may, on its own income tax return, request a refund of an overpayment made on its behalf by the manager of the business within the provisions of G.S. 105-241.6. This subsection does not apply to a partnership with respect to any taxable period for which it is a taxed partnership."

SECTION 42.5.(h) Part 2 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-154.1. Taxation of partnership as a taxed pass-through entity.**

(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) A trust described in section 1361(c)(2) of the Code.
(4) An organization described in section 1361(c)(6) of the Code.

(b) Taxable Income of Taxed Partnership. – A tax is imposed for the taxable period on the North Carolina taxable income of a taxed partnership. The tax shall be levied, collected, and paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in G.S. 105-153.7. The North Carolina taxable income of a taxed partnership is determined as follows:

(1) The North Carolina taxable income of a taxed partnership with respect to such taxable period shall be equal to the sum of the following:
a. Each partner's distributive share of the taxed partnership's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, attributable to the State.
b. Each resident partner's distributive share of the taxed partnership's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, not attributable to the State with respect to such taxable period.
(2) Separately stated items of deduction are not included when calculating each partner's distributive share of the taxed partnership's taxable income. For purposes of this subdivision, separately stated items are those items described in section 702 of the Code and the regulations adopted under it.
(3) The adjustments required by G.S. 105-153.5(c3) are not included in the calculation of the taxed partnership's taxable income.

(c) Tax Credit. – A taxed partnership that qualifies for a credit may apply each partner's distributive share of the taxed partnership's credits against the partner's distributive share of the taxed partnership's income tax imposed by subsection (b) of this section. A partnership must pass through to its partners any credit required to be taken in installments by this Chapter if the first installment was taken in a taxable period that the election under subsection (a) of this section was not in effect. A partnership shall not pass through to its partners any of the following:

(1) Any credit allowed under this Chapter for any taxable period the partnership makes the election under subsection (a) of this section and the carryforward of the unused portion of such credit.
(2) Any subsequent installment of such credit required to be taken in installments by this Chapter after the partnership makes an election under subsection (a) of this section and the carryforward of any unused portion of such installment.

(d) Deduction Allowed for Partners of a Taxed Partnership. – The partners of a taxed partnership are allowed a deduction as specified in G.S. 105-153.5(c3)(3). This adjustment is only allowed if the taxed partnership complies with the provisions of subsection (f) of this section.

(e) Addition Required for Partners of a Taxed Partnership. – The partners of a taxed partnership must make an addition as provided in G.S. 105-153.5(c3)(4).

(f) Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount of the tax payable as shown on the return of the taxed partnership must be paid to the Secretary within the time allowed for filing the return. In the case of any overpayment by a taxed partnership of the tax imposed under this section, only the taxed partnership may request a refund of the overpayment. If the taxed partnership files a return showing an amount due with the return and does not pay the amount shown due, the Department may collect the tax from the taxed partnership pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of collection for the amount of the tax debt to the taxed partnership. If the tax debt is not paid to the Secretary within 60 days of the date the notice of collection is mailed to the taxed partnership, the partners of the partnership are not allowed the deduction provided in G.S. 105-153.5(c3)(3). The

Secretary must send the partners a notice of proposed assessment in accordance with G.S. 105-241.9. For purposes of this subsection, the term "tax debt" has the same meaning as defined in G.S. 105-243.1(a).

(g) Basis. – The basis of both resident and nonresident partners of a taxed partnership shall be determined as if the election under subsection (a) of this section had not been made and each of the partners of the taxed partnership had properly taken into account each partner's distributive share of the taxed partnership's items of income, loss, and deduction in the manner required with respect to a partnership for which no such election is in effect."

SECTION 42.5.(i) G.S. 105-153.5 is amended by adding a new subsection to read:

"(c3) Taxed Pass-Through Entities. – In calculating North Carolina taxable income, a taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

(1) A taxpayer that is a shareholder of a taxed S Corporation may deduct the amount of the taxpayer's pro rata share of income from the taxed S Corporation to the extent it was included in the taxed S Corporation's North Carolina taxable income and the taxpayer's adjusted gross income.

(2) A taxpayer that is a shareholder of a taxed S Corporation must add the amount of the taxpayer's pro rata share of loss from the taxed S Corporation to the extent it was included in the taxed S Corporation's North Carolina taxable income and the taxpayer's adjusted gross income.

(3) A taxpayer that is a partner of a taxed partnership may deduct the amount of the taxpayer's distributive share of income from the taxed partnership to the extent it was included in the taxed partnership's North Carolina taxable income and the taxpayer's adjusted gross income.

(4) A taxpayer that is a partner of a taxed partnership must add the amount of the taxpayer's distributive share of loss from the taxed partnership to the extent it was included in the taxed partnership's North Carolina taxable income and the taxpayer's adjusted gross income."

SECTION 42.5.(j) G.S. 105-153.9(a) reads as rewritten:

"(a) An individual who is a resident of this State is allowed a credit against the taxes imposed by this Part for income taxes imposed by and paid to another state or country on income taxed under this Part, subject to the following conditions:

…

(4) Shareholders of a taxed S Corporation shall not be allowed a credit under this section for taxes paid by the taxed S Corporation to another state or country on income that is taxed to the taxed S Corporation. For purposes of allowing the credit under this section for taxes paid to another state or country by a taxed S Corporation's shareholders, a shareholder's pro rata share of the income of the taxed S Corporation shall be treated as income taxed to the shareholder under this Part and a shareholder's pro rata share of the tax imposed on the taxed S Corporation under G.S. 105-131.1A shall be treated as tax imposed on the shareholder under this Part.

(5) Partners of a taxed partnership shall not be allowed a credit under this section for taxes paid by the taxed partnership to another state or country on income that is taxed to the taxed partnership. The taxed partnership as defined in G.S. 105-153.3(18a) is entitled to a credit under this section for all such taxes paid. For purposes of allowing the credit under this section for taxes paid to another state or country by a taxed partnership's partners, a partner's pro rata share of the income of the taxed partnership shall be treated as income taxed to the partner under this Part and a partner's pro rata share of the tax imposed on the taxed partnership under G.S. 105-154.1 shall be treated as tax imposed on the partner under this Part."

SECTION 42.5.(k) G.S. 105-160.4 reads as rewritten:

"**§ 105-160.4. Tax credits for income taxes paid to other states by estates and trusts.**

…

(f) Fiduciaries and beneficiaries of estates and trusts who are shareholders of a taxed S Corporation are not allowed a credit under this section for taxes paid by the estates and trusts or by the taxed S Corporation to another state or country on income that is taxed to the taxed S Corporation. The taxed S Corporation is entitled to a credit under G.S. 105-153.9(a)(4) for all such taxes paid. For purposes of this subsection, the term "taxed S Corporation" is the same as defined in G.S. 105-131(b).

(g) Fiduciaries and beneficiaries of estates and trusts who are partners of a taxed partnership are not allowed a credit under this section for taxes paid by the estates and trusts or by the taxed partnership to another state or country on income that is taxed to the taxed partnership. The taxed partnership is entitled to a credit under G.S. 105-153.9(a)(5) for all such taxes paid. For purposes of this subsection, the term "taxed partnership" is the same as defined in G.S. 105-153.3."

SECTION 42.5.(*l*) G.S. 105-163.38 is amended by adding a new subdivision to read:

"(6) Taxed pass-through entity. – Defined in G.S. 105-153.3."

SECTION 42.5.(m) G.S. 105-163.39 is amended by adding a new subsection to read:

"(d) Taxed Pass-Through Entity. – This Article applies to every taxed pass-through entity in the same manner as a corporation subject to tax under Article 4 of this Chapter, except that G.S. 105-163.41(d)(5) shall not apply with respect to a taxable year of a taxed pass-through entity if it was not a taxed pass-through entity during its preceding taxable year."

SECTION 42.5.(n) This section is effective for taxable years beginning on or after January 1, 2022.

CREATE SEPARATE STATE NET OPERATING LOSS CALCULATION FOR INDIVIDUAL INCOME TAX PURPOSES

SECTION 42.6.(a) G.S. 105-153.5 reads as rewritten:

"**§ 105-153.5. Modifications to adjusted gross income.**

…

(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

…

(16) A State net operating loss as allowed under G.S. 105-153.5A.

(c) Additions. – In calculating North Carolina taxable income, a taxpayer must add to the taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's adjusted gross income:

…

(6) ~~The~~ Any amount ~~of~~ allowed as a net operating loss ~~carried to and deducted on the federal return but not absorbed in that year and carried forward to a subsequent year.~~deduction under the Code.

…."

SECTION 42.6.(b) Part 2 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-153.5A. Net operating loss provisions.**

(a) State Net Operating Loss. – A taxpayer's State net operating loss for a taxable year is the amount by which business deductions for the year exceed gross business income for the year as determined under the Code adjusted as provided in G.S. 105-153.5 and G.S. 105-153.6. The

amount of a taxpayer's State net operating loss must also be determined in accordance with the following modifications:

(1) No State net operating loss deduction shall be allowed.

(2) The amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includable on account of gains from sales or exchanges of capital assets.

(3) The exclusion provided by Code section 1202 shall not be allowed.

(4) No deduction shall be allowed under G.S. 105-153.5(a1) for the child deduction.

(5) The deductions which are not attributable to a taxpayer's trade or business shall be allowed only to the extent of the amount of the gross income not derived from such trade or business.

(6) Any deduction under Code section 199A shall not be allowed.

(b) Deduction. – A taxpayer may carry forward a State net operating loss the taxpayer incurred in a prior taxable year and deduct it in the current taxable year, subject to the limitations in this subsection:

(1) The loss was incurred in one of the preceding 15 taxable years.

(2) Any loss carried forward is applied to the next succeeding taxable year before any portion of it is carried forward and applied to a subsequent taxable year.

(3) The taxpayer's State net operating loss deduction may not exceed the amount of the taxpayer's North Carolina taxable income determined without deducting the taxpayer's State net operating loss.

(4) The portion of the State net operating loss attributable to the carryforward allowed under subsection (f) of this section is only allowed to the extent described in subsection (f) of this section.

(c) Nonresidents. – In the case of a taxpayer that is a nonresident in the year of the loss, the State net operating loss only includes income and deductions derived from a business carried on in this State in the year of the loss. In the case of a taxpayer that is a nonresident in the year of the deduction, the State net operating loss must be included in the numerator of the fraction used to calculate taxable income as defined in G.S. 105-153.4(b).

(d) Part-Year Residents. – In the case of a taxpayer that is a part-year resident in the year of the loss, the State net operating loss includes income and deductions derived from a business carried on in this State while the taxpayer was a nonresident and includes business income and deductions derived from all sources during the period the taxpayer was a resident. In the case of a taxpayer that is a part-year resident in the year of the deduction, the State net operating loss must be included in the numerator of the fraction used to calculate taxable income as defined in G.S. 105-153.4(c).

(e) Administration. – A taxpayer claiming a deduction under this section must maintain and make available for inspection by the Secretary all records necessary to determine and verify the amount of the deduction. The Secretary or the taxpayer may redetermine a loss originating in a taxable year that is closed under the statute of limitations for the purpose of determining the amount of loss that can be carried forward to a taxable year that remains open under the statute of limitations.

(f) Federal Net Operating Loss Carryforwards. – The portion of a taxpayer's federal net operating loss carryforward that was not absorbed in tax years beginning prior to January 1, 2022, may be included in the amount of a taxpayer's State net operating loss in taxable years beginning on or after January 1, 2022. The federal net operating loss carryforward is only allowed as a State net operating loss in tax years beginning after January 1, 2022, to the extent that it meets all of the following conditions:

(1) The loss would have been allowed in that taxable year under section 172 of the Code as enacted on April 1, 2021.

(2) The provisions of G.S. 105-153.5(c2)(8), (9), (10), (13), and (14) do not apply to the federal net operating loss carryforward.

(3) The loss was incurred in one of the preceding 15 taxable years."

SECTION 42.6.(c) This section is effective for taxable years beginning on or after January 1, 2022.

REENACT AND EXTEND MILL REHABILITATION CREDIT

SECTION 42.7.(a) Effective for taxable years beginning on or after January 1, 2021, Article 3H of Chapter 105 of the General Statutes is reenacted as it existed immediately before its repeal for rehabilitation projects for which an application for an eligibility certification was submitted on or after January 1, 2015, and reads as rewritten:

"Article 3H.

"Mill Rehabilitation Tax Credit.

…

"**§ 105-129.71. Credit for income-producing rehabilitated mill property.**

…

(a1) Credit for Rehabilitated Railroad Station. – A taxpayer who is allowed a credit under section 47 of the Code for making qualified rehabilitation expenditures of at least ten million dollars ($10,000,000) with respect to a certified rehabilitation of an eligible railroad station is allowed a credit equal to a percentage of the expenditures that qualify for the federal credit. In order to be eligible for a credit allowed by this Article, the taxpayer must provide to the Secretary a copy of the eligibility certification and the cost certification. The amount of the credit is equal to forty percent (40%) of the qualified rehabilitation expenditures. The qualified rehabilitation expenditures must be incurred on or after January 1, 2019, and the credit cannot be claimed for a taxable year beginning prior to January 1, 2021. ~~The tax credit must be taken in two equal installments on returns filed for taxable years 2021 and 2022. The sum of the two installments is equal to the credit amount allowed for qualified rehabilitation expenditures incurred in taxable years 2019, 2020, and 2021.~~When the eligible site is placed into service in two or more phases in different years, the amount of credit that may be claimed in a year is the amount based on the qualified rehabilitation expenditures associated with the phase placed into service during that year.

For purposes of this subsection, the term "eligible railroad station" is a site located in this State that satisfies all of the following conditions:

…

(4) It is a designated local landmark as certified by a city on or before June 30, ~~2019.~~2027.

…

(7) It is issued a certificate of occupancy on or before December 31, ~~2021.~~2029.

…

"**§ 105-129.75. Sunset and applicable expenditures.**

(a) Sunset. – Except for credits allowed under G.S. 105-129.71(a1), this Article ~~expires January 1, 2015,~~ expires, and a tax credit allowed under G.S. 105-129.71(a) may not be claimed, for rehabilitation projects ~~for which an application for an eligibility certification is submitted on or after that date. Eligibility certifications under this Article expire January 1, 2023.~~not completed and placed in service prior to January 1, 2030.

(b) Delayed Sunset and Applicable Expenditures. – For credits allowed under G.S. 105-129.71(a1), the following applies:

(1) The qualified rehabilitation expenditures must be incurred on or after January 1, 2019, and before January 1, ~~2022.~~2030.

(2) This Article expires, and a tax credit allowed under G.S. 105-127.71(a1) may not be claimed, for rehabilitation projects not completed and placed in service prior to January 1, ~~2022.~~2030.

…."

SECTION 42.7.(b) The reenactment and extension of Article 3H of Chapter 105 of the General Statutes under this section does not require a taxpayer who obtained an eligibility certification prior to January 1, 2015, for a rehabilitation project under this Article to reapply for an eligibility certification for the same project.

SECTION 42.7.(c) Except as otherwise provided, this section is effective when it becomes law.

EXPAND AND EXTEND HISTORIC REHABILITATION CREDIT

SECTION 42.7A.(a) G.S. 105-129.105 reads as rewritten:

"**§ 105-129.105. Credit for rehabilitating income-producing historic structure.**

(a) Credit. – A taxpayer who is allowed a federal income tax credit under section 47 of the Code for making qualified rehabilitation expenditures for a certified historic structure located in this State is allowed a credit equal to the sum of the following:

(1) Base amount. – The percentage of qualified rehabilitation expenditures at the levels provided in the table below:

Expenses Over	**Up To**	**Rate**
0	$10 million	15.00%
$10 million	$20 million	10.00%

(2) Development tier bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars ($20,000,000) if the certified historic structure is located in a development tier one or two area.

(3) Targeted investment bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars ($20,000,000) if the certified historic structure is located on an eligible targeted investment site.

(4) Education bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars ($20,000,000) if the certified historic structure was originally used for an educational purpose, is used for an educational purpose following the rehabilitation, and remains used for an educational purpose for each year in which the credit, or a carryforward of the credit, is claimed. For a certified historic structure used for multiple purposes, the bonus provided in this subdivision shall be proportionate to the area of the certified historic structure used for an educational purpose.

…

(c) Definitions. – The following definitions apply in this section:

…

(2a) Educational purpose. – A purpose that has as its objective the education or instruction of human beings; it comprehends the transmission of information and the training or development of the knowledge or skills of individual persons.

…."

SECTION 42.7A.(b) G.S. 105-129.110 reads as rewritten:

"**§ 105-129.110. Sunset.**

This Article expires for qualified rehabilitation expenditures and rehabilitation expenses incurred on or after January 1, ~~2024.~~ 2030. For qualified rehabilitation expenditures and rehabilitation expenses incurred prior to January 1, ~~2024,~~ 2030, this Article expires for property not placed in service by January 1, 2032."

SECTION 42.7A.(c) Subsection (a) of this section is effective for taxable years beginning on or after January 1, 2021. The remainder of this section is effective when it becomes law.

LIMIT GROSS PREMIUMS TAX ON SURETY BONDS

SECTION 42.8.(a) G.S. 105-228.5(b1) reads as rewritten:

"(b1) Calculation of Tax Base. – In determining the amount of gross premiums from business in this State, all gross premiums received in this State, credited to policies written or procured in this State, or derived from business written in this State shall be deemed to be for contracts covering persons, property, or risks resident or located in this State unless one of the following applies:

(1) The premiums are properly reported and properly allocated as being received from business done in some other nation, territory, state, or states.

(2) The premiums are from policies written in federal areas for persons in military service who pay premiums by assignment of service pay.

Gross premiums from business done in this State in the case of life insurance contracts, including supplemental contracts providing for disability benefits, accidental death benefits, or other special benefits that are not annuities, means all premiums collected in the calendar year, other than for contracts of reinsurance, for policies the premiums on which are paid by or credited to persons, firms, or corporations resident in this State, or in the case of group policies, for contracts of insurance covering persons resident within this State. The only deductions allowed shall be for premiums refunded on policies rescinded for fraud or other breach of contract and premiums that were paid in advance on life insurance contracts and subsequently refunded to the insured, premium payer, beneficiary or estate. Gross premiums shall be deemed to have been collected for the amounts as provided in the policy contracts for the time in force during the year, whether satisfied by cash payment, notes, loans, automatic premium loans, applied dividend, or by any other means except waiver of premiums by companies under a contract for waiver of premium in case of disability.

Gross premiums from business done in this State in the case of an insurer of bail bonds means the amounts received by an insurer from a surety bondsman during the calendar year for bail bonds written on behalf of the insurer. An insurer is subject to the definitions of gross premiums under this section for gross premiums from transacting any other line of insurance business. For purposes of this paragraph, the terms "bail bonds," "insurer," and "surety bondsman" have the same meaning as defined in G.S. 58-71-1.

Gross premiums from business done in this State for all other health care plans and contracts of insurance, including contracts of insurance required to be carried by the Workers' Compensation Act, means all premiums written during the calendar year, or the equivalent thereof in the case of self-insurers under the Workers' Compensation Act, for contracts covering property or risks in this State, other than for contracts of reinsurance, whether the premiums are designated as premiums, deposits, premium deposits, policy fees, membership fees, or assessments. Gross premiums shall be deemed to have been written for the amounts as provided in the policy contracts, new and renewal, becoming effective during the year irrespective of the time or method of making payment or settlement for the premiums, and with no deduction for dividends whether returned in cash or allowed in payment or reduction of premiums or for additional insurance, and without any other deduction except for return of premiums, deposits, fees, or assessments for adjustment of policy rates or for cancellation or surrender of policies."

SECTION 42.8.(b) This section is effective for taxable years beginning on or after January 1, 2022.

MODIFY EXCISE TAX ON CIGARS AND CLARIFY DELIVERY SALES AND REMOTE SALES OF TOBACCO PRODUCTS

SECTION 42.9.(a) G.S. 105-113.4 reads as rewritten:

"**§ 105-113.4. Definitions.**

The following definitions apply in this Article:

…

(2) Cost price. – The actual price ~~a person liable for the tax on tobacco products~~ paid for an item subject to the tax imposed by Part 3 of this Article ~~paid for the products, before any discount, rebate, or allowance or the tax imposed by that Part.~~by the person liable for the tax. The actual price paid for an item may be either of the following:

a. The actual price paid for an item identified as a stock keeping unit by a unique code or identifier representing the item.

b. If the actual price paid for an item is not available, the average of the actual price paid for the item over the 12 calendar months before January 1 of the year in which the sale occurs.

(2d) Delivery sale. – A sale of ~~tobacco products~~ cigarettes, smokeless tobacco, or vapor products to a consumer in this State in which either of the following apply:

a. The consumer submits the order for the sale by telephone, mail, the Internet or other online service or application, or when the seller is otherwise not in the physical presence of the consumer when the consumer submits the order.

b. The ~~tobacco products~~ cigarettes, smokeless tobacco, or vapor products are delivered via mail or a delivery service.

(2e) Delivery seller. – A person ~~that~~ located within or outside this State who makes a delivery sale.

…

(3) Distributor. – ~~Either~~ Any of the following:

a. A person, wherever resident or located, who purchases nontax-paid cigarettes directly from the manufacturer of the cigarettes and stores, sells, or otherwise disposes of the cigarettes.

b. A manufacturer of cigarettes.

c. A delivery seller of cigarettes.

…

(8a) Remote sale. – A sale of tobacco products other than cigarettes, smokeless tobacco, or vapor products to a consumer in this State in which either of the following applies:

a. The consumer submits the order for the sale by telephone, mail, the internet, or other online service or application, or when the seller is otherwise not in the physical presence of the consumer when the consumer submits the order.

b. The tobacco products other than cigarettes, smokeless tobacco, or vapor products are delivered via mail or a delivery service.

(8b) Remote seller. – A person located within or outside this State who makes a remote sale.

(9) Retail dealer. – A person who sells a tobacco product to the ultimate consumer of the ~~product.~~product, including a remote seller or a delivery seller.

…

(10b) Smokeless tobacco. – Any finely cut, ground, powdered, or leaf tobacco, or other product containing tobacco, that is intended to be placed in the oral or nasal cavity or otherwise consumed without being combusted.

…."

SECTION 42.9.(b) G.S. 105-113.4F reads as rewritten:

"**§ 105-113.4F. Delivery sales of certain tobacco products; age verification.**

(a) Scope. – This section applies to delivery ~~sales of tobacco products, other than cigars, to consumers in this State regardless of whether the delivery seller is located inside or outside this State.~~ sales. For purposes of this section, the term "tobacco product" ~~is as defined in G.S. 105-113.4, except that it does not include cigars.~~means cigarettes, smokeless tobacco, or vapor products.

(b) Delivery Seller Requirements. – A delivery seller ~~shall~~ must do all of the following with respect to a delivery sale:

(1) Obtain a license from the Secretary ~~pursuant to the requirements of~~ as required by this Article before accepting an order.

(2) Comply with the age verification requirements in G.S. 14-313(b2).

(3) Report, collect, and remit to the Secretary all applicable taxes ~~levied on tobacco products~~ as set out in this Article and Article 5 of this Chapter.

(c) Filing Requirement. – A delivery seller who has made a delivery sale, or shipped or delivered tobacco products in connection with a delivery sale, during the previous month ~~shall,~~ must, not later than the tenth day of each month, file with the Secretary a memorandum or a copy of the invoice for every delivery sale made during the previous month. A delivery seller who complies with 15 U.S.C. § 376 with respect to tobacco products covered by that section is considered to have complied with this subsection. The memorandum or invoice ~~shall~~ must contain the following information:

(1) The name, address, telephone number, and e-mail address of the consumer.

(2) The type and the brand, or brands, of tobacco products that were sold.

(3) The quantity of tobacco products that were sold.

(d) Penalties. – A person who violates this section is subject to the following penalties:

(1) For the first violation, a penalty of one thousand dollars ($1,000).

(2) For a subsequent violation, a penalty not to exceed five thousand dollars ($5,000), as determined by the Secretary.

~~(e) Exception. This section does not apply to sales of tobacco products by a retail dealer who purchased the tobacco products from a licensed distributor or wholesale dealer.~~

(f) ~~State Laws Apply. All State laws that apply to tobacco product retailers in this State shall apply to delivery sellers that sell tobacco products into this State.~~Delivery Sellers as Retailers. – A delivery seller that meets the definition of a "retailer" as defined in Article 5 of this Chapter is subject to all State laws that apply to a retailer in this State."

SECTION 42.9.(c) G.S. 105-113.5 reads as rewritten:

"**§ 105-113.5. Tax on cigarettes.**

(a) Rate. – A tax is levied on the sale or possession for sale in this State, by a licensed distributor, of all cigarettes at the rate of two and one-fourth cents (2.25¢) per individual cigarette.

(b) Primary Liability. – ~~The licensed distributor who first acquires or otherwise handles cigarettes subject to the tax imposed by this section is liable for the tax imposed by this section.~~ A licensed distributor who ~~brings~~ meets any of the following conditions is liable for the tax imposed by this section:

(1) Is the first person to possess or acquire cigarettes in this State.

(2) Is the first person to bring into this State cigarettes made outside the ~~State is the first person to handle the cigarettes in this~~ State. ~~A licensed distributor who is~~

(3) Is the original consignee of cigarettes made outside the State ~~and is~~ that are shipped into the ~~State is the first person to handle the cigarettes in this~~ State.

(4) Makes a delivery sale of cigarettes for which the delivery seller is required to collect sales and use tax under Article 5 of this Chapter."

SECTION 42.9.(d) G.S. 105-113.12 reads as rewritten:

"**§ 105-113.12. ~~Distributor must obtain license.~~License required.**

(a) A distributor ~~shall~~ must obtain a license for each ~~place of business a distributor's license and shall~~ of the locations listed in this subsection, as applicable, and must pay a tax of twenty-five dollars ($25.00) for ~~the~~ each license. A license is in effect until June 30 of the year following the second calendar year after the date of issuance or renewal. A license ~~for each place of business~~ is renewable upon signed application with no renewal license tax, unless applied for after the June 30 expiration date. The locations are:

(1) Each location where a distributor receives or stores non-tax-paid cigarettes in this State.

(2) For a distributor that is a delivery seller, each location from which the distributor ships delivery sales of cigarettes if the location is a location other than the location described in subdivision (1) of this subsection.

~~(b) For the purposes of this section, a "place of business" is a place where a distributor receives or stores non-tax-paid cigarettes.~~

(c) An out-of-state distributor that is not a delivery seller may obtain a distributor's license upon compliance with the provisions of G.S. 105-113.4A and G.S. 105-113.24 and payment of a tax of twenty-five dollars ($25.00)."

SECTION 42.9.(e) G.S. 105-113.18 reads as rewritten:

"**§ 105-113.18. Payment of tax; reports.**

The taxes levied in this Part are payable when a report is required to be filed. The following reports are required to be filed with the Secretary:

(1) Distributor's Report. – A licensed distributor ~~shall~~ must file a monthly report in the form prescribed by the Secretary. The report covers cigarettes sold, shipped, delivered, or otherwise disposed of in this State in a calendar month and is due within 20 days after the end of the month covered by the report. The report ~~shall~~ must show the quantity of all cigarettes transported or caused to be transported into the State by the licensed distributor or licensed manufacturer in the State for sales in this State and state the amount of tax due and ~~shall~~ must identify any transactions to which the tax does not apply. A licensed distributor that is a delivery seller must also comply with the filing requirement under G.S. 105-113.4F.

(1a) Repealed by Session Laws 2019-169, s. 4.3(a), effective July 26, 2019.

(2) Use Tax Report. – ~~Every other~~ A person who is not a licensed distributor and has acquired non-tax-paid cigarettes for sale, use, or consumption subject to the tax imposed by this Part ~~shall,~~ must, within 96 hours after receipt of the cigarettes, file a report in the form prescribed by the Secretary showing the amount of cigarettes so received and any other information required by the Secretary. The report ~~shall~~ must be accompanied by payment of the full amount of the tax.

(3) Shipping Report. – Any person, except a licensed distributor, who ~~transports~~ transports, or causes to transport, cigarettes upon the public highways, roads, or streets of this State, upon notice from the Secretary, ~~shall~~ must file a report in the form prescribed by the Secretary and containing the information required by the Secretary.

…."

SECTION 42.9.(f) The following statutes are repealed:

G.S. 105-113.35
G.S. 105-113.35A
G.S. 105-113.36
G.S. 105-113.37
G.S. 105-113.38
G.S. 105-113.39
G.S. 105-113.40A.

SECTION 42.9.(g) Part 3 of Article 2A of Chapter 105 of the General Statutes, as amended by subsection (f) of this section, reads as rewritten:

"Part 3. Tax on ~~Other~~ Tobacco ~~Products.~~Products Other Than Cigarettes.

"Subpart 1. General Provisions.

"**§ 105-113.35B. Applicability.**

As used in this Part, the term "tobacco product" means a tobacco product other than cigarettes.

"Subpart 2. Tax Rates and Liability.

"**§ 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 all other tobacco products, the rate of twelve and eight-tenths percent (12.8%) of the cost price.

(b) Primary Liability for Tax. – A wholesale dealer that has not been relieved of paying tax under G.S. 105-113.37A or a retail dealer is primarily liable for the tax imposed by this section if the dealer meets any of the following conditions:

(1) Is the first person to possess or acquire the tobacco product in this State.

(2) Is the first person to bring a tobacco product made outside the State into this State.

(3) Is the original consignee of a tobacco product made outside the State that is shipped into the State.

(4) Makes a remote sale or a delivery sale for which the dealer is required to collect sales and use tax under Article 5 of this Chapter.

(c) Secondary Liability. – A retail dealer located in this State who acquires from a wholesale dealer non-tax-paid tobacco products subject to the tax imposed by this section is liable for any tax due on the tobacco products.

(d) Exemptions. – The taxes imposed under this section do not apply to the following:

(1) A tobacco product sold outside the State.

(2) A tobacco product sold to the federal government.

(3) A sample tobacco product distributed without charge. A sample tobacco product may only be distributed in a "qualified adult-only facility" as that term is defined in 21 C.F.R. § 1140.16(d)(2).

(e) Use Tax. – A tax is levied upon the sale or possession for sale by a person other than a licensed wholesale dealer or a licensed retail dealer and upon the use, consumption, or possession for use or consumption of tobacco products within this State at the rate set in this section. This tax does not apply to tobacco products for which the tax levied in this section has been paid.

(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 of the items subject to tax, the Secretary may determine a value based on the cost price of comparable items.

"Subpart 3. Wholesale and Retail Dealers.

"**§ 105-113.37A. Manufacturer's option.**

(a) Shipping to Other Licensed Dealers. – A manufacturer who is not a retail dealer and who ships tobacco products to either a wholesale dealer or a retail dealer licensed under this Part may, upon application to the Secretary and upon compliance with requirements prescribed by the Secretary, be relieved of paying the tax on tobacco products imposed by this Part but is not relieved from filing a report as required by this Part.

(b) Integrated Wholesale Dealers. – If a manufacturer has been relieved of paying tax under this section, the permission granted to be relieved of paying the tax also applies to an integrated wholesale dealer with whom the manufacturer is an affiliate. A manufacturer must notify the Secretary of any integrated wholesale dealer with whom it is an affiliate when the manufacturer applies to the Secretary for permission to be relieved of paying the tax and when an integrated wholesale dealer becomes an affiliate of the manufacturer after the Secretary has given the manufacturer permission to be relieved of paying the tax.

(c) Dual Exemption. – If a person is both a manufacturer of cigarettes and a wholesale dealer of tobacco products, and the person is granted permission under G.S. 105-113.10 to be relieved of paying the cigarette excise tax, the permission applies to the tax imposed by this Part on tobacco products. A cigarette manufacturer who becomes a wholesale dealer after receiving permission to be relieved of the cigarette excise tax must notify the Secretary of the permission received under G.S. 105-113.10 when applying for a license as a wholesale dealer.

"**§ 105-113.37B. Non-tax-paid products.**

Except as otherwise provided in this Part, a licensed wholesale dealer may not sell, borrow, loan, or exchange non-tax-paid tobacco products to, from, or with another licensed wholesale dealer, and an integrated wholesale dealer may not sell, borrow, loan, or exchange non-tax-paid tobacco products to, from, or with another integrated wholesale dealer.

"**§ 105-113.37C. Discount; refund.**

(a) Discount. – A wholesale dealer or a retail dealer who is primarily liable for the excise taxes imposed by this Part, who files a timely report under this Part, and who sends a timely payment may deduct from the amount due with the report a discount of two percent (2%). This discount covers expenses incurred in preparing the records and reports required by this Part and the expense of furnishing a bond. This subsection does not apply with respect to the excise tax levied on vapor products.

(b) Refund. – A wholesale dealer or retail dealer who is primarily liable for the excise taxes imposed by this Part and is in possession of stale or otherwise unsalable tobacco products upon which the tax has been paid may return the tobacco products to the manufacturer and apply to the Secretary for refund of the tax. The application must be in the form prescribed by the Secretary and accompanied by a written certificate signed under penalty of perjury or an affidavit from the manufacturer listing the tobacco products returned to the manufacturer by the applicant. The Secretary must refund the tax paid, less the discount allowed, on the listed products.

"Subpart 4. Remote Sellers.

"**§ 105-113.38A. Remote seller requirements.**

A remote seller must do all of the following with respect to a remote sale:

(1) Obtain a license from the Secretary as required by this Part before accepting an order.

(2) Report, collect, and remit to the Secretary all applicable taxes as set out in this Part and Article 5 of this Chapter. A remote seller that meets the definition of a "retailer" as defined in Article 5 of this Chapter is subject to all State laws that apply to a retailer in this State.

"**§ 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.
(2) Invoices documenting remote or delivery sales to consumers in this State.
(3) Records necessary to document the cost price of purchases of all tobacco products sold to consumers in this State.

"**§ 105-113.38C. Penalties.**

A remote seller who violates G.S. 105-113.38A is subject to the following penalties:

(1) For the first violation, a penalty of one thousand dollars ($1,000).
(2) For a subsequent violation, a penalty not to exceed five thousand dollars ($5,000), as determined by the Secretary.

"Subpart 5. Administrative Provisions.

"**§ 105-113.39A. License required.**

(a) Requirement. – A wholesale dealer or a retail dealer must obtain from the Secretary a license for each of the locations listed in this subsection, as applicable, and must pay the required license tax for each license. A license is in effect until June 30 of the year following the second calendar year after the date of issuance or renewal, unless cancelled or revoked prior to expiration. A license is renewable upon signed application with no renewal license tax, unless applied for after the June 30 expiration date. The locations are:

(1) Each location where a wholesale dealer makes tobacco products.
(2) Each location where a wholesale dealer or a retail dealer receives or stores non-tax-paid tobacco products.
(3) Each location from where a retail dealer that is a delivery seller or remote seller ships delivery sales or remote sales if the location is a location other than the location described in subdivision (2) of this subsection.

(b) License Tax Amount. – The license tax amounts are as follows:

(1)	Wholesale dealer	$25.00
(2)	Retail dealer	$10.00.

(c) Out-of-State Wholesale Dealers. – An out-of-state wholesale dealer of tobacco products that is not a delivery seller or a remote seller may obtain a wholesale dealer's license upon compliance with the provisions of G.S. 105-113.4A and payment of a tax of twenty-five dollars ($25.00).

"**§ 105-113.39B. Payment of tax.**

(a) Monthly Report. – Taxes levied by this Part are payable by the entity that is primarily liable for the tax when a report is required to be filed. A report is due on a monthly basis. A monthly report covers tobacco products sold, shipped, delivered, or otherwise disposed of in this State occurring in a calendar month and is due within 20 days after the end of the month covered by the report. A report must be filed on a form provided by the Secretary and must contain the information required by the Secretary.

(b) Use Tax Report. – A person who is not a licensee under this Part and has acquired non-tax-paid tobacco products for sale, use, or consumption subject to the tax imposed by this Part must, within 96 hours after receipt of the tobacco products, file a report in the form prescribed by the Secretary showing the amount of tobacco products received and any other information required by the Secretary. The report must be accompanied by payment of the full amount of the tax.

(c) Shipping Report. – A person who transports, or causes to transport, tobacco products upon the public highways, roads, or streets of this State must, upon notice from the Secretary, file a report in a form prescribed by and containing the information required by the Secretary.

"**§ 105-113.39C. Bond or irrevocable letter of credit.**

The Secretary may require a wholesale dealer or a retail dealer to furnish a bond in an amount that adequately protects the State from a wholesale dealer's or a retail dealer's failure to pay taxes due under this Part. A bond must be conditioned on compliance with this Part, payable to the

State, and in the form required by the Secretary. The amount of the bond is two times the wholesale or retail dealer's average expected monthly tax liability under this Part, as determined by the Secretary, provided the amount of the bond may not be less than two thousand dollars ($2,000) and may not be more than two million dollars ($2,000,000). The Secretary should periodically review the sufficiency of bonds required of dealers, increase the amount of a required bond when the amount of the bond furnished no longer covers the anticipated tax liability of the wholesale dealer or retail dealer, and decrease the amount when the Secretary determines that a smaller bond amount will adequately protect the State from loss.

For purposes of this section, a wholesale dealer or a retail dealer may substitute an irrevocable letter of credit for the secured bond required by this section. The letter of credit must be issued by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with this Part, and in the amounts stipulated in this section.

"**§ 105-113.39D. Use of tax proceeds.**

The Secretary must credit the net proceeds of the tax collected under this Part as follows:

(1) Six and four-tenths percent (6.4%) to the University Cancer Research Fund established under G.S. 116-29.1.

(2) The remainder to the General Fund."

SECTION 42.9.(h) G.S. 116-29.1(b) reads as rewritten:

"(b) Effective July 1 of each calendar year, the funds remitted to the University Cancer Research Fund by the Secretary of Revenue from the tax on tobacco products other than cigarettes pursuant to ~~G.S. 105-113.40A~~ G.S. 105-113.39D are appropriated for this purpose."

SECTION 42.9.(i) This section becomes effective July 1, 2022, and applies to sales or purchases occurring on or after that date. This section does not affect the rights or liabilities of a taxpayer or another person arising under the law as it existed before the effective date of this section, nor does it affect the right to any refund or credit of a tax that accrued under the law as it existed before the effective date of this section.

CREDIT SHORT-TERM VEHICLE RENTAL PROCEEDS TO HIGHWAY FUND

SECTION 42.10. G.S. 105-187.9(a) reads as rewritten:

"(a) Distribution. – ~~Of the taxes~~ Taxes collected under this Article at the rate of five percent (5%) and eight percent ~~(8%), the sum of ten million dollars ($10,000,000)~~ (8%) shall be credited ~~annually~~ to the Highway ~~Fund, and the remainder shall be credited to the General~~ Fund. Taxes collected under this Article at the rate of three percent (3%) shall be credited to the North Carolina Highway Trust Fund."

GRADUATE LATE PAYMENT PENALTIES

SECTION 42.11.(a) G.S. 105-236(a)(4) reads as rewritten:

"(4) Failure to Pay Tax When Due. – In the case of failure to pay any tax when due, without intent to evade the tax, the Secretary shall assess a penalty equal to ~~ten~~ two percent ~~(10%)~~ (2%) of the ~~tax.~~ amount of the tax if the failure is for not more than one month, with an additional two percent (2%) for each additional month, or fraction thereof, during which the failure continues, not exceeding ten percent (10%) in aggregate. This penalty does not apply in any of the following circumstances:

a. When the amount of tax shown as due on an amended return is paid when the return is filed.

b. When the Secretary proposes an assessment for tax due but not shown on a return and the tax due is paid within 45 days after the later of the following:

1. The date of the notice of proposed assessment of the tax, if the taxpayer does not file a timely request for a Departmental review of the proposed assessment.
2. The date the proposed assessment becomes collectible under one of the circumstances listed in G.S. 105-241.22(3) through (6), if the taxpayer files a timely request for a Departmental review of the proposed assessment.

…."

SECTION 42.11.(b) This section becomes effective July 1, 2022, and applies to tax assessed on or after that date.

PROPERTY TAX EXEMPTIONS

SECTION 42.12.(a) G.S. 105-278.2 reads as rewritten:

"**§ 105-278.2. Burial property.**

(a) Commercial Property. – Real property set apart for burial purposes ~~shall be exempted from taxation unless it~~ that is owned and held for purposes of (i) sale or rental or (ii) sale of burial rights ~~therein. No~~ therein is exempt from taxation. A single application is required under G.S. 105-282.1 for property exempt under this subsection. ~~A county cannot deny the exemption provided under this subsection to a taxpayer that lacks a survey or plat detailing the exempt property.~~

(b) ~~Taxable real property set apart for human burial purposes is hereby designated a special class of property under authority of Article V, Section 2(2) of the North Carolina Constitution, and it shall be assessed for taxation taking into consideration the following:~~Other Property. – Real property set apart for burial purposes not owned and held for a purpose listed in subsection (a) of this section is exempt from taxation. No application is required under G.S. 105-282.1 for property exempt under this subsection. A local government cannot deny the exemption provided under this subsection to a taxpayer that lacks a survey or plat detailing the exempt property.

~~(1) The effect on its value by division and development into burial plots;~~

~~(2) Whether it is irrevocably dedicated for human burial purposes by plat recorded with the Register of Deeds in the county in which the land is located; and~~

~~(3) Whether the owner is prohibited or restricted by law or otherwise from selling, mortgaging, leasing or encumbering the same.~~

(c) Terms. – For purposes of this section, the term "real property" includes land, tombs, vaults, monuments, and mausoleums, and the term "burial" includes entombment."

SECTION 42.12.(b) G.S. 105-282.1 reads as rewritten:

"**§ 105-282.1. Applications for property tax exemption or exclusion; annual review of property exempted or excluded from property tax.**

(a) Application. – Every owner of property claiming exemption or exclusion from property taxes under the provisions of this Subchapter has the burden of establishing that the property is entitled to it. If the property for which the exemption or exclusion is claimed is appraised by the Department of Revenue, the application shall be filed with the Department. Otherwise, the application shall be filed with the assessor of the county in which the property is situated. An application must contain a complete and accurate statement of the facts that entitle the property to the exemption or exclusion and must indicate the municipality, if any, in which the property is located. Each application filed with the Department of Revenue or an assessor shall be submitted on a form approved by the Department. Application forms shall be made available by the assessor and the Department, as appropriate.

Except as provided below, an owner claiming an exemption or exclusion from property taxes must file an application for the exemption or exclusion annually during the listing period.

(1) No application required. – Owners of the following exempt or excluded property do not need to file an application for the exemption or exclusion to be entitled to receive it:

a. Property exempt from taxation under G.S. 105-278.1 or ~~G.S. 105-278.2.~~G.S. 105-278.2(b).

…

(2) Single application required. – An owner of one or more of the following properties eligible for a property tax benefit must file an application for the benefit to receive it. Once the application has been approved, the owner does not need to file an application in subsequent years unless new or additional property is acquired or improvements are added or removed, necessitating a change in the valuation of the property, or there is a change in the use of the property or the qualifications or eligibility of the taxpayer necessitating a review of the benefit.

a. Property exempted from taxation under ~~G.S. 105-278.3,~~ G.S. 105-278.2(a), 105-278.3, 105-278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8.

…."

SECTION 42.12.(c) G.S. 105-275 reads as rewritten:

"**§ 105-275. Property classified and excluded from the tax base.**

The following classes of property are designated special classes under Article V, Sec. 2(2), of the North Carolina Constitution and are excluded from tax:

…

(44a) Vaccines.

…."

SECTION 42.12.(d) This section is effective for taxes imposed for taxable years beginning on or after July 1, 2022.

REVENUE LAWS TECHNICAL, CLARIFYING, AND ADMINISTRATIVE CHANGES

SECTION 42.13A.(a) G.S. 105-153.5(b) reads as rewritten:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

…

~~(14)~~(15) The amount granted to the taxpayer during the taxable year under the Extra Credit grant program. This subdivision expires for taxable years beginning on or after January 1, ~~2021.~~2022."

SECTION 42.13A.(b) G.S. 105-153.5(c2) reads as rewritten:

"(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

…

(17) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the amount by which the taxpayer's interest expense deduction under section 163(j) of the Code exceeds the interest expense deduction that would have been allowed under the Internal Revenue Code as enacted as of January 1, 2020. An add-back under this subdivision is not required to the extent the amount was required to be added back under another provision of this subsection. The purpose of this subdivision is to decouple from the modification of limitation on business interest allowed under section 2306 of the CARES Act.

(17a) A taxpayer who made an addition under subdivision (17) of this subsection may deduct twenty percent (20%) of the addition in each of the first five taxable years beginning with tax year 2021.

…."

SECTION 42.13A.(c) G.S. 105-153.9(a)(2) reads as rewritten:

"(2) The fraction of the gross income, as modified as provided in ~~G.S. 105-134.6A, G.S. 105-153.5,~~ G.S. 105-153.5 and G.S. 105-153.6, that is subject to income tax in another state or country shall be ascertained, and the North Carolina net income tax before credit under this section shall be multiplied by that fraction. The credit allowed is either the product thus calculated or the income tax actually paid the other state or country, whichever is smaller."

SECTION 42.13A.(d) G.S. 105-163.7(b) reads as rewritten:

"(b) Informational Return to Secretary. – Every employer shall annually file an informational return with the Secretary that contains the information given on each of the employer's written statements to an employee. The Secretary may require additional information to be included on the informational return, provided the Secretary has given a minimum of 90 days' notice of the additional information required. The informational return ~~is due on or before January 31 of the succeeding year and~~ must be filed in an electronic format as prescribed by the ~~Secretary. If~~ Secretary and is due on or before January 31 of the succeeding year or, if the employer terminates its business ~~or permanently ceases paying wages during~~ before the close of the calendar year, ~~the informational return must be filed within 30 days of the last payment of remuneration.~~ on or before the last day of the month following the end of the calendar quarter in which the employer terminates its business, but no later than January 31 of the succeeding year. The informational return required by this subsection is in lieu of the report required by G.S. 105-154.

…."

SECTION 42.13A.(e) G.S. 105-163.8 is amended by adding a new subsection to read:

"(c) If a withholding agent fails to file a return and pay the tax due under this Article or files a grossly incorrect or false or fraudulent return, the Secretary must estimate the tax due and assess the withholding agent based on the estimate."

SECTION 42.13A.(f) G.S. 105-241.6(b)(5) reads as rewritten:

"(5) Contingent Event. – The period to request a refund of an overpayment may be extended once as provided in this subdivision:

…

b. Other Event. – If a taxpayer contends that an event has occurred that prevents the taxpayer from filing an accurate and definite request for a refund of an overpayment within the period under this section, the taxpayer may submit a written request to the Secretary seeking an extension of the statute of limitations. The taxpayer must file a written request to the Secretary prior to expiration of the statute of limitations under this section. The request must establish by clear, convincing proof that the event is beyond the taxpayer's control and prevents the taxpayer from timely filing an accurate and definite request for a refund of an overpayment. The Secretary's decision on the request is final and is not subject to administrative or judicial review. If the Secretary agrees to the request, the period to file a request for a refund of an overpayment is six months after the event concludes."

SECTION 42.13A.(g) G.S. 105-252.1 reads as rewritten:

"**§ 105-252.1. Use of a TTIN.**

A TTIN may not be used on any return, statement, or other document required to be filed with or furnished to the Department unless specifically authorized ~~in this Chapter.~~by the Secretary."

SECTION 42.13A.(h) Section 1.2(a) of S.L. 2021-16 reads as rewritten:

"**SECTION 1.2.(a)** Nonaccrual of Interest. – As a result of the automatic extension of the federal tax filing due date for individuals for the 2020 calendar year, the Secretary of Revenue has automatically extended the State tax filing due date for individuals for the 2020 tax year from April 15, 2021, to May 17, 2021. The Secretary will waive the penalty for failure to file an individual income tax return, including a partnership and estate and trust tax return, or pay individual income tax due if the return is filed and the tax due is paid by May 17, 2021. Notwithstanding G.S. 105-241.21(b), interest shall not accrue from April 15, 2021, through May 17, 2021, on an underpayment of tax imposed on an individual income tax ~~return~~ return, including a partnership and estate and trust tax return, due April 15, 2021."

SECTION 42.13A.(i) This section is effective when it becomes law.

SECTION 42.13B.(a) G.S. 105-83(d) reads as rewritten:

"(d) This section does not apply to ~~corporations liable for the tax levied under G.S. 105-102.3 or to savings~~ the following:

(1) Banks. For purposes of this subdivision, the term "bank" has the same meaning as defined in G.S. 105-130.7B(b).

(2) Savings and loan associations."

SECTION 42.13B.(b) G.S. 105-130.5(a) reads as rewritten:

"(a) The following additions to federal taxable income shall be made in determining State net income:

…

(31) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the amount by which the taxpayer's interest expense deduction under section 163(j) of the Code exceeds the interest expense deduction that would have been allowed under the Internal Revenue Code as enacted as of January 1, 2020, as calculated on a separate entity basis. An add-back under this subdivision is not required to the extent the amount was required to be added back under another provision of this subsection. The purpose of this subdivision is to decouple from the modification of limitation on business interest allowed under section 2306 of the CARES Act.

…."

SECTION 42.13B.(c) G.S. 105-130.5(b) reads as rewritten:

"(b) The following deductions from federal taxable income shall be made in determining State net income:

…

(32) A taxpayer who made an addition under subdivision (a)(31) of this section may deduct twenty percent (20%) of the addition that was not otherwise disallowed by G.S. 105-130.7B in each of the first five taxable years beginning tax year 2021."

SECTION 42.13B.(d) G.S. 105-130.7B(b)(4) reads as rewritten:

"(4) Qualified interest expense. – The amount of net interest expense paid or accrued to a related member in a taxable year with the amount limited to the taxpayer's proportionate share of interest paid or accrued to a person who is not a related member during the same taxable year. This limitation does not apply to interest paid or accrued to a related member if one or more of the following applies:

…

e. The proportionate amount of interest paid or accrued to a related member that has already been disallowed by the application of section 163(j) of the Code."

SECTION 42.13B.(e) G.S. 105-130.8A(c) reads as rewritten:

"(c) Mergers and Acquisitions. – The Secretary must apply the standards contained in regulations adopted under sections 381 and 382 of the Code in determining the extent to which a loss survives a merger or an acquisition. For mergers and acquisitions occurring prior to January 1, 2015, the Secretary must apply the standards under G.S. 105-130.8 for taxable years beginning before January 1, 2015, and the standards of this section for taxable years beginning on or after January 1, 2015."

SECTION 42.13B.(f) G.S. 105-251(a) reads as rewritten:

"(a) Scope of Information. – A taxpayer must give information to the Secretary when the Secretary requests the information. The Secretary may request a taxpayer to provide only the following kinds of information on a return, a report, or otherwise:

(1) Information that identifies the taxpayer.
(2) Information needed to determine the liability of the taxpayer for a tax.
(3) Information needed to determine whether an item is subject to a tax.
(4) Information that enables the Secretary to collect a tax.
(5) Financial or tax documentation required to determine the appropriate adjustment under G.S. 105-130.5A. If such information is not timely provided as required under G.S. 105-130.5A(a), the Secretary may propose any adjustment allowable under Part 1 of Article 4 of this Chapter.
~~(5)~~(6) Other information the law requires a taxpayer to provide or the Secretary needs to perform a duty a law requires the Secretary to perform."

SECTION 42.13B.(g) Subsection (a) of this section is effective when it becomes law and applies retroactively for taxable years beginning on or after July 1, 2016. Subsection (d) of this section is effective when it becomes law and applies retroactively for taxable years beginning on or after January 1, 2018. Except as otherwise provided, the remainder of this section is effective when it becomes law.

SECTION 42.13C.(a) G.S. 105-164.13E(a)(7) reads as rewritten:

"(7) Any of the following animals:
a. ~~Baby chicks and poults.~~Fowl.
b. Livestock."

SECTION 42.13C.(b) G.S. 105-259(b) reads as rewritten:

"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person except as provided in this subsection. Standards used or to be used for the selection of returns for examination and data used or to be used for determining the standards may not be disclosed for any purpose. All other tax information may be disclosed only if the disclosure is made for one of the following purposes:

…
~~(5b) To furnish to the finance officials of a city a list of the utility taxable gross receipts and piped natural gas tax revenues attributable to the city under G.S. 105-116.1 and G.S. 105-187.44 or under former G.S. 105-116 and G.S. 105-120.~~
…."

SECTION 42.13C.(c) Subsection (a) of this section is effective retroactively to July 1, 2020, and applies to purchases made on or after that date. Except as otherwise provided, the remainder of this section is effective when it becomes law.

SECTION 42.13D.(a) G.S. 105-113.4B reads as rewritten:

"**§ 105-113.4B. Cancellation or revocation of license.**

…

(a1) ~~Revocation.~~ Summary Revocation and Procedure. – The Secretary may summarily revoke a license issued under this Article when the Secretary ~~finds~~ determines that the licensee is incurring liability for the tax imposed under this Article after failing to pay a tax when due under this Article. ~~In addition, the~~ The Secretary must send a revoked licensee a notice of the revocation and a notice of hearing. The hearing must be held within 10 days after the date of the notice of revocation unless the revoked licensee requests, before the day of the hearing, that the hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not stayed pending the hearing decision. A notice of hearing under this subsection must be in writing and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in writing within 10 days of the hearing. The final decision must state the basis for the decision. The statement of the basis of a revocation does not limit the Department from changing the basis.

(a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that commits one or more of the following acts after ~~holding a hearing on whether the license should be revoked:~~affording the licensee an opportunity to have a hearing as provided in subsections (a3) through (b2) of this section:

(1) Fails to obtain a license in a timely manner or for all places of business as required by this Article.
(2) Willfully fails to file a return required by this Article.
(3) Willfully fails to pay a tax when due under this Article.
(4) Makes a false statement in an application or return required under this Article.
(5) Fails to keep records as required by this Article.
(6) Refuses to allow the Secretary or a representative of the Secretary to examine the person's books, accounts, and records concerning tobacco product.
(7) Fails to disclose the correct amount of tobacco product taxable in this State.
(8) Fails to file a replacement bond or an additional bond if required by the Secretary under this Article.
(9) Violates G.S. 14-401.18.
(10) Fails to meet or maintain the requirements set out in G.S. 105-113.4A(b).

(a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice of proposed revocation that includes all of the following information:

(1) The basis for the proposed revocation. The statement of the basis for the proposed revocation does not limit the Department from changing the basis.
(2) The effective date of the revocation, which must be one of the following:
  a. Forty-five days from the date of the notice of proposed revocation if the licensee does not file a timely request for hearing.
  b. The tenth day after the date an adverse final decision is issued if the adverse final decision is mailed.
  c. The date an adverse final decision is delivered if the adverse final decision is delivered in person.
(3) The circumstances, if any, under which the Secretary will not revoke the license.
(4) An explanation of how the licensee may contest the proposed revocation.

(a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation by filing a written hearing request within 45 days of the date the notice of proposed revocation was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b). If the licensee does not file a timely hearing request, the license is revoked as provided in the

notice of proposed revocation and the revocation is final and not subject to further administrative or judicial review.

(b) Hearing Procedure. – ~~The Secretary must send a person whose license is summarily revoked a notice of the revocation and must give the person an opportunity to have a hearing on the revocation within 10 days after the revocation.~~ The Secretary must give a ~~person whose license may be revoked after a hearing at least 10 days' written notice~~ licensee who filed a timely hearing request in accordance with subsection (a4) of this section at least 20 days' written notice of the date, time, and place of the ~~hearing. A notice of a summary license revocation and a notice of hearing must be sent by certified mail to the last known address of the licensee. If the person whose license may be revoked fails to attend the noticed hearing, the license revocation is effective 15 days after the noticed hearing.~~hearing, unless the Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the licensee in writing within 60 days of the hearing. The Department and the licensee may extend this time by mutual agreement. Failure to issue a final decision within the required time does not affect the validity of the decision. The final decision must state the basis for the decision and, if the final decision includes revocation of the license, the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this section. The statement of the basis of a revocation does not limit the Department from changing the basis.

(b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give notice by email or other electronic means if the licensee has consented to receiving notices via electronic means.

(b2) Return of Credentials. – If a license is revoked, the revoked licensee must return to the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued. If a license is unable to be returned, the revoked licensee must include a written statement of the reasons, satisfactory to the Secretary, why the license cannot be returned.

(c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee has paid all taxes and penalties due under this Article, the Secretary must take one of the following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

(1) Return an irrevocable letter of credit to the licensee.

(2) Return a bond to the licensee or notify the person liable on the bond and the licensee that the person is released from liability on the bond."

SECTION 42.13D.(b) Article 36B of Chapter 105 of the General Statutes is amended by adding the following new section:

"**§ 105-449.47B. Revocation of license.**

(a) Revocation. – The Secretary may revoke a license or a decal when a motor carrier fails to comply with this Article or Article 36C or 36D of this Subchapter after affording the motor carrier an opportunity to have a hearing as provided in this section.

(b) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice of proposed revocation that includes all of the following information:

(1) The basis for the proposed revocation. The statement of the basis for the proposed revocation does not limit the Department from changing the basis.

(2) The effective date of the revocation, which must be one of the following:

a. Forty-five days from the date of the notice of proposed revocation if the licensee does not file a timely request for hearing.

b. The tenth day after the date an adverse final decision is issued if the adverse final decision is mailed.

c. The date an adverse final decision is delivered if the adverse final decision is delivered in person.

(3) The circumstances, if any, under which the Secretary will not revoke the license.

(4) An explanation of how the licensee may contest the proposed revocation.

(c) Request for Hearing and Decision. – A licensee may contest a proposed revocation by filing a written hearing request within 45 days of the date the notice of proposed revocation was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b). If the licensee does not file a timely hearing request, the license is revoked as provided in the notice of proposed revocation and the revocation is final and not subject to further administrative or judicial review.

(d) Hearing Procedure. – The Secretary must give a licensee who filed a timely hearing request in accordance with subsection (c) of this section at least 20 days' written notice of the date, time, and place of the hearing, unless the Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the licensee in writing within 60 days of the hearing. The Department and the licensee may extend this time limit by mutual agreement. Failure to issue a final decision within the required time does not affect the validity of the decision. The final decision must state the basis for the decision and, if the final decision includes revocation of a license or a decal, the effective date of the revocation in accordance with subdivision (b)(2) of this section. The statement of the basis of the revocation does not limit the Department from changing the basis.

(e) Delivery of Notice. – The Secretary must deliver a notice in accordance with G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give notice by email or other electronic means if the licensee has consented to receiving notices via electronic means.

(f) Return of Credentials. – If the license is revoked, the former licensee shall return to the Secretary, within 10 days of the issuance of the final decision, all licenses and decals previously issued. If the licenses or decals are not returned, the credentials are subject to seizure or removal from the motor vehicle or defacement. If a license or decal is unable to be returned, the licensee must include a written statement of the reasons, satisfactory to the Secretary, why the license or decal cannot be returned."

SECTION 42.13D.(c) G.S. 105-449.76 reads as rewritten:

"**§ 105-449.76. Cancellation or revocation of license.**

(a) Cancellation. – The Secretary may cancel a license issued under this Article upon the written request of the licensee. The licensee's request must include a proposed effective date of cancellation and must return the license to the Secretary on or before the proposed effective date. If the licensee's request does not include a proposed effective date of cancellation, the license is cancelled 15 days after the Department receives the written request. If the license is unable to be returned, the licensee must include a written statement of the reasons, satisfactory to the Secretary, why the license cannot be returned. The Secretary shall notify the licensee when the license is cancelled.

(a1) ~~Revocation.~~ Summary Revocation and Procedure. – The Secretary may summarily revoke a license issued under this Article when the Secretary ~~finds~~ determines that the licensee is incurring liability for the tax imposed under this Article after failing to pay a tax when due under this Article. ~~In addition, the~~ The Secretary must send a revoked licensee a notice of the revocation and a notice of hearing. The hearing must be held within 10 days after the date of the notice of revocation unless the revoked licensee requests, before the day of the hearing, that the hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not stayed pending the hearing decision. A notice of hearing under this subsection must be in writing and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in

writing within 10 days of the hearing. The final decision must state the basis for the decision. The statement of the basis of a revocation does not limit the Department from changing the basis.

(a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that commits one or more of the acts listed in G.S. 105-449.120 after ~~holding a hearing on whether the license should be revoked.~~affording the licensee an opportunity to have a hearing as provided in subsections (a3) through (b2) of this section.

(a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice of proposed revocation that includes all of the following information:

(1) The basis for the proposed revocation. The statement of the basis for the proposed revocation does not limit the Department from changing the basis.

(2) The effective date of the revocation, which must be one of the following:

a. Forty-five days from the date of the notice of proposed revocation if the licensee does not file a timely request for hearing.

b. The tenth day after the date an adverse final decision is issued if the adverse final decision is mailed.

c. The date an adverse final decision is delivered if the adverse final decision is delivered in person.

(3) The circumstances, if any, under which the Secretary will not revoke the license.

(4) An explanation of how the licensee may contest the proposed revocation.

(a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation by filing a written hearing request within 45 days of the date the notice of proposed revocation was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b). If the licensee does not file a timely hearing request, the license is revoked as provided in the notice of proposed revocation and the revocation is final and not subject to further administrative or judicial review.

(b) Hearing Procedure. – The Secretary must ~~send a person whose license is summarily revoked a notice of the revocation and must give the person an opportunity to have a hearing on the revocation within 10 days after the revocation. The Secretary must give a person whose license may be revoked after a hearing at least 10~~ give a licensee who filed a timely hearing request in accordance with subsection (a4) of this section at least 20 days' written notice of the date, time, and place of the ~~hearing. A notice of a summary license revocation and a notice of hearing must be sent by certified mail to the last known address of the licensee. If the person whose license may be revoked fails to attend the noticed hearing, the license revocation is effective 15 days after the noticed hearing.~~hearing, unless the Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the licensee in writing within 60 days of the hearing. The Department and the licensee may extend this time by mutual agreement. Failure to issue a final decision within the required time does not affect the validity of the decision. The final decision must state the basis for the decision and, if the final decision includes revocation of the license, the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this section. The statement of the basis of a revocation does not limit the Department from changing the basis.

(b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give notice by email or other electronic means if the licensee has consented to receiving notices via electronic means.

(b2) Return of Credentials. – If the license is revoked, the former licensee shall return to the Secretary, within 10 days of the issuance of the final decision, all licenses and decals previously issued. If a license or decal is unable to be returned, the licensee must include a written

statement of the reasons, satisfactory to the Secretary, why the license or decal cannot be returned.

(c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee has paid all taxes and penalties due under this Article, the Secretary must take one of the following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

(1) Return an irrevocable letter of credit to the licensee.

(2) Return a bond to the licensee or notify the person liable on the bond and the licensee that the person is released from liability on the bond."

SECTION 42.13D.(d) G.S. 119-19 reads as rewritten:

"**§ 119-19. Authority of Secretary to cancel or revoke a license.**

(a) ~~Reasons.~~ Cancellation. – The Secretary of Revenue may cancel a license issued under this Article upon the written request of the licensee. The licensee's request must include a proposed effective date of the cancellation and must return the license to the Secretary on or before the proposed effective date. If the licensee's request does not include a proposed effective date of cancellation, the license is cancelled 15 days after the Department receives the written request. If the license is unable to be returned, the licensee must include a written statement of the reason, satisfactory to the Secretary, why the license cannot be returned. The Secretary must notify the licensee when the license is cancelled.

(a1) Summary Revocation and Procedure. – The Secretary may summarily revoke a license issued under this Article or under Article 36C or 36D of ~~Chapter 105 of the General Statutes~~ this Chapter when the Secretary ~~finds~~ determines that the licensee is incurring liability for the tax imposed by this Article after failing to pay a tax when due under this Article. The Secretary must send a revoked licensee a notice of the revocation and a notice of hearing. The hearing must be held within 10 days after the date of the notice of revocation unless the revoked licensee requests, before the day of the hearing, that the hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not stayed pending the hearing decision. A notice of hearing under this subsection must be in writing and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in writing within 10 days of the hearing. The final decision must state the basis for the decision. The statement of the basis of a revocation does not limit the Department from changing the basis.

(a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee who files a false report under this Article or fails to file a report required under this Article after ~~holding a hearing on whether the license should be revoked.~~affording the licensee an opportunity to have a hearing as provided in subsections (a3) through (b2) of this section.

(a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice of proposed revocation that includes all of the following information:

(1) The basis for the proposed revocation. The statement of the basis for the proposed revocation does not limit the Department from changing the basis.

(2) The effective date of the revocation, which must be one of the following:

a. Forty-five days from the date of the notice of proposed revocation if the licensee does not file a timely request for hearing.

b. The tenth day after the date an adverse final decision is issued if the adverse final decision is mailed.

c. The date an adverse final decision is delivered if the adverse final decision is delivered in person.

(3) The circumstances, if any, under which the Secretary will not revoke the license.

(4) An explanation of how the licensee may contest the proposed revocation.

(a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation by filing a written hearing request within 45 days of the date the notice of proposed revocation was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b). If the licensee does not file a timely hearing request, the license is revoked as provided in the notice of proposed revocation and the revocation is final and not subject to further administrative or judicial review.

(b) Hearing Procedure. – The Secretary must ~~send a person whose license is summarily revoked a notice of the revocation and must give the person an opportunity to have a hearing on the revocation within 10 days after the revocation. The Secretary must give a person whose license may be revoked after a hearing~~ give a licensee who filed a timely hearing request in accordance with subsection (a4) of this section at least ~~10~~ 20 days' written notice of the date, time, and place of the ~~hearing. A notice of a summary license revocation and a notice of hearing must be sent by certified mail to the last known address of the licensee.~~hearing, unless the Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the licensee in writing within 60 days of the hearing. The Department and the licensee may extend this time by mutual agreement. Failure to issue a final decision within the required time does not affect the validity of the decision. The final decision must state the basis for the decision and, if the final decision includes revocation of the license, the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this section. The statement of the basis of a revocation does not limit the Department from changing the basis.

(b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give notice by email or other electronic means if the licensee has consented to receiving notices via electronic means.

(b2) Return of Credentials. – If the license is revoked, the former licensee shall return to the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued. If a license is unable to be returned, the licensee must include a written statement of the reasons, satisfactory to the Secretary, why the license cannot be returned.

(c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee has paid all taxes and penalties due under this Article, the Secretary must either return to the licensee the bond filed by the licensee or notify the person liable on the bond and the licensee that the person is released from liability on the bond."

SECTION 42.13D.(e) This section becomes effective January 1, 2022, and applies to summary revocations and non-summary revocations initiated by the Department on or after that date.

SECTION 42.13E.(a) G.S. 105-113.8 is recodified as G.S. 105-113.4H.

SECTION 42.13E.(b) G.S. 105-113.11 is recodified as G.S. 105-113.4I.

SECTION 42.13E.(c) G.S. 105-113.4I, as recodified by subsection (b) of this section, reads as rewritten:

"**§ 105-113.4I. Licenses required.**

~~After the effective date of this Article, no~~ A person ~~shall~~ may not engage in business as a ~~distributor~~ distributor, wholesale dealer, or retail dealer in this State, without having first obtained from the Secretary the appropriate license for that purpose as prescribed ~~herein. Any~~ in this Article. A license required by this Article ~~shall be~~ is in addition to any ~~and all~~ other licenses ~~which~~ that may be required by law."

SECTION 42.13E.(d) G.S. 105-113.29 is recodified as G.S. 105-113.4J.

SECTION 42.13E.(e) G.S. 105-113.4J, as recodified by subsection (d) of this section, reads as rewritten:

"**§ 105-113.4J. Unlicensed place of business.**

It is unlawful for a person to maintain a place of business within this State required by this Article to be licensed to engage in the business of selling, offering for sale, or possessing with the intent to sell ~~cigarettes or other~~ tobacco products without first obtaining ~~the licenses.~~all licenses required by this Article."

SECTION 42.13E.(f) G.S. 105-113.33 is recodified as G.S. 105-113.4K.

SECTION 42.13E.(g) G.S. 105-113.83 reads as rewritten:

"**§ 105-113.83. Payment of excise taxes.**

…

(b) Malt Beverage and Wine. – The excise taxes on malt beverages and wine levied under G.S. 105-113.80(a) and (b), respectively, are payable to the Secretary by the resident wholesaler or importer who first handles the beverages in this State. ~~The excise taxes levied under G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to G.S. 18B-1001.1 must be paid by the wine shipper permittee.~~ The taxes on malt beverages and wine are payable only once on the same beverages. Unless otherwise provided, the tax is due on or before the 15th day of the month following the month in which the beverage is first sold or otherwise disposed of in this State by the wholesaler or importer. When excise taxes are paid on wine or malt beverages, the wholesaler or importer must submit to the Secretary verified reports on forms provided by the Secretary detailing sales records for the month for which the taxes are paid. The report must indicate the amount of excise tax due, contain the information required by the Secretary, and indicate separately any transactions to which the excise tax does not apply. ~~A wine shipper permittee shall submit verified reports once a year on forms provided by the Secretary detailing sales records for the year the taxes are paid. The verified report is due on or before the fifteenth day of the first month of the following calendar year.~~

(b1) Brewery and Winery Option. – A brewery or winery may be relieved of paying the tax levied under G.S. 105-113.80(a) and (b) if all of the following apply:

(1) The brewery or winery holds a permit issued under G.S. 18B-1101, 18B-1102, or 18B-1104.

(2) The brewery or winery transfers malt beverages or wine to a wholesaler permitted under G.S. 18B-1107 or G.S. 18B-1109.

(3) The wholesaler agrees in writing to be responsible for the tax due on the transferred malt beverages or wine.

(4) The brewery or winery files a report when the tax would otherwise be due reporting the transfer of malt beverages or wine to the wholesaler.

(b2) Backup Tax Liability. – If a brewery or winery is relieved of paying the excise tax as provided under subsection (b1) of this section, the wholesaler receiving the malt beverages or wine is liable for any tax due under this section.

(b3) Wine Shipper Permittee. – A wine shipper permittee must pay the excise tax levied under G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to G.S. 18B-1001.1. A wine shipper permittee must submit verified reports once a year on forms provided by the Secretary detailing sales records for the year taxes are paid. The verified report is due on or before the fifteenth day of the first month of the following calendar year.

…."

SECTION 42.13E.(h) G.S. 105-113.86 reads as rewritten:

"**§ 105-113.86. Bond or irrevocable letter of credit.**

(a) Wholesalers and Importers. – ~~A~~ The Secretary may require a wholesaler or importer ~~must file with the Secretary~~ to furnish a bond in an amount ~~of~~ that adequately protects the State from a wholesaler's or importer's failure to pay taxes due under this Article. The amount of the bond shall not be less than five thousand dollars ($5,000). ~~The amount of the bond must be proportionate to the anticipated tax liability of the wholesaler or importer.~~

(a1) Distilleries. – The Secretary may require a distillery to furnish a bond in an amount that adequately protects the State from a distillery's failure to pay taxes under this Article. The amount of the bond shall not be less than two thousand dollars ($2,000).

(a2) Periodic Review. – The Secretary should periodically review the sufficiency of the bonds required under this section. The Secretary may increase the ~~proportionate~~ amount required, not to exceed fifty thousand dollars ($50,000), if the bond ~~furnished~~ no longer covers the taxpayer's anticipated tax liability. The Secretary may decrease the ~~proportionate~~ amount required when the Secretary determines that a smaller bond amount will adequately protect the State from loss. The bond must be conditioned on compliance with this Article, payable to the State, in a form acceptable to the Secretary, and secured by a corporate surety.

(b) Nonresident Vendors. – The Secretary may require the holder of a nonresident vendor ABC permit to furnish a bond in an amount not to exceed two thousand dollars ($2,000). The bond must be conditioned on compliance with this Article, payable to the State in a form acceptable to the Secretary, and secured by a corporate surety.

(c) Letter of Credit. – For purposes of this section, a wholesaler or ~~importer or~~ importer, a nonresident ~~vendor~~ vendor, or a distillery may substitute an irrevocable letter of credit for the secured bond required by this section. The letter of credit must be issued by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in the amounts stipulated in this section."

SECTION 42.13E.(i) G.S. 105-236(a)(2) reads as rewritten:

"(2) Failure to Obtain a License. – For failure to obtain a license before engaging in a business, trade or profession for which a license is required, the Secretary shall assess a penalty equal to five percent (5%) of the amount prescribed for the license per month or fraction thereof until paid, not to exceed twenty-five percent (25%) of the amount so prescribed, but in any event shall not be less than five dollars ($5.00). In cases in which the taxpayer, after written notification by the Department, fails to obtain a license as required under ~~G.S. 105-449.65~~ G.S. 105-113.4I, 105-449.65, or ~~G.S. 105-449.131,~~ 105-449.131, the Secretary may assess a penalty of one thousand dollars ($1,000)."

SECTION 42.13E.(j) G.S. 105-449.45 reads as rewritten:

"**§ 105-449.45. Returns of carriers.**

…

(d) ~~Penalties.~~ Failure to File Return. – A motor carrier that fails to file a return under this section by the required date is subject to a penalty of fifty dollars ($50.00).

(d1) Failure to Pay Tax When Due. – A motor carrier that fails to pay a tax when due is subject to a penalty of fifty dollars ($50.00), or ten percent (10%) of the tax due, whichever is greater. The Secretary shall not assess this penalty if the motor carrier files or pays in accordance with G.S. 105-236(a)(4)a. or b.

(d2) Penalty Waiver. – The Secretary may reduce or waive a penalty as provided under G.S. 105-449.119.

…."

SECTION 42.13E.(k) G.S. 105-449.60 reads as rewritten:

"**§ 105-449.60. Definitions.**

The following definitions apply in this Article:

…

(20a) Fuel grade ethanol. – Ethanol meeting the standard for the American Society Testing Materials Specification D 4806, "Standard Specification for Denatured Fuel Ethanol for Blending with Gasolines for Use as Automotive

Spark-Ignition Engine Fuel," or ethanol, regardless of how it was produced, denatured in accordance with 27 C.F.R. § 19.746 as of January 1, 2021.

(21) Gasohol. – A blended fuel composed of gasoline and fuel ~~grade ethanol.~~alcohol or gasoline and ethanol.

…."

SECTION 42.13E.(*l*) G.S. 105-449.115 reads as rewritten:

"**§ 105-449.115. Shipping document required to transport motor fuel by railroad tank car or transport truck.**

…

(d) Duties of Transporter. – A person to whom a shipping document was issued must do all of the following:

(1) Carry the shipping document in the conveyance for which it was issued when transporting the motor fuel described in it.

(2) Show the shipping document to a law enforcement officer upon request when transporting the motor fuel described in it.

(2a) Maintain a copy of the shipping document at a centralized place of business for at least three years from the date of delivery.

(3) Deliver motor fuel described in the shipping document to the destination state ~~printed~~ designated on it unless the ~~person~~ person, in a manner prescribed by the Secretary, does all of the following:

a. Notifies the ~~Secretary, in a manner designated by the Secretary,~~ Secretary before transporting the motor fuel into a state other than the ~~printed destination~~ state ~~that the person has received instructions since the shipping document was issued to deliver the motor fuel to a different destination state.~~designated on the shipping document.

b. Receives from the ~~Secretary, in a manner designated by the Secretary,~~ Secretary a confirmation number authorizing the ~~diversion.~~shipment of motor fuel to a state other than the state designated on the shipping document.

c. ~~Writes~~ Contemporaneously notes on the shipping document the change in destination state and the confirmation number ~~for the diversion.~~received from the Secretary.

(4) ~~Give~~ Upon delivery, provide a copy of the shipping document to the ~~distributor or other~~ person to whom the motor fuel is delivered.

(e) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by railroad tank car or transport truck may ~~not~~ only accept delivery of the motor fuel if the destination state shown on the shipping document for the motor fuel is ~~a state other than~~ North ~~Carolina. To determine if the shipping document shows North Carolina as the destination state, the person to whom the fuel is delivered must examine the shipping document and must keep a copy of the shipping document.~~ Carolina or has been changed to North Carolina in accordance with subdivision (3) of subsection (d) of this section. The person must ~~keep~~ maintain a copy of the shipping document for at least three years from the date of delivery and must maintain a copy of the shipping document at the place of business where the motor fuel was delivered for 90 days from the date of ~~delivery and must keep it at that place or another place for at least three years from the date of~~ delivery. A person who accepts delivery of motor fuel in violation of this subsection is jointly and severally liable for any tax due on the fuel.

…."

SECTION 42.13E.(m) G.S. 105-449.115A reads as rewritten:

"**§ 105-449.115A. Shipping document required to transport fuel by tank wagon.**

…

(b) Duties of Transporter. – A person to whom an invoice, bill of sale, or shipping document was issued must do all of the following:

(1) Carry the invoice, bill of sale, or shipping document in the conveyance for which it is issued when transporting the motor fuel described in it.

(2) Show the invoice, bill of sale, or shipping document upon request when transporting the motor fuel described in it.

(3) ~~Keep~~ Maintain a copy of the invoice, bill of sale, or shipping document at a centralized place of business for at least three years from the date of delivery.

(4) Deliver motor fuel described in the shipping document to the state designated on it unless the person, in a manner prescribed by the Secretary, does all of the following:

a. Notifies the Secretary before transporting the motor fuel into a state other than the state designated on the shipping document.

b. Receives from the Secretary a confirmation number authorizing the shipment of motor fuel to a state other than the state designated on the shipping document.

c. Contemporaneously notes on the shipping document the change in destination state and the confirmation number received from the Secretary.

(5) Upon delivery, provide a copy of the shipping document to the person to whom the motor fuel is delivered.

(b1) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by tank wagon may only accept delivery of the motor fuel if the destination state shown on the shipping document for the motor fuel is North Carolina or has been changed to North Carolina in accordance with subdivision (4) of subsection (b) of this section. The person must maintain a copy of the shipping document for at least three years from the date of delivery and must maintain a copy of the shipping document at the place of business where the motor fuel was delivered for 90 days from the date of delivery. A person who accepts delivery of motor fuel in violation of this subsection is jointly and severally liable for any tax due on the fuel.

…."

SECTION 42.13E.(n) G.S. 105-449.123 reads as rewritten:

"**§ 105-449.123. Marking requirements for dyed fuel storage facilities.**

(a) Requirements. – A person who is a retailer of dyed motor fuel or who stores both dyed and undyed motor fuel for use by that person or another person must mark the storage facility for the dyed motor fuel as ~~follows~~ provided in this subsection and in a manner that clearly indicates the fuel is not to be used to operate a highway vehicle. The storage facility must be marked "Dyed Diesel, Nontaxable Use Only, Penalty For Taxable Use" or "Dyed Kerosene, Nontaxable Use Only, Penalty for Taxable Use" or a similar phrase that clearly indicates the fuel is not to be used to operate a highway vehicle. ~~A person who intentionally fails to mark the storage facility as required by this section is subject to a civil penalty equal to the excise tax at the motor fuel rate on the inventory held in the storage tank at the time of the violation. If the inventory cannot be determined, then the penalty is calculated on the capacity of the storage tank.~~The marking requirements are:

(1) The storage tank of the storage facility must be marked if the storage tank is visible.

(2) The fillcap or spill containment box of the storage facility must be marked.

(3) The dispensing device that serves the storage facility must be marked.

(4) The retail pump or dispensing device at any level of the distribution system must comply with the marking requirements.

(a1) Penalty. – A person who fails to mark the storage facility as required by subsection (a) of this section is subject to a civil penalty of two hundred fifty dollars ($250.00). Each inspection that results in a finding of noncompliance constitutes a separate and distinct offense.

(b) Exception. – The marking requirements of this section do not apply to a storage facility that contains fuel used only for one of the purposes listed in G.S. 105-449.105A(a)(1) and is installed in a manner that makes use of the fuel for any other purpose improbable."

SECTION 42.13E.(o) Subsections (i) and (n) of this section become effective January 1, 2022, and apply to penalties assessed on or after that date. Subsections (k), (*l*), and (m) of this section become effective January 1, 2022. Except as otherwise provided, the remainder of this section is effective when it becomes law.

SECTION 42.13F.(a) G.S. 105-278(a) reads as rewritten:

"(a) Real property designated as a historic property by a local ordinance adopted pursuant to former G.S. 160A-399.4 or designated as a historic landmark by a local ordinance adopted pursuant to G.S. 160D-945 or former G.S. 160A-400.5 is designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina Constitution. Property so classified shall be taxed uniformly as a class in each local taxing unit on the basis of fifty percent (50%) of the true value of the property as determined pursuant to G.S. 105-285 and 105-286, or 105-287."

SECTION 42.13F.(b) This section is effective retroactively to June 19, 2020.

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 2021 for Senate Bill 105, dated November 15, 2021, which was distributed in the Senate and the House of Representatives 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 2021-2023 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 2021-2023 fiscal biennium, dated March 2021, 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 2021 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 2021 Regular Session of the General Assembly affecting the State budget shall remain in effect.

MOST TEXT APPLIES ONLY TO THE 2021-2023 FISCAL BIENNIUM

SECTION 43.5. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2021-2023 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2021-2023 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 is effective July 1, 2021.

In the General Assembly read three times and ratified this the 18th day of November, 2021.

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 _____, 2021