

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

**SESSION LAW 2024-1
SENATE BILL 508**

AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER AMENDATORY
MODIFICATIONS TO THE CURRENT OPERATIONS APPROPRIATIONS ACT OF
2023 AND TO OTHER LEGISLATION.

The General Assembly of North Carolina enacts:

PART I. GENERAL PROVISIONS

LOCAL GOVERNMENT BUDGETS/SETTLEMENT PROJECTS

SECTION 1.1.(a) G.S. 159-13.2 reads as rewritten:

"§ 159-13.2. Project ordinances.

(a) Definitions. – The following definitions apply in this section:

- (1) In this section "capital project" means a Capital project. – A project financed in whole or in part by the proceeds of bonds or notes or debt instruments or a project involving the construction or acquisition of a capital asset.
- (2) "Grant project" means a Grant project. – A project financed in whole or in part by revenues received from the federal and/or State government or other grant or settlement funds source for operating or capital purposes as defined by the grant contract.
- (3) Project ordinance. – The ordinance adopted pursuant to this section governing the life of any of the following:
 - a. Capital project.
 - b. Grant project.
 - c. Settlement project.
- (4) Settlement project. – A project financed in whole or in part by revenues received pursuant to an order of the court or other binding agreement resolving a legal dispute.

(b) Alternative Budget Methods. – A local government unit or public authority may, in its discretion, authorize and budget for a capital project or a project, grant project, or settlement project either in its annual budget ordinance or in a project ordinance adopted pursuant to this section. A project ordinance authorizes all appropriations necessary for the completion of the project and neither it nor any part of it need be readopted in any subsequent fiscal year. Neither a bond order nor an order authorizing any debt instrument constitutes a project ordinance.

(c) Adoption of Project Ordinances. – If a local government unit or public authority intends to authorize a capital project or a project, grant project, or settlement project by a project ordinance, it shall not begin the project until it has adopted a balanced project ordinance for the life of the project. A project ordinance is balanced when revenues estimated to be available for the project equal appropriations for the project. A project ordinance shall clearly identify the project and authorize its undertaking, identify the estimated revenues that will finance the project, and make the appropriations necessary to complete the project. A local government or public authority may incur obligations and make disbursements authorized by the budget appropriations



before receiving estimated revenues and may use available fund balance from the general fund or enterprise fund associated with the project to fund the disbursements.

...

(f) Inclusion of Project Information in Budget. – Each year the budget officer shall include in the budget information in such detail as ~~he the budget officer~~ or the governing board may require concerning each ~~grant project or capital project~~ capital project, grant project, or settlement project (i) expected to be authorized by project ordinance during the budget year and (ii) authorized by previously adopted project ordinances which will have appropriations available for expenditure during the budget year."

SECTION 1.1.(b) G.S. 159-11(d) reads as rewritten:

"(d) The budget officer shall include in the budget a proposed financial plan for each intragovernmental service fund, as required by G.S. 159-13.1, and information concerning ~~capital projects and projects, grant projects, projects, and settlement projects~~ authorized or to be authorized by project ordinances, as required by G.S. 159-13.2."

SECTION 1.1.(c) G.S. 159-13(a) reads as rewritten:

"(a) Not earlier than 10 days after the day the budget is presented to the board and not later than July 1, the governing board shall adopt a budget ordinance making appropriations and levying taxes for the budget year in such sums as the governing board may consider sufficient and proper, whether greater or less than the sums recommended in the budget. The budget ordinance shall authorize all financial transactions of the local government or public authority except for all of the following:

- (1) Those capital, grant, or settlement projects authorized by a project ~~ordinance, ordinance, as defined in G.S. 159-13.2.~~
- (2) Those accounted for in an intragovernmental service fund for which a financial plan is prepared and ~~approved, and approved.~~

...

The budget ordinance may be in any form that the governing board considers most efficient in enabling it to make the fiscal policy decisions embodied therein, but it shall make appropriations by department, function, or project and show revenues by major source."

SECTION 1.1.(d) G.S. 159-26 reads as rewritten:

"§ 159-26. Accounting system.

(a) System Required. – Each ~~local government unit~~ or public authority shall establish and maintain an accounting system designed to show in detail its assets, liabilities, equities, revenues, and expenditures. The system shall also be designed to show appropriations and estimated revenues as established in the budget ordinance and each project ordinance as originally adopted and subsequently amended.

(b) Funds Required. – Each ~~local government unit~~ or public authority shall establish and maintain in its accounting system such of the following funds and ledgers as are applicable to it. The generic meaning of each type of fund or ledger listed below is that fixed by generally accepted accounting principles. ~~[The funds and ledgers are as follows:]~~ The funds and ledgers are as follows:

...

- (2) Special Revenue Funds. – One or more separate funds shall be established as separate accounts in the appropriate fund for each function, district, or project if more than one function, district, or project is accounted for in each of the following classes:
 - (i)~~a.~~ Functions – Functions or activities financed in whole or in part by property taxes voted by the ~~people, people.~~
 - (ii)~~b.~~ Service – Service districts established pursuant to the Municipal or County Service District ~~Acts, and Acts.~~

- (iii)c. ~~grant project ordinances. If more than one function is accounted for in a voted tax fund, or more than one district in a service district fund, or more than one grant project in a project fund, separate accounts shall be established in the appropriate fund for each function, district, or project.~~ Grant projects, as defined in G.S. 159-13.2.
- d. Settlement projects, as defined in G.S. 159-13.2.

...

(c) Basis of Accounting. – Except as otherwise provided by regulation of the Commission, ~~local governments~~ units and public authorities shall use the modified accrual basis of accounting in recording transactions.

(d) Encumbrance Systems. – Except as otherwise provided in this subsection, no ~~local government~~ unit or public authority is required to record or show encumbrances in its accounting system. Each city or town with a population over 10,000 and each county with a population over 50,000 shall maintain an accounting system that records and shows the encumbrances outstanding against each category of expenditure appropriated in its budget ordinance. Any other ~~local government~~ unit or any public authority may record and show encumbrances in its accounting system. In determining a unit's population, the most recent federal decennial census shall be used.

(e) Commission Regulations. – The Commission may prescribe rules and regulations having the force of law as to:

- (1) Features of accounting systems to be maintained by ~~local governments~~ units and public authorities.

...."

SECTION 1.1.(e) G.S. 159-28 reads as rewritten:

"§ 159-28. Budgetary accounting for appropriations.

(a) Incurring Obligations. – No obligation may be incurred in a program, function, or activity accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year. No obligation may be incurred for a capital ~~project or a project, grant project-project, or settlement project~~ authorized by a project ~~ordinance-ordinance, as defined in G.S. 159-13.2,~~ unless that project ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay the sums obligated by the transaction. Nothing in this section shall require a contract to be reduced to writing.

...

(b) Disbursements. – When a bill, invoice, or other claim against a local government or public authority is presented, the finance officer shall either approve or disapprove the necessary disbursement. If the claim involves a program, function, or activity accounted for in a fund included in the budget ordinance or a capital ~~project or a project, grant project-project, or settlement project~~ authorized by a project ordinance, as defined in G.S. 159-13.2, the finance officer may approve the claim only if both of the following apply:

...."

HIGHWAY TRUST FUND AVAILABILITY CORRECTION

SECTION 1.2. Section 3.4 of S.L. 2023-134 reads as rewritten:

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

	FY 2023-2024	FY 2024-2025
...		
Adjustments to Availability		
Sales Tax Changes	(400,000)	(1,000,000)

Title Fees – Transfer to Highway Fund

~~(1,500,000)~~

(1,500,000)

(1,954,000)

...."

EXTEND THE TIME LINE FOR DIRECTED GRANTS TO NON-STATE ENTITIES

SECTION 1.3.(a) Section 5.3(b)(4) of S.L. 2023-134 reads as rewritten:

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

SECTION 1.3.(b) Section 5.1 of S.L. 2023-134 reads as rewritten:

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

"**SECTION 5.1.(b)** Any funds described in subsection (a) of this section that remain unexpended as of ~~June 30, 2023, June 30, 2024,~~ shall revert to the appropriate fund at the end of the ~~2023-24-2024-2025~~ fiscal year.

...."

SECTION 1.3.(c) Section 5.1B of S.L. 2023-134 reads as rewritten:

"**SECTION 5.1B.(a)** This section applies to any directed grants appropriated as nonrecurring funds in S.L. 2021-180 for the 2021-2022 fiscal year that (i) remain unexpended as of the effective date of this section and (ii) are subject to reversion at the end of the 2022-2023 fiscal year. Notwithstanding any provision of law to the contrary, the grants described by this section shall not revert at the end of the 2022-2023 fiscal year and shall remain available for expenditure for the purpose for which the funds were appropriated until the earlier of the date the funds are expended or March 31, ~~2024-2025.~~

"**SECTION 5.1B.(b)** Any funds described in subsection (a) of this section that remain unexpended as of March 31, ~~2024, 2025,~~ shall revert to the appropriate fund at the end of the ~~2023-2024-2024-2025~~ fiscal year.

...."

SECTION 1.3.(d) This section becomes effective June 30, 2024.

SERDRF ALLOCATION REVISIONS

SECTION 1.4.(a) Notwithstanding the Committee Report described in Section 43.2 of S.L. 2023-134, the receipts budgeted from the State Emergency Response and Disaster Relief Fund as a directed grant for Madison County and allocated by Section 5.6(f) of S.L. 2023-134 shall instead be used for a directed grant to Haywood County for the same purpose.

SECTION 1.4.(b) Notwithstanding Item 143 on page E48 of the Committee Report described in Section 43.2 of S.L. 2023-134, Section 5.6(a) of S.L. 2023-134 reads as rewritten:

"**SECTION 5.6.(a)** Recapture of Unused Funds. – The State Controller shall transfer ~~fifty two million seven hundred eighty four thousand four hundred forty seven dollars (\$52,784,447)~~ fifty-one million five hundred thirteen thousand six hundred fifty dollars (\$51,513,650) in remaining funds appropriated or allocated for the listed agencies, as referenced below, to the State Emergency Response and Disaster Relief Fund, in the following amounts:

...

- (2) ~~Three million three hundred ninety nine thousand four dollars (\$3,399,004)~~
Two million one hundred twenty-eight thousand two hundred seven dollars (\$2,128,207) for the North Carolina Community College System:
- Section 5.3(f) of S.L. 2018-136.
 - Funds remaining in Items 8, 9, and 10 of the Committee Report as referenced in Section 6.1 of S.L. 2018-136.
 - Section 2.1(1) of S.L. 2019-224.
-"

HYDE COUNTY EMERGENCY RESPONSE PILOT PROGRAM CORRECTION

SECTION 1.4A. Section 5.6(f)(18) of S.L. 2023-134 reads as rewritten:

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

REPEAL CHANGE TO DEFINITION OF SOLID WASTE

SECTION 1.5. G.S. 130A-290(a)(35)h., as enacted by Section 5.9(f) of S.L. 2023-134, is repealed.

CORRECTIONS PERTAINING TO THE UNIVERSITY OF NORTH CAROLINA (UNC) HEALTH CARE SYSTEM AND EAST CAROLINA UNIVERSITY (ECU)

UNC HEALTH CARE SYSTEM OPERATIONAL FLEXIBILITIES

SECTION 1.7.(a) G.S. 116-350(3), as enacted by Section 4.10(bb) of S.L. 2023-134, reads as rewritten:

- "(3) Component unit. – Any of the following:
- The University of North Carolina Hospitals at Chapel Hill.
 - ~~A~~The clinical patient care program~~programs~~ established or maintained by the School of Medicine of the University of North Carolina at Chapel Hill.Hill, including the UNC Faculty Physicians practice.
 - Any entity that merges with the University of North Carolina Health Care System pursuant to G.S. 116-350.60 and is designated by the Board of Directors as a component unit of the System."

SECTION 1.7.(b) G.S. 116-350.5, as enacted by Section 4.10(b) of S.L. 2023-134, reads as rewritten:

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

...

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

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

SECTION 1.7.(c) G.S. 116-350.10(c), as enacted by Section 4.10(b) of S.L. 2023-134, reads as rewritten:

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

SECTION 1.7.(d) G.S. 116-350.15(c), as enacted by Section 4.10(b) of S.L. 2023-134, is amended by adding a new subdivision to read:

"(13) Notwithstanding any other provision of law, designate the System's counsel and legal staff to represent the State's interest at any commitment hearing, rehearing, or supplemental hearing held at the University of North Carolina Hospitals at Chapel Hill or any other System location."

SECTION 1.7.(e) G.S. 116-350.60, as enacted by Section 4.10(b) of S.L. 2023-134, reads as rewritten:

"§ 116-350.60. Nonprofit merger authority.

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

SECTION 1.7.(f) G.S. 116-350.100, as enacted by Section 4.10(b) of S.L. 2023-134, reads as rewritten:

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

The Board is authorized to establish a liability insurance program through the purchase of contracts of insurance or the creation of self-insurance trusts, or through combination of such insurance and self-insurance, to provide the System, UNC Hospitals, component units, System affiliates, and individual health care practitioners with coverage against claims of personal or entity liability based on conduct within the course and scope of health care and related functions undertaken by such entities or individuals as employees, agents, or officers of (i) the System, (ii) the University of North Carolina Hospitals at Chapel ~~Hill~~, Hill or other component units or System affiliates, or (iii) any health care institution, agency, or entity which has an affiliation

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

SECTION 1.7.(g) G.S. 116-350.125, as enacted by Section 4.10(b) of S.L. 2023-134, reads as rewritten:

"§ 116-350.125. Confidentiality of records.

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

UNC HEALTH CARE SYSTEM AND ECU PERSONNEL FLEXIBILITIES

SECTION 1.7.(h) G.S. 135-5.6, as enacted by Section 4.10(p) of S.L. 2023-134, reads as rewritten:

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

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

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

- (1) Membership in the Optional Retirement System.
- (2) Enrollment in a similar benefit to the Optional Retirement System pursuant to G.S. 116-350.30.
- (3) A choice between the options provided in subdivision (1) and subdivision (2) of this subsection.

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

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

(e) Notwithstanding subsections (b) and (c) of this section, an individual hired by the University of North Carolina Health Care System on or after January 1, 2024, who is a contributing member of the Retirement System or the Optional Retirement Program immediately prior to that individual's date of hire by the University of North Carolina Health Care System shall, for the purposes of this section, be treated as having been employed as of December 31,

2023. If, at the time of entering eligible employment with the University of North Carolina Health Care System, that individual is a member of the Retirement System and was not previously offered an election to participate in the Optional Retirement Program, then that individual may elect to continue contributing membership in the Retirement System or to participate in the Optional Retirement Program.

(f) Subsections (b) and (c) of this section shall not apply to law-enforcement officers, as defined under G.S. 143-166.30, employed by the University of North Carolina Health Care System."

SECTION 1.7.(i) G.S. 135-5.7, as enacted by Section 4.10(p) of S.L. 2023-134, reads as rewritten:

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

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

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

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

- (1) Membership in the Optional Retirement System.
- (2) Enrollment in a similar benefit to the Optional Retirement System pursuant to G.S. 116-360.15.
- (3) A choice between the options provided in subdivision (1) and subdivision (2) of this subsection.

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

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

(f) Notwithstanding subsections (b) and (c) of this section, an individual hired by the Medical Faculty Practice Plan or the ECU Dental School Clinical Operations on or after January 1, 2024, who is a contributing member of the Retirement System or the Optional Retirement Program immediately prior to that individual's date of hire by the Medical Faculty Practice Plan or the ECU Dental School Clinical Operations shall, for the purposes of this section, be treated as having been employed as of December 31, 2023. If, at the time of entering eligible employment with the Medical Faculty Practice Plan or the ECU Dental School Clinical Operations, that individual is a member of the Retirement System and was not previously offered an election to participate in the Optional Retirement Program, then that individual may elect to continue contributing membership in the Retirement System or to participate in the Optional Retirement Program."

SECTION 1.7.(j) G.S. 135-48.40(b)(1), as amended by Section 4.10(r) of S.L. 2023-134, reads as rewritten:

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

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

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

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

SECTION 1.7.(k) G.S. 135-92(a) reads as rewritten:

"(a) The membership eligibility of the Supplemental Retirement Income Plan shall consist of any of the following individuals who voluntarily elect to enroll in the Plan:

...

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

EXTENSION OF ECU CHANCELLOR'S AUTHORITY TO ADOPT POLICIES AND PROCEDURES GOVERNING THE DESIGN, CONSTRUCTION, AND RENOVATION OF REAL PROPERTY FOR USE BY ECU

SECTION 1.7.(l) G.S. 116-360.35(b), as enacted by Section 4.10(b) of S.L. 2023-134, reads as rewritten:

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

CLARIFY USE OF NC CARE INITIATIVE FUNDS FOR REGIONAL BEHAVIORAL HEALTH FACILITY

SECTION 1.7.(m) Section 4.10(aa)(4) of S.L. 2023-134 reads as rewritten:

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

EFFECTIVE DATE

SECTION 1.7.(n) Subsections (h) through (k) of this section are effective retroactively to January 1, 2024. Subsection (m) of this section is effective retroactively to July 1, 2023. The remainder of this section is effective when this act becomes law.

STOKES COUNTY / NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND

SECTION 1.8.(a) Notwithstanding any provision of Article 38B of Chapter 115C of the General Statutes to the contrary, Stokes County Schools shall have the authority to submit an application for a grant from the Needs-Based Public School Capital Fund. The Department of Public Instruction shall not require the approval of the Stokes County Board of Commissioners for any grant application submitted and shall allow Stokes County Public Schools to provide matching funds and to enter into any agreements in connection with a grant award.

SECTION 1.8.(b) This section expires June 30, 2026.

PART II. EDUCATION

CLARIFY VOCATIONAL REHABILITATION PILOT PROGRAM REPORT

SECTION 2.1. Section 6.11(c) of S.L. 2023-134 reads as rewritten:

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

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

GUILFORD TECHNICAL COMMUNITY COLLEGE FUNDS

SECTION 2.1A. Part VI of S.L. 2023-134 is amended by adding a new section to read:

"GUILFORD TECHNICAL COMMUNITY COLLEGE NC FAME PARTNERSHIP FUNDS/CARRYFORWARD

"SECTION 6.14. Notwithstanding any provision of law or the Committee Report described in Section 43.2 of this act to the contrary, the nine million dollars (\$9,000,000) in nonrecurring funds appropriated in this act to the Community Colleges System Office for the 2023-2024 fiscal year to be allocated to Guilford Technical Community College to support its partnership with the North Carolina Federation of Advanced Manufacturing Education (NC FAME) shall instead be used to support the partnership with NC FAME and for capital expenses related to that partnership. These funds shall not revert at the end of the 2023-2024 fiscal year, but shall remain available until expended."

REMOVE DUPLICATIVE LEGISLATION REGARDING REMOTE CHARTER SCHOOLS

SECTION 2.2. Section 2 of S.L. 2022-59 is repealed.

REINSTATE REPORTING REQUIREMENT FOR TRANSPORTATION RESERVE FUND FOR HOMELESS AND FOSTER CHILDREN

SECTION 2.4. G.S. 115C-250.5, as amended by Section 7.30 of S.L. 2023-134, is amended by adding a new subsection to read:

"(c) The Department of Public Instruction shall submit a report by March 15 of each year to 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."

SPECIAL NEEDS PILOT PROGRAM REPORTING ADJUSTMENT

SECTION 2.5. Section 7.53 of S.L. 2023-134 reads as rewritten:

"SECTION 7.53. Of the funds appropriated to the Department of Public Instruction, the sum of nine hundred seventy-five thousand dollars (\$975,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used to contract with Amplio Learning Technologies, Inc., to create a new pilot program (Program) for a special education digital intervention software platform in Alamance County Schools, Catawba County Schools, and Nash County Schools to increase opportunities for students with special needs. The Program shall focus primarily on students receiving interventions for speech language and reading development, including English language learners, to provide more optimized progress for the interventions. To provide more effective and efficient opportunities for Medicaid billing for speech language pathologists (SLP) services and dyslexia-related services, the platform chosen should include digital evidence-based curricula specifically aligned to speech, language, and literacy intervention goals. The chosen solution should include real-time automatic measurements, data collection, and documentation, as well as goal tracking and administrative dashboards. The platform chosen should be a web-based application accessible on multiple devices allowing flexible application across classroom-based, small group, and individual intervention models and utilized by a variety of intervention team members, including special educators, SLPs, Reading Interventionists, SLP assistants, and educational aides. The Department of Public Instruction shall report on the results of the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by October 15, 2025. The report shall include at least (i) a comparison of Medicaid reimbursements paid out to participating public school units compared against public school units that did not participate in the Program and (ii) a comparison of Medicaid reimbursements paid out to public school units after participating in the Program compared against Medicaid reimbursements paid out to participating public school units prior to their participation in the Program."

DELAY IN-PERSON INSTRUCTION REQUIREMENT FOR OPPORTUNITY SCHOLARSHIP FUNDS

SECTION 2.7. Section 7.80 of S.L. 2023-134 is amended by adding a new subsection to read:

"SECTION 7.80.(d) This section becomes effective July 1, 2023. Subsection (c) of this section applies beginning with scholarship funds accepted by nonpublic schools for the 2024-2025 school year."

CLARIFY NAME OF SURVEY EXEMPTED IN S.L. 2023-106

SECTION 2.8. G.S. 115C-76.65(c), as amended by Section 7.81(b) of S.L. 2023-134, reads as rewritten:

"(c) Except for protected information surveys that are given as part of the Centers for Disease Control and Prevention's Youth Risk Behavior Surveillance System or National Youth Tobacco ~~Survey~~, ~~Survey~~ or the North Carolina Youth Tobacco Survey, no student shall be permitted to participate in a protected information survey without the prior written or electronic consent of the parent or the adult student. A parent shall be provided notice of the opportunity to opt out of any protected information survey given as part of the Center for Disease Control and Prevention's Youth Risk Behavior Surveillance System or National Youth Tobacco ~~Survey~~, ~~Survey~~ or the North Carolina Youth Tobacco Survey."

SCHOOL RESOURCE OFFICERS IN NONPUBLIC SCHOOLS

SECTION 2.8A.(a) G.S. 17C-6(a) is amended by adding a new subdivision to read:

"(22) Establish initial and in-service educational and training standards for school resource officers, as set forth in G.S. 115C-105.58."

SECTION 2.8A.(b) G.S. 17E-4(a) is amended by adding a new subdivision to read:

"(18) Establish initial and in-service educational and training standards for school resource officers, as set forth in G.S. 115C-105.58."

SECTION 2.8A.(c) Article 8C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-105.58. School resource officer."

(a) For the purposes of this section, a school includes any of the following:

(1) A public school within a public school unit.

(2) A nonpublic school authorized under Part 1 or Part 2 of Article 39 of this Chapter.

(b) A school resource officer is any law enforcement officer assigned to one or more schools at least 20 hours per week for more than 12 weeks per calendar year, to assist with all of the following, consistent with any written agreement between the governing body of the school and the law enforcement agency governing the school resource officer:

(1) School safety.

(2) School security.

(3) Emergency preparedness.

(4) Emergency response.

(5) Any additional responsibilities related to school safety or security assigned by the officer's employer while the officer is acting as a school resource officer.

(c) All school resource officers shall comply with training requirements, including in-service training, as established by subsection (d) of this section.

(d) The North Carolina Criminal Justice Education and Training Standards Commission and the North Carolina Sheriffs' Education and Training Standards Commission, in consultation with the Center for Safer Schools and the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, shall establish initial and in-service educational and training standards for school resource officers."

SECTION 2.8A.(d) The North Carolina Criminal Justice Education and Training Standards Commission and the North Carolina Sheriffs' Education and Training Standards Commission shall amend their rules consistent with this section. Until such time that the amended rules required by this subsection become effective, school resource officers assigned to nonpublic schools by their employing agency shall be required to meet the training requirements pursuant to 12 NCAC 10B .0510 and 12 NCAC 09B .0313 for school resource officers assigned to public schools.

SECTION 2.8A.(e) G.S. 153A-103 reads as rewritten:

"§ 153A-103. Number of employees in offices of sheriff and register of deeds."

Subject to the limitations set forth below, the board of commissioners may fix the number of salaried employees in the offices of the sheriff and the register of deeds. In exercising the authority granted by this section, the board of commissioners is subject to the following limitations:

(1) Each sheriff and register of deeds elected by the people has the exclusive right to hire, discharge, and supervise the employees in his office. However, the board of commissioners must approve the appointment by such an officer of a relative by blood or marriage of nearer kinship than first cousin or of a person who has been convicted of a crime involving moral turpitude.

(2) Each sheriff and register of deeds elected by the people is entitled to at least two deputies who shall be reasonably compensated by the county, provided that the register of deeds justifies to the Board of County Commissioners the

necessity of the second deputy. Each deputy so appointed shall serve at the pleasure of the appointing officer.

- (3) In addition to the number of salaried employees fixed by the board of commissioners, each sheriff is entitled to the number of school resource officers required to satisfy any agreements entered into under G.S. 162-26.5(b).

Notwithstanding the foregoing provisions of this section, approval of the board of commissioners is not required for the reappointment or continued employment of a near relative of a sheriff or register of deeds who was not related to the appointing officer at the time of initial appointment."

SECTION 2.8A.(f) G.S. 159-13(b) reads as rewritten:

"(b) The following directions and limitations shall bind the governing board in adopting the budget ordinance:

...

- (20) If a sheriff or police chief executes an agreement to provide school resource officers pursuant to G.S. 160A-288.5(b) or G.S. 162-26.5(b), respectively, and the governing board receives the funds pursuant to the agreement, the governing board shall appropriate the funds for that purpose.

Notwithstanding subdivisions (9), (10), (12), (14), (17), or (18) of this subsection, any fund may contain an appropriation to another fund to cover the cost of (i) levying and collecting the taxes and other revenues allocated to the fund, and (ii) building maintenance and other general overhead and administrative expenses properly allocable to functions or activities financed from the fund."

SECTION 2.8A.(g) Article 13 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"§ 160A-288.5. Police chief may provide school resource officers to schools.

(a) The police chief may enter into an agreement to provide school resource officers who meet the requirements in G.S. 115C-105.58.

(b) If the police chief enters into an agreement with a nonpublic school pursuant to subsection (a) of this section, the nonpublic school must provide funds at least equal to the compensation, benefits, and related expenses of any school resource officer assigned to the school."

SECTION 2.8A.(h) Article 3 of Chapter 162 of the General Statutes is amended by adding a new section to read:

"§ 162-26.5. Sheriff may provide school resource officers to schools.

(a) The sheriff may enter into an agreement to provide school resource officers who meet the requirements in G.S. 115C-105.58.

(b) If the sheriff enters into an agreement with a nonpublic school pursuant to subsection (a) of this section, the nonpublic school must provide funds at least equal to the compensation, benefits, and related expenses of any school resource officer assigned to the school."

SECTION 2.8A.(i) This section is effective when it becomes law and applies to agreements entered into or renewed on or after that date.

LOWER ELIGIBILITY AGE FOR EDUCATIONAL OPPORTUNITIES PROGRAM AND PRIORITIZE ADMISSIONS FOR OLDER APPLICANTS

SECTION 2.8B.(a) Section 8.8 of S.L. 2023-134 reads as rewritten:

"SECTION 8.8.(a) Program; Purpose. – The Board of Governors of The University of North Carolina shall establish a College of Educational Opportunities Program (Program) for eligible students with intellectual and developmental disabilities. North Carolina State University shall develop and operate the Program beginning in the 2023-2024 fiscal year. North Carolina Central University shall adapt and operate the Program as developed by North Carolina State University

for use beginning in the 2024-2025 fiscal year. The purpose of the Program is to provide postsecondary opportunities for eligible students, including the following:

- (1) A person-centered planning process.
- (2) The opportunity to pursue educational credentials, including degrees, certificates, and other nondegree credentials.
- (3) Inclusive academic enrichment, socialization, independent living skills, and integrated work experiences to develop career skills that can lead to gainful employment.
- (4) Individual supports and services for academic and social inclusion in academic courses, extracurricular activities, and other aspects of campus life.

"SECTION 8.8.(a1) Admissions; Priority. – Any eligible student may apply to participate in the Program. North Carolina State University and North Carolina Central University shall prioritize the admission of applicants who are 22 years of age or older.

"SECTION 8.8.(b) Definition. – For purposes of this section, the term "eligible student" refers to a person who meets all of the following:

- (1) Is ~~22-18~~ years of age or older.
- (2) Is an adult with intellectual and developmental disabilities.

"SECTION 8.8.(c) Funds. – Funds appropriated to the Board of Governors of The University of North Carolina in this act for the Program shall meet the following criteria:

- (1) The funds may be used for any of the following purposes:
 - a. Administrative staff, including a director of the Program, and programmatic staff, including instructors and peer mentors.
 - b. Training for university faculty.
 - c. Improvements to existing assistive technologies and other academic support services offered by the university.
 - d. Scholarships for tuition and fees for economically disadvantaged students.
 - e. Additional supports, including counseling, mentoring, and transportation.
 - f. Outreach, including website design and recruitment.
- (2) The funds shall be allocated in the below fiscal years as follows:
 - a. For the 2023-2024 fiscal year, three million dollars (\$3,000,000) in recurring funds shall be allocated to North Carolina State University to develop and operate the Program. These funds shall not revert to the General Fund at the end of the 2023-2024 fiscal year, but shall remain available until the end of the 2024-2025 fiscal year for the purposes identified in this sub-subdivision.
 - b. Beginning in the 2024-2025 fiscal year, the following amounts in recurring funds shall be allocated:
 1. Three million dollars (\$3,000,000) to North Carolina State University to operate the Program.
 2. Three million dollars (\$3,000,000) to North Carolina Central University to adapt and operate the Program.

...."

SECTION 2.8B.(b) This section becomes effective July 1, 2023. Subsection (a1) of Section 8.8 of S.L. 2023-134, as enacted by this section, and subsection (b) of Section 8.8 of S.L. 2023-134, as amended by this section, apply beginning with the 2024-2025 fiscal year.

REVISE CAREER DEVELOPMENT PLAN REQUIREMENTS

SECTION 2.8C.(a) G.S. 115C-158.10(a), as enacted by Section 7.13(b) of S.L. 2023-134, reads as rewritten:

"(a) All middle and high school students enrolled in a local school administrative unit shall complete a career development plan that meets the requirements of this section. Any high school student who does not already have a career development plan shall complete the plan within 90 days of enrollment in school. The local board of education shall ensure that students are provided assistance in completion of the plan as well as instruction on how to access that plan throughout the student's enrollment. A student shall not be promoted from ~~seventh-eighth~~ grade until a career development plan is created and shall not be promoted from tenth grade until the career development plan is revised. Local boards of education are encouraged to require more frequent revisions as appropriate. Charter schools are encouraged to require participation in career development plans for students in accordance with this section."

SECTION 2.8C.(b) This section becomes effective July 1, 2024, and applies beginning with the 2024-2025 school year.

CLARIFY ELIGIBILITY FOR CERTAIN 2021 BONUSES FOR LOCAL EDUCATION EMPLOYEES FOR WORK DURING THE PANDEMIC

SECTION 2.8D.(a) Section 39.2(e) of S.L. 2021-180 reads as rewritten:

"**SECTION 39.2.(e)** The following definitions apply for the purposes of the bonuses authorized in subsections (c) and (d) of this section:

- ...
- (2) The term "local education employee" includes all employees and contractors of community colleges, local school administrative units, innovative schools, regional schools, and public charter schools regardless of funding source."

SECTION 2.8D.(b) This section does not authorize the provision of any new or additional bonuses under Section 39.2(e) of S.L. 2021-180 and applies only to bonuses paid before the enactment of this section.

SECTION 2.8D.(c) Subsection (a) of this section is effective July 1, 2021.

GRANT BOARDS OF SCHOOLS FOR THE DEAF AND BLIND EARLY CONTRACT AND POLICY AUTHORITY

SECTION 2.8E.(a) Section 9 of S.L. 2023-10 reads as rewritten:

"**SECTION 9.** Sections 1 through 3 of this act become effective ~~July 1, 2024.~~ May 1, 2024, and except as otherwise provided by law, apply beginning July 1, 2024, to the North Carolina School for the Deaf and the Eastern North Carolina School for the Deaf. The remainder of this act is effective when it becomes law."

SECTION 2.8E.(b) Beginning May 1, 2024, the boards of trustees for the North Carolina School for the Deaf, the Eastern North Carolina School for the Deaf, and the Governor Morehead School for the Blind, respectively, may adopt policies, enter into contracts, including employment contracts other than renewals expiring prior to July 1, 2024, and otherwise engage in any power or duty authorized by Article 9C of Chapter 115C of the General Statutes for any action that is effective on or after July 1, 2024. Effective May 1, 2024, notwithstanding G.S. 126-22, G.S. 115C-319, and Article 29 of Chapter 115C of the General Statutes, to facilitate these actions the Department of Public Instruction is authorized to provide access to existing employment records and student records for the purposes of enrollment in the North Carolina School for the Deaf, the Eastern North Carolina School for the Deaf, and the Governor Morehead School for the Blind, respectively.

CHANGE APPLICATION TIME LINE FOR PLASMA GAMES GRANT PROGRAM

SECTION 2.8F. Section 7.69(a) of S.L. 2023-134 reads as rewritten:

"**SECTION 7.69.(a)** The Department of Public Instruction shall create a grant program for public school units to apply for funds to contract with Plasma Games, Inc., for the use of educational software to be used in science, technology, engineering, and math (STEM) and career

and technical education (CTE) courses. The Department shall make an application available to public school units by November ~~15, 1, 2023~~, and ~~August June 1~~ of each year thereafter that funds are made available for this purpose. Public school units shall submit applications by ~~January 15, March 1, 2024~~, and ~~October December 1~~ of each year thereafter that funds are available. The Department shall make determinations on grant recipients by ~~March 15, 2024~~, and ~~December 1~~ of each year thereafter that funds are made available, within 30 days of the close of the application period. The Department shall prioritize issuing grants to public school units that participated in the pilot program created pursuant to Section 3.5(a)(25) of S.L. 2021-25, as amended by S.L. 2021-180, and are actively utilizing license grants pursuant to that pilot program."

CLARIFY CERTAIN DATES FOR PRINCIPAL SALARY SCHEDULE

SECTION 2.9. Section 7A.6 of S.L. 2023-134 reads as rewritten:

"...

"**SECTION 7A.6.(b)** For purposes of determining the average daily membership of a principal's school, the following amounts shall be used during the following time periods:

- (1) Between July 1, 2023, and December 31, 2023, the average daily membership for the school from the 2022-2023 school year. If the school did not have an average daily membership in the 2022-2023 school year, the projected average daily membership for the school for the 2023-2024 school year.
- (2) Between January 1, 2023, 2024, and June 30, 2023, 2024, the average daily membership for the school for the 2023-2024 school year.

...

"**SECTION 7A.6.(c)** For purposes of determining the school growth scores for each school the principal supervised in one or more prior school years, the following school growth scores shall be used during the following time periods:

- (1) Between July 1, 2023, and December 31, 2023, the school growth score from the 2021-2022 school year.
- (2) Between January 1, 2023, 2024, and June 30, 2023, 2024, the school growth scores from the 2021-2022 and 2022-2023 school years.

...."

WATER SAFETY ACT CHANGES

SECTION 2.10. Section 8.16 of S.L. 2023-134 reads as rewritten:

"**SECTION 8.16.(a)** Water Research Funding. – Funds appropriated in this act to the North Carolina Collaboratory (Collaboratory) for the 2023-2024 fiscal year for research and other programs related to per- and poly-fluoroalkyl substances (PFAS) and the Collaboratory's general research programs shall be allocated as follows:

- (1) Twenty million dollars (\$20,000,000) in nonrecurring funds for programs related to management of aqueous film-forming foams (AFFF) containing PFAS used by local fire departments and for other PFAS-related research. For purposes of this act, "local fire department" means a fire department operated, regulated, or managed by one or more units of State or local government, including those located at or serving public airports. These funds are allocated to the Collaboratory for the following purposes:
 - a. To conduct a voluntary ~~buyback~~-takeback program for stocks of PFAS-containing AFFF owned or stored by local fire departments. The program may also include the purchase and distribution of replacement PFAS-free foams.

- b. To develop, acquire, analyze, and deploy facilities and technologies to safely store and destroy PFAS-containing AFFF, including technologies available outside of the State.
- c. To provide competitive research grants for (i) human exposure and other studies intended to assess the long-term health risk to firefighters and other emergency response personnel and their family members from exposure to PFAS-containing AFFF and related PFAS-containing materials and (ii) other research related to PFAS in water and air, PFAS toxicology and human exposure, and the mitigation, removal, or destruction of PFAS and PFAS-containing materials.
- d. To fund upgrades to laboratory space at the Textile Protection and Comfort Center at North Carolina State University to accommodate aerosol studies that simulate airborne PFAS particulate exposure.

...

"SECTION 8.16.(d) Public Water Supply Fluoridation Study. – The ~~Commission for Public Health~~ Secretaries' Science Advisory Board shall perform a review of the National Toxicity Program's September 2022 draft report titled "Monograph on the State of the Science Concerning Fluoride Exposure and Neurodevelopmental and Cognitive Health Effects: A Systematic Review," as well as the studies reviewed in the report, and any other studies the ~~Commission Board~~ finds relevant to an assessment of the association between fluoride exposure and IQ in children. Based on this review, the ~~Commission Board~~ shall determine whether sufficient evidence exists for a link between fluoride in the public water supply and cognitive decline or any other neurological detriment in children.

"SECTION 8.16.(e) The ~~Commission~~ Secretaries' Science Advisory Board shall make a report to the General Assembly on or before ~~February~~ December 1, 2024, of its findings and recommendations, including a recommendation on whether the current standard for fluoride established in the ~~Commission's rules~~ rules of the Commission for Public Health (i) is protective of public health and (ii) should be lowered. If the ~~Commission Board~~ makes the determination regarding a link between fluoride in public water supplies and neurological impacts in children as described in subsection (a) of this section, then the ~~Commission Board~~ shall direct the Department of Health and Human Services to create a list of the private and public water utilities in the State, their fluoride concentration, the number of children or households to which they provide water, and any other information that it deems pertinent. The Department shall include with the list a ranking of the risk to children of the water supplied by each utility.

...."

NC COLLABORATORY FUNDS

SECTION 2.11. Part VIII of S.L. 2023-134 is amended by adding a new section to read:

"NC COLLABORATORY ARTIFICIAL INTELLIGENCE STUDY FUNDS

"SECTION 8.23. Notwithstanding any provision of law or the Committee Report described in Section 43.2 of this act to the contrary, the three million five hundred thousand dollars (\$3,500,000) in nonrecurring funds appropriated in this act to the Board of Governors of The University of North Carolina for the 2023-2024 fiscal year to be allocated to the North Carolina Collaboratory to study the use of artificial intelligence in improving non-confidential patient information shall instead be used to study the use of artificial intelligence."

UNC PEMBROKE FUNDS

SECTION 2.12. Part VIII of S.L. 2023-134 is amended by adding a new section to read:

"UNC PEMBROKE HEALTHCARE WORKFORCE FUNDS

"SECTION 8.24. Notwithstanding any provision of law or the Committee Report described in Section 43.2 of this act to the contrary, the ten million dollars (\$10,000,000) in nonrecurring funds appropriated in this act from the ARPA Temporary Savings Fund to the Board of Governors of The University of North Carolina for each year of the 2023-2025 fiscal biennium to be allocated to the University of North Carolina at Pembroke (UNC-P) to provide support for new healthcare-oriented programs at UNC-P to meet regional workforce demands shall instead be used to meet regional workforce demands by providing support for the development of new and the growth of existing healthcare-oriented programs at UNC-P."

PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM FUNDING CHANGES

SECTION 2.13.(a) Notwithstanding any other provision of law or a provision of the Committee Report described in Section 43.2 of S.L. 2021-180 to the contrary, of the three hundred fifty thousand dollars (\$350,000) in recurring funds allocated to the Marine Corps Scholarship Foundation, Inc., a nonprofit corporation, for the North Carolina Patriot Star Family Scholarship Program pursuant to Section 8.3 of S.L. 2021-180, beginning in the 2023-2024 fiscal year the sum of three hundred thousand dollars (\$300,000) in recurring funds shall instead be allocated to the Patriot Foundation, a nonprofit corporation, to administer the program. The three hundred thousand dollars (\$300,000) allocated to the Patriot Foundation pursuant to this subsection shall not revert at the end of the 2023-2024 fiscal year, but shall remain available until the end of the 2024-2025 fiscal year.

SECTION 2.13.(b) Section 8.3(d) of S.L. 2021-180 reads as rewritten:

"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. To account for the demand for scholarships, the Board of Governors of The University of North Carolina may reallocate funds appropriated for the Program between the Patriot Foundation and the Marine Corps Scholarship Foundation in each fiscal year funds are made available for the Program as long as each nonprofit corporation agrees to the reallocation in that year. 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.

...."

CLARIFY FORGIVENESS CRITERIA FOR TEACHING FELLOWS PROGRAM

SECTION 2.14.(a) G.S. 116-209.60(5b), as enacted by Section 8A.4(a) of S.L. 2023-134, reads as rewritten:

"(5b) Qualifying teacher. – A teacher in a North Carolina public school who meets the following criteria:

- a. Received a forgivable loan under the Program.
- b. Graduated within 10 years from an educator preparation program leading to teacher licensure, excluding any authorized deferment for extenuating circumstances.
- c. Serves as a teacher in a qualifying licensure area."

SECTION 2.14.(b) This section is effective July 1, 2023, and applies to applications for the award of funds beginning in the 2024-2025 academic year.

CORRECT CROSS REFERENCE FOR CERTAIN SEAA AND DNPE REPORTING REQUIREMENTS

SECTION 2.15.(a) G.S. 115C-562.4(a), as amended by Section 8A.16(a) of S.L. 2023-134, reads as rewritten:

"(a) The Division shall provide annually by December 31 to the Authority a list of all nonpublic schools operating in the State that meet both of the requirements of Part 1 or Part 2 of this Article and the requirements of ~~G.S. 115C-652.5(a)(7)~~. G.S. 115C-562.5(a)(8). The Division shall notify the Authority of any schools included in the list that the Division has determined to be ineligible within five business days of the determination of ineligibility. The Division shall create, in collaboration with the Authority, a unique identifier for each nonpublic school and provide the unique identifiers to the Authority for all nonpublic schools that are registered with the Division."

SECTION 2.15.(b) G.S. 115C-562.5(e), as enacted by Section 8A.16(b) of S.L. 2023-134, reads as rewritten:

"(e) If a nonpublic school terminates operation during the school's regular schedule and fails to (i) report the date of the closure to the Division within 14 days and (ii) return funds owed to the Authority in a timely manner for students who received scholarship grants, any other nonpublic school opened during that school year or subsequent school years by an owner or chief administrator listed in the report submitted to the Division under ~~subdivision (7)~~ subdivision (8) of subsection (a) of this section for that closed school shall be ineligible to receive scholarship grants until such time the Authority determines the obligation to return those funds has been satisfied."

SECTION 2.15.(c) G.S. 115C-596(a), as amended by Section 8A.16(c) of S.L. 2023-134, reads as rewritten:

"(a) List of Nonpublic Schools. – The Division shall provide annually by December 31 to the Authority a list of all nonpublic schools operating in the State that meet the requirements of Part 1, 2, or 3 of Article 39 of this Chapter. The list shall include whether a Part 1 or 2 nonpublic school has met the requirements of ~~G.S. 115C-562.5(a)(7)~~. G.S. 115C-562.5(a)(8)."

CONFORM NEED-BASED SCHOLARSHIPS FOR STUDENTS ATTENDING PRIVATE INSTITUTIONS WITH FEDERAL LAW

SECTION 2.16.(a) G.S. 116-281 reads as rewritten:

"§ 116-281. Eligibility requirements for scholarships.

In order to be eligible to receive a scholarship under this Article, a student seeking a degree, diploma, or certificate at an eligible private postsecondary institution must meet all of the following requirements:

- (1) Only needy North Carolina students are eligible to receive scholarships. For purposes of this subsection, "needy North Carolina students" are those eligible students ~~whose expected family contribution under the federal methodology does not exceed an amount as set annually by the~~ who have a demonstrated need, according to the federal methodology outlined in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq., as determined by the Authority based upon costs of attendance at The University of North Carolina.
- (2) The student must meet all other eligibility requirements for the federal Pell Grant, with the exception of ~~the expected family contribution~~ the metric for demonstrated need outlined in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

...."

SECTION 2.16.(b) G.S. 116-282 reads as rewritten:

"§ 116-282. Scholarship amounts; amounts dependent on availability of funds.

(a) Subject to the sum appropriated by the General Assembly for an academic year to be awarded as scholarships under this Article, a scholarship awarded under this Article to a student

at an eligible private postsecondary institution shall be determined annually by the Authority based upon the enrollment status and ~~expected family contribution~~ demonstrated need of the student, consistent with the methodology for the federal Title IV programs.

(b) The Authority shall have the power to determine the actual scholarship amounts disbursed to students in any given year based on the sum appropriated for purposes of this Article by the General Assembly for that academic year and any unexpended funds that may be available pursuant to G.S. 116-283.

(c) The minimum award of a scholarship under this Article shall be five hundred dollars (\$500.00)."

SECTION 2.16.(c) This section is effective when it becomes law and applies beginning with the award of scholarships for the 2024-2025 academic year.

PART III. HEALTH AND HUMAN SERVICES

MONITORING USE OF FUNDS FOR INNOVATIONS WAIVER DIRECT CARE WORKERS

SECTION 3.1.(a) Section 9E.15 of S.L. 2023-134 reads as rewritten:

"...

"SECTION 9E.15.(d) In addition to other allowable reasons for recoupment of funds, ~~DHB~~ LME/MCOs shall recoup part or all of the funds related to the rate increase received by a provider pursuant to this section if ~~DHB~~ the LME/MCO determines that the provider did not use the increased funding to the benefit of its Innovations direct care worker employees.

"SECTION 9E.15.(e) By December 1, 2024, each LME/MCO shall submit a report to DHB detailing how the providers to whom the LME/MCO has paid rate increases under this section have used that increased funding to the benefit of Innovations direct care workers. The report shall describe (i) the types of benefits provided to the Innovations direct care workers, (ii) to the extent possible, the amount or proportion of funding used for each type of benefit and the number of providers offering each type of benefit, and (iii) the process by which the LME/MCO verified that the providers used the rate increase in the manner required by this section. DHB shall combine the information it receives from the LME/MCOs and shall submit the combined information, as well as the standards for documentation required for verification established by DHB under subsection (c) of this section, in a report to the Joint Legislative Oversight Committee on Medicaid by February 15, 2025."

SECTION 3.1.(b) This section is effective when it becomes law and applies to the recoupment of overpayments owed on or after the date this section becomes law.

CORRECT CODE OF FEDERAL REGULATIONS REFERENCE TO RURAL EMERGENCY HOSPITAL DEFINITION

SECTION 3.2.(a) G.S. 131E-76(3), as amended by Section 9F.11 of S.L. 2023-134, reads as rewritten:

"(3) "Hospital" means any facility (i) that has an organized medical staff and is designed, used, and operated to provide health care, diagnostic and therapeutic services, and continuous nursing care primarily to inpatients where such care and services are rendered under the supervision and direction of physicians licensed under Chapter 90 of the General Statutes, Article 1, to two or more persons over a period in excess of 24 hours or (ii) designated by the Centers for Medicare and Medicaid Services as a rural emergency hospital ~~by the Centers for Medicare and Medicaid Services (CMS)~~ as defined under ~~42 C.F.R. § 424.575~~ 42 C.F.R. § 485.502 or under section 125 of Division CC of the Consolidated Appropriations Act of 2021, Public Law 116-260. The term includes facilities for the diagnosis and treatment of disorders within the scope

of specific health specialties. The term does not include ~~private~~ any of the following:

- a. Private mental facilities licensed under Article 2 of Chapter 122C of the General Statutes, ~~nursing Statutes.~~
- b. Nursing homes licensed under ~~G.S. 131E-102, adult~~ G.S. 131E-102.
- c. Adult care homes licensed under Part 1 of Article 1 of Chapter 131D of the General Statutes, ~~and any Statutes.~~
- d. Any outpatient department including a portion of a hospital operated as an outpatient department, on or off of the hospital's main campus, that is operated under the hospital's control or ownership and is classified as Business Occupancy by the Life Safety Code of the National Fire Protection Association as referenced under 42 C.F.R. § 482.41. Provided, however, if the Business Occupancy outpatient location is to be operated within 30 feet of any hospital facility, or any portion thereof, which is classified as Health Care Occupancy or Ambulatory Health Care Occupancy under the Life Safety Code of the National Fire Protection Association, the hospital shall provide plans and specifications to the Department for review and approval as required for hospital construction or renovations in a manner described by the Department."

SECTION 3.2.(b) This section is effective when it becomes law.

EXTEND DURATION OF ADULT CARE HOME ACCREDITATION PILOT PROGRAM

SECTION 3.2A. Section 9E.6 of S.L. 2021-180, as amended by Section 3.1 of S.L. 2021-189, reads as rewritten:

"...

"SECTION 9E.6.(b) Pilot Program. – The Sheps Center shall oversee the administration of a ~~two-year~~ three-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. The Department shall have access to all of the following upon request:

- (1) Unredacted records maintained by the Pilot Program Accrediting Body related to surveys conducted by the Pilot Program Accrediting Body.
- (2) Deidentified data related to quality outcome measures collected or generated by the Sheps Center.

...

"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 (i) the cost of accreditation for up to 75 Pilot ACHs and ACHs, (ii) the cost of serving as a control group member member, and (iii) the cost of providing outcome data for up to 75-150

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.(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~~three 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~~, July 31, 2025, 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~~, August 1, 2025. 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.

...."

FUNDS ALLOCATED TO MONARCH FOR SERVICES THROUGH THE UMAR DIVISION

SECTION 3.2B. Section 9G.6 of S.L. 2023-134 reads as rewritten:

"SECTION 9G.6. Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Mental Health,

Developmental Disabilities, and Substance Use Services, and notwithstanding any provision to the contrary in the Committee Report referenced in Section 43.2 of this act, the sum of two million dollars (\$2,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of two million dollars (\$2,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to ~~UMAR Services, Inc., Monarch, a nonprofit corporation, corporation located in Stanly County~~, to provide services for adults with intellectual and developmental disabilities ~~(IDD)-(IDD)~~ through the UMAR division. At least fifty percent (50%) of the funds allocated in each fiscal year shall be utilized by the UMAR Services, Inc., division to provide workforce development opportunities and vocational services for adults with IDD."

CORRECT STATUTORY ERRORS/MEDICAID AND CHAPTER 122C

SECTION 3.3.(a) G.S. 122C-115.6(a), as enacted by Section 9G.7A(a1) of S.L. 2023-134, reads as rewritten:

"(a) When a county realigns with another area authority under G.S. 108D-46 or G.S. 122C-115.5, regardless of whether the realignment was due to the merger of area authorities, the consolidation of area authorities, or another process, a portion of the risk reserve and other funds of the area authority from which the county is disengaging shall be transferred to the area authority with which the county is realigning. The amount of risk reserve and other funds to be transferred shall be determined by the Department in accordance with a formula or formulas developed in accordance with this section."

SECTION 3.3.(b) G.S. 122C-115.6(c)(1), as enacted by Section 9G.7A(a1) of S.L. 2023-134, reads as rewritten:

"(1) The Secretary's approval of a county realignment under G.S. 108D-46 or G.S. 122C-115.5."

SECTION 3.3.(c) G.S. 108A-54.3A(a)(2a) is repealed, effective retroactively to July 1, 2022.

SECTION 3.3.(d) Except as otherwise provided, this section is effective when it becomes law.

CORRECTION TO LIMIT MANDATORY TOXICOLOGY TESTING IN CHILD DEATH CASES UNDER THE JURISDICTION OF THE MEDICAL EXAMINER TO CASES INITIATED ON OR AFTER JANUARY 1, 2024

SECTION 3.5.(a) Section 9H.7(d) of S.L. 2023-134 reads as rewritten:

"**SECTION 9H.7.(d)** ~~Subsections~~Subsection (a) of this section becomes effective January 1, 2024, and applies to child death cases ~~pending or~~ initiated on or after that date. The remainder of this section becomes effective on July 1, 2023."

SECTION 3.5.(b) Subsection (a) of this section is effective retroactively to January 1, 2024.

CLARIFY SOUTH PIEDMONT REGIONAL AUTOPSY CENTER SERVICE EXPANSION

SECTION 3.5A.(a) Section 9H.10 of S.L. 2023-134 reads as rewritten:

"**SECTION 9H.10.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, Office of the Chief Medical Examiner (OCME), the sum of two million dollars (\$2,000,000) in recurring funds for the 2023-2024 fiscal year and the sum of two million dollars (\$2,000,000) in recurring funds for the 2024-2025 fiscal year shall be allocated to Union County for operational costs and equipment associated with the establishment of a county-operated regional autopsy center ~~that shall serve at least all of the following areas:center~~. The service area of the regional autopsy center funded by this section shall be extended to the following counties as close to the following schedule as reasonably practicable, provided that Union County does not experience (i) a delay in receiving the State funds allocated

pursuant to this section, (ii) a supply chain disruption in the construction industry that impacts the operation of the regional autopsy center funded by this section, or (iii) difficulty hiring staff essential to the operation of the regional autopsy center funded by this section:

<u>County</u>	<u>Date County Will be Added to South Piedmont Regional Autopsy Center Service Area:</u>
(1) Anson County	<u>December 30, 2024</u>
(2) Cabarrus County	<u>December 30, 2024</u>
(3) Gaston County	<u>June 30, 2026</u>
(4) Montgomery County	<u>June 30, 2025</u>
(5) Moore County	<u>November 30, 2025</u>
(6) Richmond County	<u>November 30, 2025</u>
(7) Rowan County	<u>June 30, 2025</u>
(8) Stanly County	<u>June 30, 2025</u>
(9) Union County	<u>On the date the regional autopsy center funded by this section becomes operational.</u>

"SECTION 9H.10.(b) Union County shall notify the Department of Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division when the regional autopsy center funded by this section becomes operational. Upon receiving this notification, the OCME and Union County shall enter into a contract ~~with Union County~~ pursuant to which (i) the county-operated regional autopsy center funded by this section shall provide forensic pathology services in ~~the counties specified by subsection (a) of this section~~ Union County and (ii) Union County shall be reimbursed for each autopsy performed by the county-operated regional autopsy center as provided by G.S. 130A-389(a1), as amended by this act. The OCME and Union County shall amend their contract to add to the service area of the regional autopsy center funded by this section each county specified in subsection (a) of this section in accordance with subsection (a) of this section. Union County shall be reimbursed for each autopsy performed for these additional counties as provided by G.S. 130A-389(a1), as amended. The contract—original and amended contracts required by this subsection shall include all of the following terms:

- (1) A requirement that, at the request of the OCME, the regional autopsy center serve as a backup for performing autopsies for other areas of the State in cases in which the district attorney has asserted to the Chief Medical Examiner or the medical examiner of the county in which the body was located that there is probable cause to believe that a violation of G.S. 14-18.4 has occurred.
- (2) A requirement that the regional autopsy center be available for critical medical examiner surge capacity, as determined necessary by the OCME.
- (3) A provision preserving the authority of the Chief Medical Examiner under G.S. 130A-381 to contract with qualified persons to perform or provide support services for autopsies and other studies and investigations.

"SECTION 9H.10.(b1) If Union County determines that a delay in the schedule set forth in subsection (a) of this section is warranted for any of the approved reasons specified in subsection (a) of this section, Union County and the OCME shall jointly determine an alternative schedule for adding the affected counties to the service area of the regional autopsy center funded by this section.

"SECTION 9H.10.(c) By February 1, 2024, and December 1, 2024, and every six months thereafter, Union County shall submit a progress report to the Department of Health and Human Services, the counties specified in subsection (a) of this section, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division on the status and operation of the regional autopsy center funded by this section. The report shall include an explanation of any delay in the schedule set forth in subsection (a) of this section, which shall include at least one of the approved reasons for delay specified in subsection (a) of this section;

and the alternative schedule jointly determined by Union County and the OCME in accordance with subsection (b1) of this section. This reporting requirement shall terminate on the date the regional autopsy center funded by this section has added to its service area all of the counties identified on the schedule set forth in subsection (a) of this section."

SECTION 3.5A.(b) This section becomes effective July 1, 2024.

EFFECTIVE DATE CORRECTION FOR MODIFICATIONS AND ADDITIONS TO CHILD FATALITY PREVENTION SYSTEM STATUTES

SECTION 3.6.(a) Section 9H.15(i) of S.L. 2023-134 reads as rewritten:

"SECTION 9H.15.(i) G.S. 7B-1413.5, as enacted by subsection (f) of this section, becomes effective July 1, 2025. The remainder of subsection (f) and subsection (g) of this section become effective January 1, 2025."

SECTION 3.6.(b) This section is effective retroactively to October 3, 2023.

EXEMPT CERTAIN NONPROFITS RECEIVING SOCIAL SERVICES BLOCK GRANT FUNDS FROM MATCH REQUIREMENTS

SECTION 3.8. Section 9M.1 of S.L. 2023-134 is amended by adding a new subsection to read:

"SECTION 9M.1.(s1) The following amounts appropriated in this act in the Social Services Block Grant for each fiscal year of the 2023-2025 fiscal biennium to the Department of Health and Human Services, Division of Social Services or Division of Mental Health, Developmental Disabilities, and Substance Use Services, for the nonprofit organizations described in this subsection shall be exempt from the provisions of 10A NCAC 71R .0201(3):

- (1) The sum of three hundred fifty thousand dollars (\$350,000) for each fiscal year of the 2023-2025 fiscal biennium for Big Brothers Big Sisters of the Triangle, Inc.
- (2) The sum of two million five hundred forty-one thousand three hundred ninety-two dollars (\$2,541,392) for each fiscal year of the 2023-2025 fiscal biennium for Autism Society of North Carolina, Inc.
- (3) The sum of two hundred seventy-one thousand seventy-four dollars (\$271,074) for each fiscal year of the 2023-2025 fiscal biennium for The Arc of North Carolina, Inc.
- (4) The sum of one million six hundred twelve thousand fifty-nine dollars (\$1,612,059) for each fiscal year of the 2023-2025 fiscal biennium for Easterseals UCP of North Carolina & Virginia, Inc."

CLARIFY CHANGES TO ON-SITE WASTEWATER STATUTES

SECTION 3.9.(a) G.S. 130A-336.1(l), as amended by Section 3 of S.L. 2023-90, reads as rewritten:

"(l) Reporting Requirements. –

- (1)** The owner of the wastewater system shall submit the following to the local health ~~department;department~~ prior to receiving a Certificate of Occupancy from the appropriate inspection department:
 - a. A copy of the professional engineer's report required pursuant to G.S. 130A-336.1(k)(1).
 - b. A copy of the operations and management program.
 - c. Repealed by Session Laws 2023-90, s. 3, effective July 10, 2023.
 - d. A letter that documents the owner's acceptance of the system from the professional engineer.
 - e. A copy of the Authorization to Operate.

- (2) The owner of any wastewater system that is subject to subsection (d) of this section shall deliver to the Department copies of the engineer's report, as described G.S. 130A-336.1(k)(1).
- (3) Within two business days of receiving the documentation required pursuant to subdivision (1) of this subsection, the local health department shall notify the appropriate inspections department. If the local health department fails to notify the inspections department within two business days, the owner of the wastewater system may submit the Authorization to Operate to the appropriate inspections department and receive a Certificate of Occupancy."

SECTION 3.9.(b) G.S. 130A-336.2, as amended by Section 4 of S.L. 2023-90, reads as rewritten:

"§ 130A-336.2. Alternative wastewater system approvals for nonengineered systems.

...

(l) After reviewing the Authorized On-Site Wastewater Evaluator's report, the owner shall sign confirming acceptance and receipt of the report. The owner shall then submit the following to the local health department: department prior to receiving a Certificate of Occupancy from the appropriate inspection department:

- (1) A copy of the Authorized On-Site Wastewater Evaluator's report, including the Authorization to Operate.
- (2) A copy of the operations and management program established for the system by the Authorized On-Site Wastewater Evaluator.
- (3) ~~The fee established pursuant to subsection (n) of this section.~~
- (4) A copy of the document confirming acceptance and receipt of the report by the owner.

(l1) Within two business days of receiving the documentation required pursuant to subsection (l) of this section, the local health department shall notify the appropriate inspections department. If the local health department fails to notify the inspections department within two business days, the owner of the wastewater system may submit the Authorization to Operate to the appropriate inspections department and receive a Certificate of Occupancy.

...."

SECTION 3.9.(c) G.S. 130A-336.1(o), as amended by Section 3 of S.L. 2023-90, reads as rewritten:

"(o) Change in System Ownership. – A wastewater system authorized pursuant to this section shall ~~be transferrable to a new owner with the consent of the professional engineer. The new owner and the professional engineer shall enter a contract for the wastewater system, not be affected by change in ownership of the site for the wastewater system.~~

SECTION 3.9.(d) G.S. 130A-336.2(o), as amended by Section 4 of S.L. 2023-90, reads as rewritten:

"(o) Change in System Ownership. – A wastewater system authorized pursuant to this section shall ~~be transferrable to a new owner with the consent of the Authorized On-Site Wastewater Evaluator. The new owner and the Authorized On-Site Wastewater Evaluator shall enter a contract for the wastewater system, not be affected by change of ownership of the site for the wastewater system.~~

SECTION 3.9.(e) This section is effective retroactively to July 10, 2023.

PART IV. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

AMEND 2021 WATER AND SEWER ALLOCATIONS FOR MIDDLESEX AND HENDERSON COUNTY

SECTION 4.1.(a) Notwithstanding Section 12.13(a)(1) of S.L. 2021-180, as amended by Section 6.1 of S.L. 2022-6, the funds allocated to the Town of Middlesex in

accordance with Section 12.13(d) of S.L. 2021-180 may be used to install a new elevated water tank, new groundwater well, associated piping or appurtenances, and all necessary land purchases for installation.

SECTION 4.1.(b) Section 12.13(f) of S.L. 2021-180 reads as rewritten:

"**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:

...

- (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,~~ June 30, 2025, or withdraws its permit application for the project, then these funds will instead be allocated to the City of Hendersonville.

...."

WATER AND SEWER INFRASTRUCTURE CORRECTIONS AND CLARIFICATIONS

SECTION 4.2.(a) Section 12.2(k) of S.L. 2023-134 reads as rewritten:

"**SECTION 12.2.(k)** Administrative Costs. – The Department may use ~~three percent (3%)~~ up to one and one-half percent (1.5%) of the funds allocated in this section for administrative costs. The Department shall not charge the grant fee authorized by G.S. 159G-24 for grants made from funds subject to the set-aside of administrative costs authorized by this subsection."

SECTION 4.2.(b) Section 12.2(e)(28) of S.L. 2023-134 reads as rewritten:

- "(28) Sixty-nine million six hundred thousand dollars (\$69,600,000) to the Cabarrus County Water and Sewer Authority. ~~Six million dollars (\$6,000,000) of this allocation shall be used for the design and construction of the Muddy Creek Wastewater Treatment Plant Expansion project, and five million dollars (\$5,000,000)~~ Eleven million dollars (\$11,000,000) of this allocation shall be used for the extension of wastewater lines to and in the Town of Midland projects at the Authority's Muddy Creek Wastewater Treatment Plant, and one million five hundred thousand dollars (\$1,500,000) of this allocation shall be used for the north Kannapolis primary water loop project."

SECTION 4.2.(c) Funds allocated to Catawba County by Section 12.2(e)(35) of S.L. 2023-134 may, notwithstanding that subdivision, be used by the County for any water or wastewater project.

SECTION 4.2.(d) Funds allocated to Currituck County by Section 12.2(e)(47) of S.L. 2023-134 may, notwithstanding that subdivision, be used by the County for any water or wastewater infrastructure project.

SECTION 4.2.(e) Funds allocated to the Town of Mount Pleasant by Section 12.2(e)(123) of S.L. 2023-134 may, notwithstanding that subdivision, be used for the purchase of water filtration equipment for customers of the public water system serving the Town.

SECTION 4.2.(f) Funds allocated to the Town of Eureka by Section 12.2(e)(61) of S.L. 2023-134 shall instead be allocated to the Wayne County Development Alliance, a nonprofit corporation, for a water or wastewater infrastructure project.

SECTION 4.2.(g) Of the funds allocated to the City of Raeford by Section 12.2(e)(145) of S.L. 2023-134, three million dollars (\$3,000,000) shall be used for the extension of sewer lines to the Cameron Heights community.

SECTION 4.2.(h) Funds allocated to the City of Saluda by Section 12.2(e)(161) of S.L. 2023-134 shall, notwithstanding that subdivision or any provision of the Committee Report described in Section 43.2 of S.L. 2023-134 to the contrary, be transferred to the Office of State

Budget and Management to provide a grant to the City for the repayment of debt incurred by the City for construction of a water or wastewater project.

SECTION 4.2.(i) Section 12.2(e)(186) of S.L. 2023-134 reads as rewritten:

"(186) Fourteen million dollars (\$14,000,000) to the Town of Troutman. ~~Four million dollars (\$4,000,000) of this allocation shall be used for the connection of the Duck Creek sewer outfall line to the City of Statesville's Third Creek Wastewater Treatment Plant.~~"

SECTION 4.2.(j) Funds provided to Rockingham County and to the Town of Stoneville by Section 12.2(e) of S.L. 2023-134 shall, notwithstanding any provision of law to the contrary, be transferred to the Office of State Budget and Management to provide grants to those local governments for the following water and wastewater projects:

- (1) Ten million dollars (\$10,000,000) to Rockingham County for water and wastewater projects along U.S. 220.
- (2) Twenty-three million five hundred fifty thousand dollars (\$23,550,000) to Rockingham County for water and wastewater projects.
- (3) Twenty-one million dollars (\$21,000,000) to Rockingham County for the extension of water services from Reidsville toward the unincorporated community of Ruffin.
- (4) Two million dollars (\$2,000,000) to the Town of Stoneville for water and wastewater lines along U.S. 220.
- (5) Two million seven hundred thousand dollars (\$2,700,000) to the Town of Stoneville for water system improvements.

SECTION 4.2.(k) Funds allocated by subsection (j) of this section shall not revert, but shall remain available until expended.

SECTION 4.2.(l) Funds allocated to Craven County by Section 12.2(f)(5) of S.L. 2023-134 for the purchase of a backup generator for the water plant shall instead be allocated to the First Craven Sanitary District (District) for the purchase of a backup generator for any drinking water facility operated by the District.

CORRECTION TO PROHIBITION ON STATE OR REGIONAL EMISSIONS STANDARDS FOR NEW MOTOR VEHICLES

SECTION 4.3.(a) G.S. 143-215.107F, as enacted by Section 12.6 of S.L. 2023-134, reads as rewritten:

"§ 143-215.107F. Prohibit requirements for control of emissions from new motor vehicles.

Notwithstanding any authorization granted under 42 U.S.C. § 7507, no agency of the State, including the Department of Environmental Quality, the Environmental Management Commission, the Department of Transportation, or the Department of Administration, may adopt and enforce standards relating to control of emissions from new motor vehicles or new motor vehicle engines, including requirements that mandate the sale or purchase of "zero-emission vehicles," or electric vehicles as defined in G.S. 20-4.01. The prohibitions of this section shall not be construed to ~~effect~~ affect requirements for the vehicle emissions testing and maintenance program established pursuant to G.S. 143-215.107A."

SECTION 4.3.(b) This section is effective when it becomes law and applies retroactively to the adoption and enforcement of standards relating to control of emissions from new motor vehicles or new motor vehicle engines on or after October 3, 2023.

DEPARTMENT OF ENVIRONMENTAL QUALITY FUND CODE ADJUSTMENTS

SECTION 4.4. Notwithstanding the Committee Report described in Section 43.2 of S.L. 2023-134, (i) the funds appropriated for an Environmental Assistance Coordinator under Budget Code 14300, Fund Code 1130, shall instead be certified in Fund Code 1615, (ii) the federal receipts budgeted for the Federal Infrastructure Investment and Jobs Act (IIJA) under

Budget Code 24300, Fund Code 2456, shall instead be certified in Fund Code 2492, and (iii) the receipts budgeted from the Federal Infrastructure Match Reserve for IJA grid resiliency grants under Budget Code 24300, Fund Code 2456, shall instead be certified in Fund Code 2493.

FOOD BANK AND FOOD ASSISTANCE PROGRAM FUNDS

SECTION 4.5. Section 10.6 of S.L. 2021-180 reads as rewritten:

"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:

...

- (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."

DAM SAFETY LAW OF 1967 PERMIT FEE REVISION

SECTION 4.6.(a) G.S. 143-215.28A(a1), as enacted by Section 4 of S.L. 2023-138, reads as rewritten:

"(a1) A nonrefundable application processing and compliance fee in the amount of two and one-quarter percent (2.25%) of the actual cost of construction, repair, alteration, breach, or removal of the applicable dam shall be paid for the processing of applications for approvals of construction, repair, alteration, breach, or removal of dams issued under this Part as follows: (i) an initial fee of five hundred dollars (\$500.00) or one-half of the processing and compliance fee based on the engineer's estimated cost of construction, repair, alteration, or removal of the dam, whichever amount is greater, shall be submitted with the application and (ii) the remainder of the processing and compliance fee based on the engineer's ~~estimated~~ actual cost of construction, repair, alteration, breach, or removal of the dam, whichever amount is greater, shall be paid when the as-built plans are submitted to the Department. The maximum fee shall not exceed fifty thousand dollars (\$50,000) for the construction, repair, alteration, breach, or removal of a dam. In addition, the following provisions shall apply:

- (1) Each application for construction, repair, alteration, breach, or removal of a dam shall be deemed incomplete and shall not be reviewed until the initial fee of five hundred dollars (\$500.00) or one-half of the processing and compliance fee is paid.
- (2) For purposes of determining the actual cost of construction, repair, alteration, breach, or removal, the cost shall (i) include all labor and materials costs associated with the project for the applicable dam and (ii) not include the costs associated with acquisition of land or right-of-way, design, quality control, electrical generating machinery, or constructing a roadway across the dam.
- (3) Immediately upon completion of construction, repair, alteration, breach, or removal of a dam, the owner shall file a certification with the Director, on a form prescribed by the Department, and accompanying documentation, which shows actual cost incurred by the owner for construction, repair, alteration, breach, or removal of the applicable dam.
 - a. The owner's certification and accompanying documentation shall be filed with the as-built plans and the engineer's certification.

- b. If the Director finds that the owner's certification and accompanying documentation contain inaccurate cost information, the Director shall either withhold final impoundment approval, if applicable, or revoke final impoundment approval, if applicable, until the owner provides accurate documentation and that documentation has been verified by the Department.
- (4) Final approval to impound shall not be granted until the owner's certification and the accompanying documentation are filed in accordance with subdivision (3) of this subsection and the remainder of the application processing and compliance fee has been paid as provided by this subsection.
- (5) Payment of the application processing and compliance fee shall be by check or money order made payable to the Department and reference the applicable dam."

SECTION 4.6.(b) This section is effective when it becomes law and applies retroactively to applications for the construction, repair, alteration, breach, or removal of a dam received by the Department on or after October 10, 2023.

CLARIFY MODIFICATION OF THE FLOODPLAIN REGULATION STATUTES TO DEEM CERTAIN AIRPORT PROJECTS PERMITTED AS ENACTED IN S.L. 2023-137

SECTION 4.7.(a) G.S. 143-215.52(c) is repealed.

SECTION 4.7.(b) G.S. 143-215.56(i) is repealed.

SECTION 4.7.(c) Part 6 of Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-215.57A. Certain airport projects deemed permitted.

(a) Notwithstanding any other provision of this Part, Chapter 166A of the General Statutes, or any other applicable statute, an airport project shall be deemed permitted for use of an eligible flood hazard area for purposes of this Part if the applicable airport authority has received a no-rise certificate for that airport project, and the no-rise certificate has been accepted by the Department. No additional permit or authorization shall be required pursuant to this Part for an airport project deemed permitted pursuant to this section.

(b) For purposes of this section, the following definitions apply:

- (1) Airport authority. – Any authority that is authorized or governed by Chapter 63 of the General Statutes or other laws enacted by the General Assembly to acquire, establish, construct, maintain, improve, and/or operate airports or other air navigation facilities; provided, however, that this definition of "airport authority" shall not include any local government as defined by this section.
- (2) Airport facility. – All properties, facilities, buildings, structures, and activities that satisfy or otherwise fall within the scope of one or more of the definitions or uses of the words or phrases "air navigation facility," "airport," or "airport protection privileges" under G.S. 63-1; the definition of "aeronautical facilities" in G.S. 63-79(1); the phrase "airport facilities" as used in G.S. 159-48(b)(1); the phrase "aeronautical facilities" as defined in G.S. 159-81 and G.S. 159-97; and the phrase "airport facilities and improvements" as used in Section 13 of Article V of the North Carolina Constitution. Airport facilities shall include, without limitation, any and all of the following:
 - a. The airport and all of its terminals and terminal shops and support buildings.
 - b. Runways, taxiways, clear zones, and other paved or unpaved areas, or open or restricted landing areas on the airport.

- c. Airport offices and administrative buildings.
 - d. Buildings, structures, equipment, and facilities intended to support aircraft operations, including, without limitation, hangars and other aircraft maintenance buildings, storage buildings or areas, and including, without limitation, anything shown on any airport development plan submitted to the Federal Aviation Administration.
 - e. Navigational and signal systems, including any structures, mechanisms, landing lighting and lights, beacons, marks, communicating systems, or other instrumentalities or devices used or useful as an aid, or constituting an advantage or convenience to the safe taking off, navigation, and landing of aircraft, or the safe and efficient operation or maintenance of an airport or restricted landing area.
 - f. Parking owned or operated by the airport to serve the airport's operations, whether located on the airport or as satellite parking.
 - g. Drainage ditches or pipes, stormwater structures, and related stormwater outfalls.
 - h. Retail and commercial development outside of the terminal area but located on the airport, including rental car facilities, hotels, industrial facilities, freestanding offices, and other similar buildings constructed on the airport, whether or not owned or operated by the airport.
 - i. All appurtenant areas used or suitable for airport buildings or other airport facilities, including all appurtenant rights-of-way.
 - j. Easements through, or other interests in, airspace over land or water, interests in airport hazards outside the boundaries of the airport or restricted landing area, and other protection privileges, the acquisition or control of which is necessary to ensure safe approaches to the landing areas of the airport and restricted landing areas and the safe and efficient operation thereof.
 - k. Any combination of any or all of such properties, facilities, buildings, structures, activities, and easements.
- (3) Airport project. – The construction, reconstruction, repair, or other similar action of any airport facility, including any structure or area used in connection with an airport facility.
- (4) Eligible flood hazard area. – A flood hazard area to which both of the following criteria apply:
- a. Use of the area will be consistent with the technical criteria contained in 44 C.F.R. § 60.3 for flood-prone areas, as demonstrated by a no-rise certificate accepted by the Department.
 - b. No local government has a clearly demonstrated statutory authority to issue a permit for use of the flood hazard area pursuant to this Part.
- (5) No-rise certificate, no-rise certification, no-rise/no-impact certification, or any other similarly denominated certificate or action. – A demonstration through hydrologic and hydraulic analyses performed in accordance with standard engineering practice that the proposed encroachment would not result in any increase in flood levels within the community during the occurrence of the base flood discharge.
- (6) Permit – Any permit, license, or similar approval that grants the right to use of one or more flood hazard areas consistent with the requirements of this Part."

SECTION 4.7.(d) This section is effective retroactively to October 10, 2023.

TOWN OF HOOKERTON WATER AND SEWER GRANT MODIFICATION

SECTION 4.8. Section 12.2(f) of S.L. 2023-134 reads as rewritten:

"**SECTION 12.2.(f)** Other Grants. – Of the funds allocated by subsection (a) of this section for project grants, the Department of Environmental Quality shall transfer the sum of thirty-six million three hundred thirty thousand five hundred ninety dollars (\$36,330,590) to the Office of State Budget and Management to provide a grant to the following entities for the purposes specified:

...

- (8) Four hundred fifty thousand dollars (\$450,000) for a directed grant to the Town of Hookerton to repay a USDA loan. Any amount remaining after the repayment of the loan shall be used by the Town of Hookerton for water or wastewater projects.

...."

ADD HAYWOOD COUNTY TO AGRICULTURE COST SHARE PROGRAM FOR NONPOINT SOURCE POLLUTION CONTROL

SECTION 4.9. Section 10.7(a) of S.L. 2023-134 reads as rewritten:

"**SECTION 10.7.(a)** Funds appropriated in this act for the Agriculture Cost Share Program for Nonpoint Source Pollution Control from the State Capital and Infrastructure Fund shall be used to provide cost share assistance to farmers engaged in farming in the watershed of the Upper French Broad River in Transylvania, Henderson, Buncombe, Haywood, and Madison Counties for the installation of fences, alternative livestock watering systems, pasture management, and other measures deemed appropriate by the local Soil and Water Conservation District to keep livestock out of existing streams and watercourses that constitute or drain into the Upper French Broad River."

NCAMPI GRANT RECIPIENT MODIFICATION

SECTION 4.10. Section 10.2(b) of S.L. 2023-134 reads as rewritten:

"**SECTION 10.2.(b)** Establishment. – There is created within the Department of Agriculture and Consumer Services (Department), the North Carolina Agricultural Manufacturing and Processing Initiative (NCAMPI). Funds allocated to NCAMPI by this section will be used for the following activities:

...

- (3) Remaining NCAMPI funds to provide grants to ~~local governments and nonprofit economic development entities to support the creation or expansion of agricultural manufacturing facilities.~~ Grant funds may be used agriculture manufacturing facilities for site development, infrastructure costs (including water, wastewater, or transportation improvements), building construction or rehabilitation costs, or equipment. equipment, or to local governments providing infrastructure for agricultural manufacturing facilities. As a part of the application, applicants must demonstrate in a manner determined by the Department that they have applied for or otherwise sought other sources of applicable funding for the proposed project. New facilities and expansions of existing facilities will be eligible for grants under this subdivision. Shared-use facilities and incubators are ineligible for grants under this subdivision. Before entering into a grant agreement, the Department must find that the total benefits of the project to the State outweigh its anticipated costs and render the grant appropriate for the project."

LOCAL APPROVAL OF EROSION AND SEDIMENTATION CONTROL PLAN CLARIFICATION

SECTION 4.11.(a) G.S. 113A-61(b1), as amended by Section 12.10(c) of S.L. 2023-134 and Section 2(d) of S.L. 2023-142, reads as rewritten:

"(b1) A local government shall not deny a draft erosion and sedimentation control plan based solely upon the applicant's need to ~~obtain~~ obtain: (i) other development approvals for the project, as that term is defined by ~~G.S. 160D-102(13)~~. A local government shall G.S. 160D-102, or (ii) other environmental permits, authorizations, or certifications for the project, aside from a permit required for stormwater discharges from construction sites pursuant to 40 C.F.R. § 122.26; the local government shall, however, condition approval of a draft erosion and sedimentation control plan upon the applicant's compliance with federal and State water quality laws, regulations, and rules, including the applicant's receipt of other environmental permits, authorizations, or certifications that may be required for the project. A local government shall disapprove an erosion and sedimentation control plan if implementation of the plan would result in a violation of rules adopted by the Environmental Management Commission to protect riparian buffers along surface waters. A local government may disapprove an erosion and sedimentation control plan or disapprove a transfer of a plan under subsection (b3) of this section upon finding that an applicant or a parent, subsidiary, or other affiliate of the applicant:

...."

SECTION 4.11.(b) This section becomes effective July 1, 2024.

AQUATIC WEED PROGRAM CHANGES

SECTION 4.12. 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:

...

- (2) For aquatic weed control projects in waters of the State that either address (i) a noxious aquatic weed designated under Article 15 of Chapter 113A of the General Statutes, (ii) cyanobacteria causing harmful algal blooms or producing cyanotoxins such as cylindrospermopsin and saxitoxins, or (iii) other aquatic vegetation not so designated, if the vegetation obstructs public water access or access by watercraft to public watercraft launching or docking areas. Funding for aquatic weed control projects is limited to one million dollars (\$1,000,000) in each fiscal year.

...."

PRE-PERMITTING ACTIVITIES AMENDMENT

SECTION 4.13.(a) Section 12.11 of S.L. 2023-134 is amended by adding two new subsections to read:

"SECTION 12.11.(f) No later than July 1, 2025, the Department of Environmental Quality shall prepare and submit to the United States Environmental Protection Agency for approval by that agency a proposed North Carolina State Implementation Plan amendment based on the changes to the air permitting program provided in this section.

"SECTION 12.11.(g) This section becomes effective on the first day of a month that is 60 days after the Secretary of the Department of Environmental Quality certifies to the Revisor of Statutes that the United States Environmental Protection Agency has approved an amendment to the North Carolina State Implementation Plan submitted as required by subsection (f) of this section. The Secretary shall provide this notice along with the effective date of this act on its website and by written or electronic notice to current holders of air permits issued by the Department. This section applies to applications for new air permits and for modifications of existing permits received on or after the effective date specified in this subsection."

SECTION 4.13.(b) This section is effective retroactive to July 1, 2023.

TOBACCO FARM LIFE MUSEUM CORRECTION

SECTION 4.14.(a) G.S. 121-7.8, as enacted by Section 14.3 of S.L. 2023-134, reads as rewritten:

"§ 121-7.8. Tobacco Farm Life Museum Fund.

...

(b) Fund Sources. – Notwithstanding Chapter 146 of the General Statutes, the Fund consists of (i) all revenue derived from donations, gifts, devises, grants, admissions, and fees collected by or for the benefit of the Tobacco Farm Life Museum Fund, (ii) the net proceeds derived from the sale of real property pursuant to ~~G.S. 146-30(d)(15)~~, G.S. 146-30(d)(17), 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.

...."

SECTION 4.14.(b) This section becomes effective when G.S. 121-7.8 becomes effective.

SALUDA GRADE RAIL CORRIDOR CLARIFICATION AND CORRECTIONS

SECTION 4.15.(a) Subsection 14.5(c) of S.L. 2023-134 reads as rewritten:

"SECTION 14.5.(c) Funding. – Of the funds appropriated in this act from the projected interest in the State Fiscal Recovery Reserve to the Department of Natural and Cultural Resources, seven million dollars (\$7,000,000) in the 2023-2024 fiscal year and five million dollars (\$5,000,000) in the 2024-2025 fiscal year is allocated to provide a grant to the Saluda Grade Trails Conservancy, a nonprofit corporation (Conservancy), for the purchase of the Saluda Grade rail corridor in Henderson and Polk Counties and related assessment, due diligence, and transaction costs. Of the funds allocated by this subsection, the amount necessary for the Conservancy to provide the earnest money deposit toward the purchase of the Saluda Grade rail ~~corridor~~, corridor, and related assessment, due diligence, and transaction costs, not to exceed two million dollars (\$2,000,000), shall be provided to the Conservancy as soon as possible after the effective date of this act. The remaining funds shall be provided to the Conservancy upon the earlier of (i) January 1, 2025, or (ii) the date the Department completes the study required by ~~subdivision (c)(5)~~ subdivision (c)(4) of Section 14.7 of this act and notifies the Office of State Budget and Management that it has done so."

SECTION 4.15.(b) Subdivision 14.7(f)(2) of S.L. 2023-134 reads as rewritten:

"(2) Purpose; Dissolution. – The Council shall advise the Department in conducting the study of the W-Line rail corridor required by ~~subdivision (c)(5)~~ subdivision (c)(4) of this section and shall cease to exist when the funds allocated for the study have been disbursed and all reports, audits, and other documentation required by the State Budget Act (Chapter 143C of the General Statutes) have been submitted."

SWINE BIOGAS FUNDING EXTENSION

SECTION 4.16.(a) Funds appropriated by S.L. 2022-74 to the Department of Agriculture and Consumer Services to provide a directed grant to the NC Foundation for Soil and Water Conservation pursuant to Section 10.3 of S.L. 2022-74 shall not revert but shall remain available for purposes consistent with that section until June 30, 2026.

SECTION 4.16.(b) This section becomes effective June 30, 2024.

TITLE V AIR PERMITTING BONUS PROGRAM MODIFICATIONS

SECTION 4.17.(a) Section 12.17 of S.L. 2023-134 reads as rewritten:

"SECTION 12.17.(a) Establishment of Pilot Program. – Notwithstanding G.S. 126-4(10), the Environmental Management Commission shall establish a Permit Bonus Pilot Program

(Program) for qualifying employees who process applications for Title V Air Permits. Qualifying employees shall receive a bonus after a Title V Air Permit is reviewed and ~~completed~~ a final action occurs in accordance with this section. Bonuses for reviewing and processing Title V Air Permits shall be awarded under the applicable schedule. The issuance or denial of a Title V Air Permit shall not affect whether the qualifying employee receives a bonus. The Program shall expire on June 30, 2025.

"SECTION 12.17.(b) Definitions. – The following definitions apply in this section:

(1) Administratively complete. – All information required by statute, regulation, ~~or~~ and application form has been submitted to the Department for the purpose of processing a permit application.

...

(8) Major modification. – ~~As~~ A significant modification, as that term is defined in 15A NCAC 02Q .0516.

...

"SECTION 12.17.(d) Permit Bonus Structure. – The following schedule applies to the permit bonus program for Title V Air Permits and specifies the maximum amount each qualifying employee is eligible to receive per permit:

Permit Type	Permit Engineer	Supervisor	Meteorologist	Admin. Staff
Minor Modification				
0-2 federal programs	\$250	\$75	N/A	\$25
3-6 federal programs	\$500	\$150	N/A	\$25
7+ federal programs	\$750	\$225	N/A	\$25
Major Modification				
0-2 federal programs	\$700	\$75	N/A <u>300</u>	\$50
3-6 federal programs	\$1,000	\$300	N/A <u>500</u>	\$50
7+ federal programs	\$1,500	\$500	N/A <u>750</u>	\$50
New Title V Air Permit				
0-2 federal programs	\$1,000	\$200	\$600	\$50
3-6 federal programs	\$1,750	\$500	\$900	\$50
7+ federal programs	\$2,500	\$800	\$1,200	\$50
PSD/NSR NAA/NSR				
0-2 federal programs	\$2,500	\$600	\$1,000	\$100
3-6 federal programs	\$3,500	\$1,000	\$1,500	\$100
7+ federal programs	\$5,000	\$1,400	\$2,000	\$100

For the purposes of this subsection, (i) the term "Permit Engineer" means a qualifying employee that is the primary processor and reviewer for a Title V Air Permit application, (ii) the term "Supervisor" means a qualifying employee that is the primary supervisor of a reviewer that reviews and processes a Title V Air Permit application, (iii) the term "Meteorologist" means a qualifying employee that is the primary reviewer of the dispersion modeling analysis of air quality analysis impacts associated with a new or modified emissions source submitted in support of a Title V Air Permit application, and (iv) the term "Admin. Staff" means a qualifying employee that is the primary administrative support position for the processing and review of a Title V Air Permit application.

If a qualifying employee is reviewing an air application that requires a construction and operation permit under 15A NCAC 02Q .0500, the qualifying employee shall only be eligible for

a bonus for the processing and reviewing of the construction and operation permit prior to construction, regardless of the option to file a subsequent application required within 12 months after commencing operation to modify the construction and operation permit to meet the requirements of 15A NCAC 02Q .0501(b)(2).

...

"SECTION 12.17.(f) Pending Permits at Time of Implementation. – For Title V Air Permit applications received prior to January 1, 2024, for which a permit review has not been evaluated by the permit supervisor or posted for public notice, the following schedule applies:

Permit Type	Number of Processing Days	Days for Deduct.
Minor Modification	30	70
Major Modification	50	100
New Title V Air Permit	50	100
PSD/NSR NAA/NSR	100	200
Bonus Percentage:	100%	25%.

"SECTION 12.17.(g) Bonus Structure for First Six-Month Period. – For administratively complete Title V Air Permit applications received on or after January 1, 2024, and before ~~June 1, 2024~~, July 1, 2024, the following schedule applies:

Permit Type	Number of Processing Days	Days for Deduct.
Minor Modification	60	100
Major Modification	140	200
New Title V Air Permit	150	250
PSD/NSR NAA/NSR	300	400
Bonus Percentage:	100%	25%.

"SECTION 12.17.(h) Bonus Structure for Second Six-Month Period. – For administratively complete Title V Air Permit applications received on or after ~~June 1, 2024~~, July 1, 2024, and before December 31, 2024, the following schedule applies:

Permit Type	Number of Processing Days	Days for Deduct.
Minor Modification	50	90
Major Modification	120 <u>90</u>	150 <u>120</u>
New Title V Air Permit	120 <u>90</u>	150 <u>120</u>
PSD/NSR NAA/NSR	180	300
Bonus Percentage:	100%	25%.

...

"SECTION 12.17.(s) Rulemaking. – The Environmental Management Commission ~~shall~~ may adopt temporary rules to implement the provisions of this section.

...."

SECTION 4.17.(b) G.S. 143-213(1), as enacted by Section 12.11(c) of S.L. 2023-134, reads as rewritten:

"(1) The term "administratively complete" means that all information required by statute, regulation, ~~or~~ and application form has been submitted to the Department for the purpose of processing a permit application."

PART V. JUSTICE AND PUBLIC SAFETY

CODIFY THE ELIMINATION OF ROBESON COUNTY SATELLITE COURTS

SECTION 5.1.(a) 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
...		
Robeson	12	Fairmont, Maxton, Pembroke, Red Springs, Rowland, St. Pauls

...."

SECTION 5.1.(b) This section becomes effective January 1, 2025.

TECHNICAL CORRECTION FOR ADA ALLOCATIONS

SECTION 5.2.(a) G.S. 7A-60 reads as rewritten:

"§ 7A-60. District attorneys and prosecutorial districts.

...

(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:

No. of Full-Time		
Prosecutorial District	Asst. District Attorneys	
District	Counties	
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	12
2	Beaufort, Hyde, Martin, Tyrrell, Washington	8
3	Pitt	15
4	Carteret, Craven, Pamlico	14
5	Duplin, Jones, Onslow, Sampson	20
6	New Hanover, Pender	20
7	Bertie, Halifax, Hertford, Northampton	11
8	Edgecombe, Nash, Wilson	22
9	Greene, Lenoir, Wayne	16
10	Wake	45 <u>44</u>
11	Franklin, Granville, Person Vance, Warren	18
12	Harnett, Lee	12
13	Johnston	13
14	Cumberland	26 <u>25</u>
15	Bladen, Brunswick, Columbus	16
16	Durham	18
17	Alamance	12
18	Chatham, Orange	10
20	Robeson	13
21	Anson, Richmond, Scotland	11

22	Caswell, Rockingham	9
23	Stokes, Surry	9
24	Guilford	40
25	Cabarrus	11
26	Mecklenburg	62 61
27	Rowan	9
28	Montgomery, Stanly	6
29	Hoke, Moore	10
30	Union	11
31	Forsyth	28 27
32	Alexander, Iredell	15
33	Davidson, Davie	13
34	Alleghany, Ashe, Wilkes, Yadkin	9
35	Avery, Madison, Mitchell, Watauga, Yancey	8
36	Burke, Caldwell, Catawba	21
37	Randolph	44 10
38	Gaston	19
39	Cleveland, Lincoln	13
40	Buncombe	14
41	McDowell, Rutherford	8
42	Henderson, Polk, Transylvania	10
43	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	46 15

...

(a3) In a manner not inconsistent with applicable State law, the North Carolina Conference of District Attorneys shall have the authority to assign to specific counties assistant district attorney positions created by the General Assembly for the purpose of serving as special assistant United States attorneys. The Conference will retain assignment authority of assistant district attorney positions referenced in this subsection for so long as the positions are funded for that purpose.

The number of assistant district attorney positions subject to the requirements of this subsection shall be six.

...."

SECTION 5.2.(b) Section 39.6(b) of S.L. 2023-134 reads as rewritten:

"**SECTION 39.6.(b)** The district attorney of a judicial district, with the approval of the Administrative Officer of the Courts, and the public defender of a judicial district, with the approval of the Commission on Indigent Defense Services, shall set the salaries of assistant district attorneys and assistant public defenders in that district such that the average salary of those assistants in that district, for the 2023-2024 fiscal year, does not exceed ninety-seven thousand four hundred three dollars (\$97,403) and the minimum salary of any assistant is at least fifty-two thousand two hundred seventy-eight dollars (\$52,278), effective July 1, 2023.

For purposes of salary calculations under this subsection, an assistant district attorney assigned to a county pursuant to G.S. 7A-60(a3) shall be treated as an assistant district attorney of the judicial district where that county is located."

SECTION 5.2.(c) Section 39.6(b1) of S.L. 2023-134 reads as rewritten:

"**SECTION 39.6.(b1)** The district attorney of a judicial district, with the approval of the Administrative Officer of the Courts, and the public defender of a judicial district, with the

approval of the Commission on Indigent Defense Services, shall set the salaries of assistant district attorneys and assistant public defenders in that district such that the average salary of those assistants in that district, for the 2024-2025 fiscal year, does not exceed one hundred one thousand two hundred ninety-nine dollars (\$101,299) and the minimum salary of any assistant is at least fifty-four thousand three hundred sixty-nine dollars (\$54,369), effective July 1, 2024.

For purposes of salary calculations under this subsection, an assistant district attorney assigned to a county pursuant to G.S. 7A-60(a3) shall be treated as an assistant district attorney of the judicial district where that county is located."

SECTION 5.2.(d) This section is effective when it becomes law.

INCLUDE CATAWBA COUNTY AS AN AUTHORIZED RECIPIENT OF CERTAIN VETERANS TREATMENT COURT DIRECTED GRANT FUNDS

SECTION 5.3.(a) Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of S.L. 2022-74 to the contrary, the transfer of one hundred twenty-five thousand dollars (\$125,000) from the Local Project Reserve to the Administrative Office of the Courts in the 2022-2023 fiscal year to be provided as a directed grant to Caldwell County for its Veterans Treatment Court shall not revert until June 30, 2026, and may also be provided, in whole or in part, as a directed grant to Catawba County for its Veterans Treatment Court.

SECTION 5.3.(b) This section is effective when it becomes law.

PART VI. GENERAL GOVERNMENT

OSBM GRANT CHANGES

SECTION 6.1.(a) Notwithstanding any provision of S.L. 2023-134 or the Committee Report referenced in Section 43.2 of that act to the contrary, the following directed grants to be allocated by the Office of State Budget and Management – Special Appropriations for the 2023-2024 fiscal year are amended as follows:

- (1) Budgeted receipts from the ARPA Temporary Savings Fund to provide funds to the Museum of the Cape Fear Historical Complex Foundation, Inc., for capital improvements or equipment for the NC Civil War Emancipation and Reconstruction History Center shall instead be provided to NC History Center on the Civil War, Emancipation and Reconstruction Foundation.
- (2) The directed grant to the Banner American Legion Auxiliary Unit #109, Inc., in the sum of one hundred twenty-five thousand dollars (\$125,000) in nonrecurring funds for the 2023-2024 fiscal year shall instead be provided to Banner Post 109, Incorporated.
- (3) The directed grant to Bladen County in the sum of four million dollars (\$4,000,000) in nonrecurring funds for the 2023-2024 fiscal year for capital projects, including aviation and economic development, shall instead be provided to Bladen's Bloomin Agri-Industrial, Inc., a nonprofit organization.
- (4) [reserved]
- (5) The directed grant to the City of Wilson in the sum of fifty thousand dollars (\$50,000) in nonrecurring funds for the 2023-2024 fiscal year for capital improvements or equipment at Herring-Ellis Cemetery shall instead be provided to the City of Wilson to be used for capital improvements or equipment at the Vick Cemetery.
- (6) The directed grant to Davidson-Davie Community College Foundation, Inc., in the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2023-2024 fiscal year for capital improvements, including construction of a

- regional training and distribution center, shall instead be provided to Davidson-Davie Community College.
- (7) The directed grant to Equity Before Birth in the sum of one hundred thousand dollars (\$100,000) in nonrecurring funds for the 2023-2024 fiscal year to support MAAME (Mobilizing African-American Mothers through Empowerment), Inc., shall instead be provided as follows:
 - a. Fifty thousand dollars (\$50,000) to Equity Before Birth.
 - a. Fifty thousand dollars (\$50,000) to MAAME, Inc.
 - (8) The directed grant to Gaston County in the sum of three hundred twenty-five thousand dollars (\$325,000) in nonrecurring funds for the 2023-2024 fiscal year to be used by the Gaston County Sheriff's Office to purchase or upgrade safety equipment shall instead be provided as follows:
 - a. One hundred seventy-five thousand dollars (\$175,000) to the Gaston County Sheriff's Office.
 - b. One hundred fifty thousand dollars (\$150,000) to the Gaston County Police Department for a mobile command unit.
 - (9) The directed grant to Johnston Community College in the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2023-2024 fiscal year for capital improvements or equipment at the STEAM building may also be used for other improvements.
 - (10) The directed grant to Lumbee Land Development, Inc., in the sum of two million nine hundred fifty thousand dollars (\$2,950,000) in nonrecurring funds for the 2023-2024 fiscal year for the Strike At The Wind outdoor drama shall instead be used for cultural and economic development.
 - (11) The directed grant to Mayland Community College in the sum of six million five hundred thousand dollars (\$6,500,000) in nonrecurring funds for the 2023-2024 fiscal year to develop a YMCA in Spruce Pine shall instead be provided to Mayland Community College Foundation, Inc.
 - (12) The directed grant to the North Carolina Medical Society in the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2023-2024 fiscal year for physician awareness and training related to treating PANS/PANDAS shall instead be provided to Neuroimmune North Carolina, a nonprofit organization.
 - (13) The directed grant to North Carolina's Eastern Alliance Corporation in the sum of fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2023-2024 fiscal year for capital improvements or equipment for science, technology, engineering, and math (STEM) educator training may also be used for other purposes related to the work of the organization to grow the economy of eastern North Carolina.
 - (14) The directed grant to Pender County Christian Services, Inc., in the sum of one hundred thousand dollars (\$100,000) in nonrecurring funds for the 2023-2024 fiscal year for Meals on Wheels and the directed grant to Willard Outreach Organization in the sum of one hundred thousand dollars (\$100,000) in nonrecurring funds for the 2023-2024 fiscal year for Meals on Wheels shall instead be provided as a directed grant in the sum of two hundred thousand dollars (\$200,000) in nonrecurring funds for the 2023-2024 fiscal year to Pender Alliance Council to be used for capital projects.
 - (15) The directed grant to Randolph County Schools in the sum of one hundred thousand dollars (\$100,000) in nonrecurring funds for the 2023-2024 fiscal year for athletic facilities at Providence Grove High School shall instead be used for athletic facility upgrades at schools in Randolph County.

- (16) The directed grant to Richmond County in the sum of two hundred thousand dollars (\$200,000) in nonrecurring funds for the 2023-2024 fiscal year for operations or equipment for youth programs shall instead be provided to the City of Rockingham to be used for a public purpose.
- (17) The directed grant to Robeson County – Animal Control in the sum of fifty thousand dollars (\$50,000) in nonrecurring funds for the 2023-2024 fiscal year for animal control facility upgrades may also be used for animal vaccinations and enrichment toys.
- (18) The directed grant to the Rocky Mount Area Wesleyan College Foundation, Inc. in the sum of three hundred fifty thousand dollars (\$350,000) in nonrecurring funds for the 2023-2024 fiscal year to support a nursing program shall instead be provided to the North Carolina Wesleyan University for the University's nursing program.
- (19) The directed grant to The Salvation Army for the Center of Hope in the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the 2023-2024 fiscal year for related capital improvements or equipment shall be allocated to The Salvation Army Greensboro Center of Hope in Guilford County.
- (20) The directed grant to the Town of Banner Elk in the sum of eight hundred thousand dollars (\$800,000) in nonrecurring funds for the 2023-2024 fiscal year to demolish the former Cannon Memorial Hospital building and remove asbestos containing materials shall instead be used by the Town of Banner Elk for a public purpose.
- (21) The directed grant to the Town of Fair Bluff in the sum of seven million three hundred fifty thousand dollars (\$7,350,000) in nonrecurring funds for the 2023-2024 fiscal year to be used for various purposes including demolition, capital improvements, and the Carver School Community Center shall remain available to the Town until the grant funds are expended for the purposes described in this subdivision.
- (22) The directed grant to the Town of Macclesfield in the sum of three hundred thousand dollars (\$300,000) in nonrecurring funds for the 2023-2024 fiscal year to be used to purchase a new fire truck and related equipment shall instead be provided to the Town of Pinetops to be used for a public purpose.
- (23) The directed grant to the Town of Pollocksville in the sum of three hundred thousand dollars (\$300,000) in nonrecurring funds for the 2023-2024 fiscal year to be used for a mobile medical unit shall instead be used by the Town of Pollocksville for a public purpose.
- (24) The directed grant to the Young Men's Christian Association of the Triangle Area, Inc. in the sum of seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds for the 2023-2024 fiscal year for capital improvements or equipment at the East Triangle YMCA may instead be used for any purpose at the East Triangle YMCA.
- (25) The directed grant to the Eastern Carolina Young Men's Christian Association, Inc., in the sum of five million dollars (\$5,000,000) in nonrecurring funds for the 2023-2024 fiscal year to fund a community pool project with Onslow County, the City of Jacksonville, and Onslow County Schools shall instead be provided to the New River Young Mens Christian Association Onslow, Inc.
- (26) The directed grant to the Friends of the Overmountain Victory Trail in the sum of two hundred thousand dollars (\$200,000) in nonrecurring funds for the 2023-2024 fiscal year shall instead be provided to OVNCST-Friends.

- (28) The directed grant to The Greater Fair Bluff Chamber of Commerce in the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the 2023-2024 fiscal year for development shall remain available to the Chamber of Commerce to be used for the purpose described in this subdivision until the grant funds are expended.
- (29) The directed grant to the Wildlife Resources Commission in the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds for the 2023-2024 fiscal year for capital improvements related to parking and bathroom facilities at Rhodes Pond shall instead be provided to Cumberland County.
- (30) The directed grant to Tree House Medical Recovery Center, Inc. in the sum of six million dollars (\$6,000,000) in nonrecurring funds for the 2023-2024 fiscal year for a mental health treatment center and related capital needs shall instead be provided to Tree House Recovery NC Inc. in Wilmington to be used for a substance abuse treatment center and related capital needs.
- (31) The directed grant to the Town of China Grove in the sum of three hundred fifty thousand dollars (\$350,000) in nonrecurring funds for the 2023-2024 fiscal year for capital improvements or equipment for downtown, including sidewalks and signage shall instead be used for capital improvements or equipment, including sidewalks and signage in the Town's westside neighborhood.
- (32) The directed grant to Innovative Community Schools and Services, LLC in the sum of thirty thousand dollars (\$30,000) in nonrecurring funds for the 2023-2024 for The School of Hope for autism shall instead be provided to the Hope School for Autism.
- (33) The directed grant to the Town of Bear Grass in the sum of two hundred ten thousand dollars (\$210,000) in nonrecurring funds for the 2023-2024 fiscal year for capital improvements or equipment at the Yucca House, Inc. facility shall instead be used by the Town to purchase equipment and to make capital improvements at another building for the Town's office and storage.
- (34) The directed grant to the Dan River Basin Association in the sum of forty thousand dollars (\$40,000) in nonrecurring funds for the 2023-2024 fiscal year for capital improvements or equipment at the Chinqua-Penn Walking Trail shall instead be provided to The North Carolina Agriculture Foundation, Inc.
- (35) The directed grant to Hayden-Harman Foundation in the sum of four million five hundred thousand dollars (\$4,500,000) in nonrecurring funds for the 2023-2024 fiscal year for capital improvements or equipment for the Washington Street enhancement and High Point Collaborative shall instead be used for capital improvements or equipment for the Washington Street enhancement and to support the High Point Collaborative.
- (36) The directed grant to the Holly Springs Youth Orchestra in the sum of fifty thousand dollars (\$50,000) in nonrecurring funds for the 2023-2024 fiscal year shall instead be provided to the Town of Fuquay-Varina for school safety initiatives.
- (37) Budgeted receipts from the ARPA Temporary Savings Fund to provide additional funds to Wake Forest Institute for Regenerative Medicine in the sum of five million dollars (\$5,000,000) in nonrecurring funds for each fiscal year of the 2023-2025 fiscal biennium shall instead be provided to RegenMed Development Organization, a 501(c)3 organization.

SECTION 6.1.(b) Notwithstanding any provision of S.L. 2023-134 or the Committee Report referenced in Section 43.2 of that act to the contrary, of the sum of four million dollars (\$4,000,000) in nonrecurring funds appropriated to the Office of State Budget and

Management – Special Appropriations for the 2023-2024 fiscal year to provide a directed grant to Cleveland County for cultural projects and programming, including museums and historic preservation, the sum of five hundred thousand dollars (\$500,000) shall be used by Cleveland County as follows:

- (1) The County or subrecipients designated by the County shall deposit the funds in a historic preservation fund established by the County or the designated subrecipients for the purpose of preserving historic properties.
- (2) Any funds that are unencumbered on October 3, 2025, shall not revert to the General Fund but shall remain available to the County or the designated subrecipients for the purpose of preserving historic properties.

SECTION 6.1.(b1) Notwithstanding any provision of S.L. 2023-134 or the Committee Report referenced in Section 43.2 of that act to the contrary, the sum of one million dollars (\$1,000,000) in nonrecurring funds appropriated to the Office of State Budget and Management – Special Appropriations for the 2023-2024 fiscal year to provide a directed grant to the Town of Clayton for capital improvements or equipment at the Clayton Senior Community Center shall instead be used by the Town for property acquisition, construction, capital improvements, or equipment for a community senior center or a community civic center.

SECTION 6.1.(c) Notwithstanding Section 33.11 of S.L. 2023-134 or the Committee Report referenced in Section 43.2 of that act to the contrary, the sum of three million dollars (\$3,000,000) in nonrecurring funds appropriated to the Department of Military and Veterans Affairs for the 2024-2025 fiscal year to provide a directed grant to Purple Heart Homes, Inc., a nonprofit corporation, shall instead be appropriated to the Office of State Budget and Management – Special Appropriations to provide a directed grant to Purple Heart Homes, Inc., for the purpose provided in Section 33.11 of S.L. 2023-134. The remaining provisions of Section 33.11 of S.L. 2023-134 shall continue to apply to Purple Heart Homes, Inc., for the 2024-2025 fiscal year, including the requirement to provide a report by September 1, 2024.

SECTION 6.2. G.S. 84-18.1, as amended by S.L. 2023-134, reads as rewritten:

"§ 84-18.1. Membership and fees of district bars.

(a) The district bar shall be a subdivision of the North Carolina State Bar subject to the general supervisory authority of the Council and may adopt rules, regulations and bylaws that are not inconsistent with this Article. A copy of any rules, regulations and bylaws that are adopted, along with any subsequent amendments, shall be transmitted to the Secretary-Treasurer of the North Carolina State Bar.

(b) Any district bar may from time to time by a majority vote of the members present at a duly called meeting prescribe an annual membership fee to be paid by its active members as a service charge to promote and maintain its administration, activities and programs. The fee shall ~~be not exceed~~ ninety dollars (\$90.00). The district bar may also charge a late fee, which shall not exceed fifteen dollars (\$15.00), for the failure to pay judicial district bar dues on time. The district bar shall send by mail or email a written notice to every active member of the district bar at least 30 days before any meeting at which an election is held to impose or increase mandatory district bar dues. Every active member of a district bar which has prescribed an annual membership fee shall keep its secretary-treasurer notified of the member's correct mailing and email address and shall pay the prescribed fee at the time and place set forth in the demand for payment sent by mail or email to the member by its secretary-treasurer. The name of each active member of a district bar who is more than 12 full calendar months in arrears in the payment of any fee shall be furnished by the secretary-treasurer of the district bar to the Council. In the exercise of its powers as set forth in G.S. 84-23, the Council shall thereupon take disciplinary or other action with reference to the delinquent as it considers necessary and proper."

DEPARTMENT OF INSURANCE CHANGES

SECTION 6.3.(a) G.S. 58-21-85 reads as rewritten:

"§ 58-21-85. Surplus lines tax.

...

(b) Payment of the premium receipts tax shall be due:

- (1) For risk purchasing groups, at the same time the licensee files a quarterly report with the Commissioner.
- (2) For surplus lines ~~insurers~~-licensees receiving invoices issued by the North Carolina Surplus Lines Stamping Office SLIP system, 30 days after the end of each quarter.

...."

SECTION 6.3.(b) G.S. 58-58-120 reads as rewritten:

"§ 58-58-120. Notice of nonpayment of premium required before forfeiture.

No life insurance corporation doing business in this State shall, within one year after the default in payment of any premium, installment, or interest, declare forfeited or lapsed any policy hereafter issued or renewed, except policies on which premiums are payable monthly or at shorter intervals and except group insurance contracts and term insurance contracts for one year or less, nor shall any such policy be forfeited or lapsed by reason of nonpayment, when due, of any premium, interest, or installment or any portion thereof required by the terms of the policy to be paid, within one year from the failure to pay such premium, interest, or installment, unless a written or printed notice stating the amount of such premium, interest, installment, or portion thereof due on such policy, the place where it shall be paid, and the person to whom the same is payable has been duly addressed and mailed, postage paid, to the person whose life is insured, or to the assignee or owner of the policy, or to the person designated in writing by such insured, assignee or owner, if notice of the assignment has been given to the corporation, at his or her last known post-office ~~address in this State, address,~~ by the corporation or by any officer thereof or person appointed by it to collect such premium, at least 15 and not more than 45 days prior to the day when the same is payable, as regards policies which do not contain a provision for grace or are not entitled to grace in the payment of premiums and at least five and not more than 45 days prior to the day when the same is payable as regards policies which do contain a provision for grace or are entitled to grace in the payment of premiums. The notice shall also state that unless such premium, interest, installment, or portion thereof then due shall be paid to the corporation or to the duly appointed agent or person authorized to collect such premium, by or before the day it falls due, the policy and all payments thereon will become forfeited and void, except as to the right to a surrender value or paid-up policy, as in the contract provided. If the payment demanded by such notice shall be made within its time limit therefor, it shall be taken to be in full compliance with the requirements of the policy in respect to the time of such payment; and no such policy shall in any case be forfeited or declared forfeited or lapsed until the expiration of 30 days after the mailing of such notice. The affidavit of any officer, clerk, or agent of the corporation, or of anyone authorized to mail such notice, that the notice required by this section has been duly addressed and mailed by the corporation issuing such policy, shall be presumptive evidence that such notice has been duly given. No action shall be maintained to recover under a forfeited policy unless the same is instituted within three years from the day upon which default was made in paying the premium, installment, interest, or portion thereof for which it is claimed that forfeiture ensued."

OFFICE OF STATE FIRE MARSHAL TECHNICAL CHANGES

INSURING STATE PROPERTY, OFFICIALS, AND EMPLOYEES

SECTION 6.4.(a) Article 31 of Chapter 58 of the General Statutes reads as rewritten:

"Article 31.

"Insuring State Property, Officials and Employees.

...

"§ 58-31-2. Certain buildings of North Carolina Global TransPark exempt.

...

(c) The North Carolina Global TransPark Authority shall notify the ~~Commissioner of Insurance~~ Office of the State Fire Marshal in writing that the Authority is entering into a contract or modifying a contract for which the exemption under this section would apply at least 30 days prior to entering into or modifying that contract. The Authority shall consult with the ~~Commissioner of Insurance~~ Office of the State Fire Marshal regarding the adequacy of insurance for fire losses required by this section during this period.

"§ 58-31-5. Appropriations; fund to pay administrative expenses.

Upon the expiration of the existing fire insurance policies on said properties and in making appropriations for any biennium after the next biennium, the ~~Commissioner~~ State Fire Marshal shall file with the Department of Administration his or her estimate of the appropriations which will be necessary in order to set up and maintain an adequate reserve to provide a fund sufficient to protect the State, its departments, institutions, and agencies from loss or damage to any of said properties up to fifty per centum (50%) of the value thereof. Appropriations made for the creating of such fire insurance reserves against property of the Department of Agriculture and Consumer Services, or the Department of Transportation or any special operating fund shall be charged against the funds of such departments.

The State Property Fire Insurance Fund is authorized and empowered to pay all the administrative expenses occasioned by the administration of Article 31 of Chapter 58 of the General Statutes.

"§ 58-31-10. Payment of losses on basis of actual cost of restoration or replacement; rules; insurance and reinsurance; sprinkler leakage insurance.

(a) In the case of total or partial loss of any property of any State agency or institution, the ~~Commissioner~~ State Fire Marshal shall determine the amount of loss and certify that amount to the agency or institution concerned and to the Director of the Budget and Council of State. The Director of the Budget and Council of State may authorize transfers from the Fund to the agency or institution that suffered the loss in amounts that are necessary to pay for the actual cost of restoration or replacement of the property. In the event there is not a sufficient amount in the Fund to pay for the actual cost of restoration or replacement, the Director of the Budget and the Council of State may supplement the Fund by transferring amounts from the Contingency and Emergency Fund.

(b) The ~~Commissioner~~ State Fire Marshal, with the approval of the Council of State, is authorized to adopt rules necessary to carry out the purpose of this Article, which rules shall be binding on all State agencies and institutions. The ~~Commissioner~~ State Fire Marshal, with the approval of the Director of the Budget and the Council of State, is authorized to purchase from qualified insurers insurance or reinsurance necessary to protect the Fund against loss on any one building and its contents in excess of fifty thousand dollars (\$50,000), and the premiums for this coverage shall be paid from the Fund.

(c) Upon the request of any State agency or institution, sprinkler leakage insurance shall be provided on designated property of the agency or institution that is insured by the Fund. Premiums for this coverage shall be paid by the requesting agency or institution in accordance with rates fixed by the ~~Commissioner~~ State Fire Marshal. Losses covered by this insurance may be paid out of the Fund in the same manner as other losses. The ~~Commissioner~~ State Fire Marshal, with the approval of the Director of the Budget and the Council of State, is authorized to purchase from qualified insurers insurance or reinsurance necessary to protect the Fund against loss with respect to sprinkler leakage insurance coverage.

"§ 58-31-12. Policy forms.

The ~~Commissioner~~ State Fire Marshal, with the approval of the Council of State, may adopt insurance forms for coverages provided by the State Property Fire Insurance Fund under this Article.

...

"§ 58-31-20. Use and occupancy and business interruption insurance.

Upon request of any State department, ~~agency~~agency, or institution, use and occupancy and business interruption insurance shall be provided on state-owned property of such department, ~~agency~~agency, or institution which is insured by the State Property Fire Insurance Fund. Premiums for such insurance coverage shall be paid by each requesting department, ~~agency~~agency, or institution in accordance with rates fixed by the ~~Commissioner~~State Fire Marshal. Losses covered by such insurance may be paid for out of the State Property Fire Insurance Fund in the same manner as fire losses. The ~~Commissioner~~State Fire Marshal, with the approval of the Governor and Council of State, is authorized and empowered to purchase from insurers admitted to do business in North Carolina such insurance or reinsurance as may be necessary to protect the State Property Fire Insurance Fund against loss with respect to such insurance coverage.

"§ 58-31-25. Professional liability insurance for officials and employees of the State.

The ~~Commissioner~~State Fire Marshal may acquire professional liability insurance covering the officers and employees of any State department, ~~institution~~institution, or agency upon the request of such State department, ~~institution~~institution, or agency. Premiums for such insurance coverage shall be paid by the requesting department, ~~institution~~institution, or agency at rates fixed by the ~~Commissioner~~State Fire Marshal from funds made available to it for the purpose. The ~~Commissioner~~State Fire Marshal, in placing a contract for such insurance is authorized to place such insurance through the Public Officers and Employees' Liability Insurance Commission, and shall exercise all efforts to place such insurance through the said commission prior to attempting to procure such insurance through any other source.

The ~~Commissioner~~State Fire Marshal, pursuant to this section, may acquire professional liability insurance covering the officers and employees of a department, ~~institution~~institution, or agency of State government only if the coverage to be provided by such policy is coverage of claims in excess of the protection provided by Articles 31 and 31A of Chapter 143 of the General Statutes.

The purchase, by any State department, ~~institution~~institution, or agency of professional liability insurance covering the law-enforcement officers, ~~officers~~officers, or employees of such department, ~~institution~~institution, or agency shall not be construed as a waiver of any defense of sovereign immunity by such department, ~~institution~~institution, or agency. The purchase of such insurance shall not be deemed a waiver by any employee of the defense of sovereign immunity to the extent that such defense may be available to him.

The payment, by any State department, ~~institution~~institution, or agency of funds as premiums for professional liability insurance through the plan provided herein, covering the law-enforcement officers or officials or employees of such department, ~~institution~~institution, or agency is hereby declared to be for a public purpose.

...

"§ 58-31-35. Information furnished ~~Commissioner~~State Fire Marshal by officers in charge.

It is the duty of the different officers or boards having in their custody any property belonging to the State to inform the ~~Commissioner~~State Fire Marshal, giving him or her in detail a full description of same, and to keep him or her informed of any changes in such property or its location or surroundings.

...

"§ 58-31-45. Report required of ~~Commissioner~~State Fire Marshal.

The ~~Commissioner~~State Fire Marshal must submit to the Governor a full report of his or her official action under this Article, with such recommendations as commend themselves to the ~~Commissioner~~State Fire Marshal.

...

"§ 58-31-52. State motor vehicle safety program.

(a) Findings, Policy, and Purpose. – Motor vehicle accidents exact a terrible toll of human tragedy and suffering as well as national resources within the United States. The same is true, on a smaller scale, within North Carolina State government. Every year State employees or members of the general public are killed or injured, and a significant portion of the State's financial resources is expended as a direct result of accidents involving State-owned vehicles. Accordingly, it is North Carolina policy that the State-owned motor vehicle fleet and vehicles used on behalf of the State be operated and maintained in such a manner as to minimize deaths, injuries, and costs. The purpose of this section is to direct the ~~Commissioner of Insurance Office of the State Fire Marshal~~ to develop a program to provide policy, requirements, procedures, technical information, and standards for administering a State vehicle safety program which will apply to all State personnel involved in the administration and operation of vehicles on behalf of the State.

(b) The ~~Commissioner~~ State Fire Marshal shall develop and adopt a State motor vehicle safety program to assure that State-owned motor vehicles are operated and maintained in a safe manner.

(c) In developing the program, the ~~Commissioner~~ State Fire Marshal shall include the following:

...

(d) The requirements and procedures established under the program apply to all agencies and persons operating vehicles on behalf of the State, unless specifically exempted by the ~~Commissioner~~ State Fire Marshal. Agencies may adopt more stringent requirements and procedures than those adopted by the ~~Commissioner~~ State Fire Marshal under this section. The administration of the program in each agency is the responsibility of each agency head or that person's designee.

(e) The provisions of Chapter 150B of the General Statutes do not apply to the program developed and adopted under this section.

"§ 58-31-55. Insurance and official fidelity bonds for State agencies to be placed by Department; exception; costs of placement.

Except as provided in G.S. 58-32-15, all insurance and all official fidelity and surety bonds authorized for State departments, institutions, and agencies shall be effected and placed by the Department, and the cost of such placement shall be paid by the State department, institution, or agency involved upon bills rendered to and approved by the ~~Commissioner~~ State Fire Marshal.

...

"§ 58-31-65. Owner-controlled or wrap-up insurance authorized.

(a) To the extent it is determined necessary and in the best interest of this State, the ~~Department~~ Office of the State Fire Marshal may obtain design and construction insurance or provide for self-insurance against property damage caused by this State, its departments, agencies, boards, and commissions and all officers and employees of this State in connection with the construction of public works projects. Workers' compensation and general liability insurance may be purchased to cover both general contractors and subcontractors doing work on a specific contracted work site. In connection with the construction of public works projects, the ~~Department~~ Office of the State Fire Marshal may also use an owner-controlled or wrap-up insurance program if all of the following conditions are met:

...

- (2) The program maintains completed operations coverage for a term during which coverage is reasonably commercially available as determined by the ~~Commissioner~~ State Fire Marshal, but in no event for fewer than three years.

...."

SECTION 6.4.(b) G.S. 58-78A-16, as enacted in Section 10.1(d) and Section 10.1(e) of S.L. 2023-151, is recodified as G.S. 58-31-41.

STATE INSURANCE FOR PUBLIC EDUCATION

SECTION 6.4.(c) Part 1 and Part 2 of Article 31A of Chapter 58 of the General Statutes read as rewritten:

"Part 1. Public Education Property.

...

"§ 58-31A-5. Duty of the ~~Commissioner~~ State Fire Marshal to operate insurance system for public education property.

The ~~Commissioner~~ State Fire Marshal shall have the duty to manage and operate a system of insurance for public education property. The ~~Commissioner~~ State Fire Marshal may offer a system of property insurance to any charter schools approved pursuant to G.S. 115C-218.5.

"§ 58-31A-10. Flood insurance.

Premiums for flood insurance coverage for public education buildings shall be paid by each public education board in accordance with rates fixed by the ~~Commissioner~~ State Fire Marshal, and the ~~Commissioner~~ State Fire Marshal may purchase from insurers admitted to do business in North Carolina such insurance or reinsurance as may be necessary to protect the State Public Education Insurance Fund against loss with respect to such insurance coverage.

"§ 58-31A-15. Authority and rules for organization of system.

The ~~Commissioner~~ State Fire Marshal is hereby authorized, directed, and empowered to establish a division to manage and operate a system of insurance for public education property. The ~~Commissioner~~ State Fire Marshal shall adopt such rules and regulations as may be necessary to provide all details inherent in the insurance of public education property. The ~~Commissioner~~ State Fire Marshal shall employ any staff necessary, which in his or her opinion is necessary to insure and protect effectively public education property, and he or she shall fix their compensation consistent with the policies of the State Human Resources Commission.

"§ 58-31A-20. State Public Education Property Insurance Fund; decrease of premiums when fund reaches five percent of total insurance in force.

(a) There is established a State Public Education Property Insurance Fund (Fund) as a special fund in the State treasury for the purpose of providing a reserve against property loss of public education boards. The State Treasurer shall be the custodian of the Fund and shall invest its assets in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. All funds paid over to the State Treasurer by the ~~Commissioner~~ State Fire Marshal for premiums on insurance by public education boards and all money received from interest or from loans and deposits and from any other source connected with the insurance of the property shall be held by the State Treasurer in the Fund for the purpose of paying all insurable hazards for which the Fund shall be liable and the expenses necessary for the proper conduct of the insurance of such property, together with such premiums for reinsurance that the ~~Commissioner~~ State Fire Marshal may deem necessary to reinsure as provided by this Article.

(b) When the balance of the Fund reaches the sum of five percent (5%) of the total insurance in force, then annually thereafter the ~~Commissioner~~ State Fire Marshal shall proportionately decrease the premiums on insurance to an amount which will be sufficient to maintain the Fund at five percent (5%) of the total insurance in force, and in the event in the judgment of the ~~Commissioner~~ State Fire Marshal the income from the investments of the Fund are sufficient to maintain the same at five percent (5%) of the total insurance in force, no premium shall be charged for the ensuing year. However, no public education board shall cease to pay premiums until five annual payments of premiums have been made on a building or property insured whether or not through such payments the Fund shall be increased beyond five percent (5%) of the total insurance in force, unless such building or property shall cease to be insurable under this Article within such five-year period.

"§ 58-31A-25. Insurance of property by public education boards; notice of election to insure and information to be furnished; outstanding policies.

All public education boards may insure all public education property titled to that board against the direct loss or damage by insurable hazards in public education buildings and other public education properties in the Fund. Any property covered by an insurance policy in effect on the date when the property of a public education board is insured in the Fund shall be insured by the Fund as of the expiration of the policy. Each public education board shall give notice of its election to insure in the Fund at least 90 days prior to such insurance becoming effective and shall furnish to the ~~Commissioner~~State Fire Marshal a full and complete list of all outstanding property insurance policies, giving in complete detail the name of the insurers, the amount of the insurance and expirations thereof. While the said insurance policies remain in effect, the Fund shall act as coinsurer of the properties covered by such insurance to the same extent and in the same manner as is provided for coinsurance under the provisions of the standard form of property insurance as provided by law, and in the event of loss shall have the same rights and duties as required by participating insurance companies.

"§ 58-31A-30. Inspections of insured public education properties.

The ~~Commissioner~~State Fire Marshal shall provide for periodic inspections of all public education properties in the State of North Carolina insured under the provisions of this Article, in addition to the inspections required by G.S. 115C-525(b). The person making inspections required under G.S. 115C-525(b) shall furnish a copy to the ~~Commissioner~~State Fire Marshal, and the local superintendent shall furnish to the ~~Commissioner~~State Fire Marshal their corrective action plan. The inspections shall be for safety of buildings and particularly buildings used to provide instruction to students. The inspections shall be the basis for offering such engineering advice as may be thought to be necessary to safeguard students in public education buildings from death and injury from school fires or explosions and to protect the properties from loss, and the public education properties shall be required so far as possible, and reasonable, to carry out and put into effect any recommendations made by the ~~Commissioner~~State Fire Marshal.

"§ 58-31A-35. Information to be furnished prior to insuring in Fund; providing for payment of premiums.

Public education boards shall, at least 90 days before insuring in the Fund, furnish to the ~~Commissioner~~State Fire Marshal a complete and detailed list of all public education buildings and contents of those buildings and other insurable public education property, together with an estimate of the present value of the property. Valuation for purposes of insuring in the Fund shall be reached by agreement in accordance with the procedure established for adjustment of losses. Public education boards and the tax-levying authority shall be required to provide for the payment of premiums for insurance on the school properties of each public education board, respectively, to the extent of not less than eighty percent (80%) of the current insurable value of the said properties, including the insurance in property insurance companies and the insurance provided by the Fund.

"§ 58-31A-40. Determination and adjustment of premium rates; certificate as to insurance carried; no lapse; notice as to premiums required, and payments of premiums.

(a) The ~~Commissioner~~State Fire Marshal shall determine the annual premium rate to be charged for insurance of public education properties pursuant to this Article, and rates shall be adjusted from time to time so as to provide insurance against damage or loss resulting from insurable hazards to public education buildings and properties of the public education boards at the lowest cost possible in keeping with the payment of cost of administration under this Article, and the creation of adequate reserves to pay losses which may be incurred. The ~~Commissioner~~State Fire Marshal shall furnish to each public education board annually and, at such times as changes may require, a certificate showing the amount of insurance carried on each item of insurable property. This insurance shall not lapse but shall remain in force until the public education board requests that the insurance be canceled or until such property becomes uninsurable in the manner set out in G.S. 58-31A-45. From time to time, the public education board shall be notified as to the amount of the premiums required to be paid for insurance and

the amounts to be provided for in the annual budget of the public education board. The tax-levying authorities shall provide by taxation or otherwise a sum sufficient to pay the required premiums.

(b) The public education board shall, within 30 days from notice of the rate of the premium, pay to the ~~Commissioner~~ State Fire Marshal the amount of the premiums on the insurance, and in the event that there are no funds available to make a payment on the premiums as required by this subsection, the premium shall be paid out of the first funds available to the public education board. Delayed payments shall bear interest at the rate of six percent (6%) per annum.

"§ 58-31A-45. Adjustment of losses; determination and report of appraisers; payment of amounts to treasurers of local school administrative units; disbursement of funds.

...

(b) In the event of loss or damage by insurable hazards to public education buildings and properties of the public education boards, to the property insured, when an agreement as to the extent of the loss or damage cannot be arrived at between the ~~Commissioner~~ State Fire Marshal and the public education board with control charge of the property, the amount of the loss or damage shall be determined by three appraisers selected as follows: the ~~Commissioner~~ State Fire Marshal shall select one appraiser, the public education board in control of the property shall select one appraiser, and the two appraisers selected by the ~~Commissioner~~ State Fire Marshal and the public education board shall select a third appraiser. The selected appraisers shall be disinterested persons and shall be qualified from experience to appraise and value the property. If the appraisers appointed by the ~~Commissioner~~ State Fire Marshal and the public education board shall fail to agree upon a third appraiser within 15 days of their selection, then, on request of the ~~Commissioner~~ State Fire Marshal or the public education board, a third appraiser shall be selected by any regular resident superior court judge of the superior court district or set of districts as defined in G.S. 7A-41.1 in which the property is located. The selected appraisers shall file their written report with the ~~Commissioner~~ State Fire Marshal and with the public education board. The costs of the appraisal shall be paid from the Fund. Upon the determination of the loss by the appraisers, the ~~Commissioner~~ State Fire Marshal shall pay the amount of the loss or damage to the education property to the finance officer of the public education board, upon proper warrant of the ~~Commissioner~~ State Fire Marshal. The funds shall be paid out by the finance officer for the disbursement of the funds to the public education board.

"§ 58-31A-50. Maintenance of inspection and engineering service; cancellation of insurance.

The ~~Commissioner~~ State Fire Marshal is authorized and empowered to maintain an inspection and engineering service deemed by it to be appropriate and necessary to reduce the hazards of fire in public education buildings insured in the Fund and to expend for such purpose not in excess of ten percent (10%) of the annual premiums collected from the public education boards. The ~~Commissioner~~ State Fire Marshal is authorized and empowered to cancel any insurance on any public education property when, in his or her opinion, because of dilapidation and depreciation of the property, the property is no longer insurable. The public education board shall be notified at least 30 days prior to cancellation, and in the event the public education board demonstrates the property can be restored to insurable condition, the ~~Commissioner~~ State Fire Marshal may continue insurance coverage, provided, that the findings and results of the inspection of public education property by the agents of the ~~Commissioner~~ State Fire Marshal shall be reported to the public education board and to the tax-levying authority for that public education board that carry insurance with the Fund at least 30 days prior to finalization of a local budget for that fiscal year to ensure that all public education property shall be properly taken care of and made safe from fire hazards.

"§ 58-31A-55. Other property insurance.

The ~~Commissioner~~ State Fire Marshal shall adopt rules for providing property insurance on property insured by the Fund against all risks of direct physical loss not otherwise insured against pursuant to this Article. Losses covered by this additional insurance shall be paid out of the Fund in the same manner as fire and extended coverage losses. Each public education board that elects to purchase this additional insurance shall pay a premium in accordance with rates fixed by the ~~Commissioner~~ State Fire Marshal. This additional insurance shall be subject to the provisions and stipulations on policy forms approved by the ~~Commissioner~~ State Fire Marshal.

"Part 2. Student-Athletic Catastrophic Insurance.

"§ 58-31A-60. Catastrophic insurance for covered activities.

...
(b) The ~~Commissioner of Insurance~~ State Fire Marshal shall have the duty to offer catastrophic insurance coverage for covered persons to participating schools for covered activities.

(c) Premiums for catastrophic insurance for covered activities shall be paid by each participating school in accordance with rates fixed by the ~~Commissioner~~ State Fire Marshal, and the ~~Commissioner~~ State Fire Marshal may purchase from insurers admitted to do business in North Carolina such insurance as may be necessary."

PUBLIC OFFICERS AND EMPLOYEES LIABILITY INSURANCE COMMISSION

SECTION 6.4.(d) G.S. 58-32-1 reads as rewritten:

"§ 58-32-1. Commission created; membership.

There is hereby created within the ~~Department~~ Office of the State Fire Marshal a Public Officers and Employees Liability Insurance Commission. The Commission shall consist of 11 members who shall be appointed as follows: the ~~Commissioner~~ State Fire Marshal shall appoint six members as follows: two members who are members of the insurance industry who may be chosen from a list of six nominees submitted to the ~~Commissioner~~ State Fire Marshal by the Independent Insurance Agents of North Carolina, Inc.; one member who is employed by a police department who may be chosen from a list of three nominees submitted to the ~~Commissioner~~ State Fire Marshal jointly by the North Carolina Police Chiefs Association and North Carolina Police Executives Association, and one member who is employed by a sheriff's office who may be chosen from a list of three nominees submitted to the ~~Commissioner~~ State Fire Marshal by the North Carolina Sheriff's Association; one member representing city government who may be chosen from a list of three nominees submitted to the ~~Commissioner~~ State Fire Marshal by the North Carolina League of Municipalities; and one member representing county government who may be chosen from a list of three nominees submitted to the ~~Commissioner~~ State Fire Marshal by the North Carolina Association of County Commissioners; and the General Assembly shall appoint two persons, one upon the recommendation of the Speaker of the House of Representatives, and one upon the recommendation of the President Pro Tempore of the Senate. The ~~Commissioner~~ State Fire Marshal or the ~~Commissioner's~~ State Fire Marshal's designate shall be an ex officio member. Appointments by the General Assembly shall be made in accordance with G.S. 120-121, and vacancies in those appointments shall be filled in accordance with G.S. 120-122. The terms of the initial appointees by the General Assembly shall expire on June 30, 1983. The Secretary of the Department of Public Safety or the Secretary's designate shall be an ex officio member. The Attorney General or the Attorney General's designate shall be an ex officio member. One insurance industry member appointed by the ~~Commissioner~~ State Fire Marshal shall be appointed to a term of two years and one insurance industry member shall be appointed to a term of four years. The police department member shall be appointed to a term of two years and the sheriff's office member shall be appointed to a term of four years. The representative of county government shall be appointed to a term of two years and the representative of city government to a term of four years. Beginning July 1, 1983, the appointment made by the General Assembly upon the recommendation of the Speaker shall be

for two years, and the appointment made by the General Assembly upon the recommendation of the President Pro Tempore of the Senate shall be for four years. Except as provided in this section, if any vacancy occurs in the membership of the Commission, the appointing authority shall appoint another person to fill the unexpired term of the vacating member. After the initial terms established herein have expired, all appointees to the Commission shall be appointed to terms of four years.

The Commission members shall elect the chair and vice-chair of the Commission. The Commission may, by majority vote, remove any member of the Commission for chronic absenteeism, misfeasance, malfeasance or other good cause."

SECTION 6.4.(e) Members serving on the Public Officers and Employees Liability Insurance Commission on the date this act becomes law may continue to serve until their terms expire. Upon the expiration of the members' terms, the vacancies shall be filled as provided in G.S. 58-32-1, as enacted by Section 6.4(d) of this act.

MISCELLANEOUS

SECTION 6.4.(f) G.S. 58-78A-1 reads as rewritten:

"§ 58-78A-1. Office of the State Fire Marshal.

...

(b) The Office of the State Fire Marshal shall be responsible for all of the following:

...

(20) Ratings and Inspections.

(21) Grants and Governmental Services.

...."

SECTION 6.4.(g) G.S. 143-135.26 reads as rewritten:

"§ 143-135.26. Powers and duties of the Commission.

The State Building Commission shall have the following powers and duties with regard to the State's capital facilities development and management program:

...

(10) To adopt rules governing review and final approval of plans that are submitted to the State Construction Office pursuant to ~~G.S. 58-31-40.~~ G.S. 58-31-41. The rules shall provide for the manner of submission of the plan by the owner, the type of structural work that may be completed by the owner pursuant to ~~G.S. 58-31-40(c).~~ G.S. 58-31-41(c) and the expeditious review or completion of review of the plan in a manner that ensures that the building will meet the fire safety requirements of ~~G.S. 58-31-40(b).~~ G.S. 58-31-41(b).

...."

SECTION 6.4.(h) G.S. 143-345.11 reads as rewritten:

"§ 143-345.11. Secretary's approval of plans for State buildings required.

...

(c) Except as provided in subsection (a) of this section, nothing in this section shall be construed to abrogate the authority of the ~~Commissioner of Insurance~~ State Fire Marshal under ~~G.S. 58-31-40~~ G.S. 58-31-41 or any other provision of law.

(d) The Secretary shall provide quarterly written reports on plans reviewed and approved under this section to the ~~Commissioner of Insurance.~~ State Fire Marshal. The reports shall be made in a form approved by the ~~Commissioner of Insurance~~ State Fire Marshal and the Secretary."

SECTION 6.4.(i) G.S. 143-138 reads as rewritten:

"§ 143-138. North Carolina State Building Code.

...

(i) Section 1008 of Chapter X of Volume 1 of the North Carolina State Building Code, Title "Special Safety to Life Requirements Applicable to Existing High-Rise Buildings" as

adopted by the North Carolina State Building Code Council on March 9, 1976, as ratified and adopted as follows:

SECTION 1008-SPECIAL SAFETY TO LIFE REQUIREMENTS APPLICABLE TO
EXISTING HIGH-RISE BUILDINGS

1008 – GENERAL.

...

(f) *Filing of Test Reports and Maintenance on Life Safety Equipment.* – The engineer performing the design for the electrical and mechanical equipment, including sprinkler systems, must file the test results with the Engineering and Building Codes Division of the ~~Office of the State Fire Marshal, Department of Insurance,~~ or to the agency designated by the Office of the State Fire Marshal, that such systems have been tested to indicate that they function in accordance with the standards specified in this section and according to design criteria. These test results shall be a prerequisite for the Certificate of Compliance required by (b) above. Test results for I-Institutional shall be filed with the Construction Section, Division of Health Service Regulation. It shall be the duty and responsibility of the owners of Class I, II and III buildings to maintain smoke detection, fire detection, fire control, smoke removal and venting as required by this section and similar emergency systems in proper operating condition at all times. Certification of full tests and inspections of all emergency systems shall be provided by the owner annually to the fire department.

...."

SECTION 6.4.(j) G.S. 143-139 reads as rewritten:

"§ 143-139. Enforcement of Building Code.

...

(e) State Buildings. – With respect to State buildings, the Department of Administration shall have general supervision, through the Office of State Construction, of the administration and enforcement of all sections of the North Carolina State Building Code pertaining to plumbing, electrical systems, general building restrictions and regulations, heating and air conditioning, fire protection, and the construction of buildings generally, except those sections of the Code the enforcement of which is specifically allocated to other agencies by subsections (c) and (d) of this section, and shall also exercise all remedies as provided in subsection (b1) of this section. The Department of Administration shall be the only agency with the authority to seek remedies pursuant to this section with respect to State buildings. Except as provided herein, nothing in this subsection shall be construed to abrogate the authority of the State Fire Marshal under ~~G.S. 58-31-40~~ G.S. 58-31-41 or any other provision of law. For the purposes of this subsection, "State buildings" does not include 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."

SECTION 6.4.(k) G.S. 143-140.1 reads as rewritten:

"§ 143-140.1. Alternative design construction and methods; appeals.

The Building Code Council shall, by January 1, 2023, promulgate rules, procedures, and policies for the approval of alternative designs and construction that follow the North Carolina State Building Code. The Residential Code Council shall, by January 1, 2026, promulgate rules, procedures, and policies for the approval of alternative designs and construction that follow the North Carolina State Building Code. In the event of a dispute between a local authority having jurisdiction and the designer or owner-representative regarding alternative designs and construction, and notwithstanding any other section within this Article, appeals by the designer or owner-representative on matters pertaining to alternative design construction or methods shall be heard by the ~~Department of Insurance Engineering Division, Engineering and Building Codes Division of the Department of Insurance.~~ The State Fire Marshal-Engineering and Building Codes Division shall issue its decision regarding an appeal filed under this section within 10

business days. The ~~Commissioner of Insurance~~ State Fire Marshal shall adopt rules in furtherance of this section."

REPEAL DARE COUNTY HOUSING REGULATORY EXEMPTION

SECTION 6.5. Section 24.1(b) and Section 24.1(c) of S.L. 2022-74 and Section 24.8 of S.L. 2023-134 are repealed.

PART VII. INFORMATION TECHNOLOGY

DIT PILOT PROJECT CORRECTION

SECTION 7.1. Section 38.4 of S.L. 2023-134 reads as rewritten:

"SECTION 38.4(a) In accordance with G.S. 143B-1325(c)(13), and notwithstanding any other provision of Article 15 of Chapter 143B of the General Statutes to the contrary, the State Highway Patrol, the State Bureau of Investigation, and the Division of Emergency Management within the Department of Public Safety shall continue to be entirely exempt from any and all information technology oversight by the Department of Public Safety and the Department of Information Technology. The State Highway Patrol, the State Bureau of Investigation, and the Division of Emergency Management shall initiate a pilot project where those divisions shall be deemed as separate, stand-alone entities within the Department of Public Safety in all matters related to information technology, and each shall autonomously manage their own respective information technology infrastructure and all associated services without oversight from the Department of Information Technology or the Department of Public Safety. Exemption from information technology oversight includes, but is not limited to, the following:

- (1) Information technology architecture and planning.
- (2) Information technology personnel management.
- (3) Information technology project management.
- (4) Information technology purchasing and procurement decisions and methodologies.
- (5) Hardware acquisition, configuration, implementation, and management.
- (6) Software acquisition, configuration, implementation, and management.
- (7) Data center locations, operations, and management.
- (8) Network topology, operations, and management.
- (9) System and data security, including disaster recovery planning.
- (10) Reporting requirements.
- (11) Any future transfers of information technology personnel, operations, projects, assets, and information technology budgets to the Department of Information Technology.

"SECTION 38.4(a1) For the duration of the pilot project described in this section, the State Highway Patrol and the Division of Emergency Management shall continue to utilize personnel from the Department of Public Safety to perform information technology purchasing and procurement functions in order to ensure compliance with applicable law.

"SECTION 38.4(b) This section expires on June 30, 2025."

GDAC FUNDING REVERSION

SECTION 7.2. Part XXXVIII of S.L. 2023-134 is amended by adding a new section to read:

"GDAC FUNDING REVERSION

"SECTION 38.9. Notwithstanding any provision of law to the contrary, funds appropriated in this act to the Government Data Analytics Center (GDAC) may also be utilized to support modernization within the statewide health information exchange network, also known as NC

Healthconnex. Unexpended funds appropriated to GDAC in this act for the 2023-2025 fiscal biennium shall revert on June 30, 2025."

PART VIII. SALARIES AND BENEFITS

DAC/ELIGIBLE STATE-FUNDED EMPLOYEES

SECTION 8.1. Section 39.1(b)(8) of S.L. 2023-134 reads as rewritten:

"(8) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the Department of Adult Correction, and the State Board of Education who are paid based on the Teacher Salary Schedule."

DAC CORRECTIONAL OFFICER PAY SCHEDULE CORRECTION

SECTION 8.2. The salary schedule for Correctional Officers of the Department of Adult Correction contained in Section 39.15(b) of S.L. 2023-134 is amended by changing the salary set for Correctional Officers having two years of experience (CO II) to the following amounts:

- (1) Forty-two thousand eight hundred thirty-two dollars (\$42,832) in fiscal year 2023-2024, effective July 1, 2023.
- (2) Forty-four thousand one hundred seventeen dollars (\$44,117) in fiscal year 2024-2025, effective July 1, 2024.

JUDICIAL PAY CHANGE/DIRECTOR OF INDIGENT DEFENSE SERVICES

SECTION 8.3.(a) Section 39.6(a) of S.L. 2023-134 reads as rewritten:

"**SECTION 39.6.(a)** Effective July 1, 2023, the annual salaries, payable monthly, for the following judicial branch officials for the 2023-2024 fiscal year are as follows:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	\$198,120
Associate Justice, Supreme Court	192,978
Chief Judge, Court of Appeals	189,926
Judge, Court of Appeals	184,996
Judge, Senior Regular Resident Superior Court	170,000
Judge, Superior Court	165,000
Chief Judge, District Court	163,462
Judge, District Court	158,654
Chief Administrative Law Judge	140,520
District Attorney	163,231
Assistant Administrative Officer of the Courts	147,393
Public Defender	163,231
Director of Indigent Defense Services	157,751 164,454"

SECTION 8.3.(b) Section 39.6(a1) of S.L. 2023-134 reads as rewritten:

"**SECTION 39.6.(a1)** Effective July 1, 2024, the annual salaries, payable monthly, for the following judicial branch officials for the 2024-2025 fiscal year are as follows:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	\$203,073
Associate Justice, Supreme Court	197,802
Chief Judge, Court of Appeals	194,674
Judge, Court of Appeals	189,621
Judge, Senior Regular Resident Superior Court	174,250
Judge, Superior Court	169,125
Chief Judge, District Court	167,548

Judge, District Court	162,620
Chief Administrative Law Judge	144,736
District Attorney	167,337
Assistant Administrative Officer of the Courts	151,815
Public Defender	167,337
Director of Indigent Defense Services	162,484 168,565"

CLARIFY TEMPORARY WAIVER OF TSERS REPORTING REQUIREMENTS/GASTON COUNTY PUBLIC SCHOOLS

SECTION 8.4. Section 39.28A(a) of S.L. 2023-134 reads as rewritten:

"**SECTION 39.28A.(a)** Any penalty payment ~~determined to be owed~~ assessed under G.S. 135-8(f)(3) related to reporting requirements of employee and employer contributions by Gaston County Public Schools for the period of January 1, 2022, to June 30, 2023, is waived and shall no longer be due."

PART IX. CAPITAL

SCIF TECHNICAL CORRECTIONS

SECTION 9.1.(a) Part XL of S.L. 2023-134 is amended by adding the following new section to read:

"SCIF GRANT & ALLOCATION CHANGES

"SECTION 40.8.(a) Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, the following grants and funds allocated from the State Capital and Infrastructure Fund are amended as follows:

- (1) The funding allocated to the University of North Carolina at Pembroke for project code UNC/PEM23-1 in the sum of six million one hundred thousand dollars (\$6,100,000) for the 2024-2025 fiscal year may be used for the comprehensive renovation or replacement of the Givens Performing Arts Center.
- (2) The funds transferred to the Office of State Budget and Management to provide funds to the Town of Gibsonville in the sum of five hundred seventy-five thousand dollars (\$575,000) for the 2023-2024 fiscal year and the sum of four hundred twenty-five thousand dollars (\$425,000) for the 2024-2025 fiscal year to be used for capital improvements or equipment for the police department shall instead be transferred to the State Capital and Infrastructure Fund to be disbursed to the Town for the purposes described in this subdivision.
- (3) The funding allocated to Brunswick County in the sum of five million dollars (\$5,000,000) for the 2023-2024 fiscal year shall instead be provided in the form of separate grants in the sum of one million dollars (\$1,000,000) to each of the following entities:
 - a. Civietown Fire & Rescue, Inc.
 - b. Supply Fire & Rescue, Inc.
 - c. Sunset Harbor and Zion Hill Volunteer Fire Department, Inc.
 - d. Tri-beach Volunteer Fire Department, Inc.
 - e. Bolivia Volunteer Fire Department.

"SECTION 40.8.(b) Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, the grants and funds allocated from the State Capital and Infrastructure Fund and the ARPA Temporary Savings Fund described as being provided to the Katie Blessing Foundation, a nonprofit in Mecklenburg County, shall be used to build a new pediatric and adolescent behavioral health facility."

SECTION 9.1.(b) Section 40.1 of S.L. 2023-134 reads as rewritten:

"**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

...

University of North Carolina at Pembroke—

Health Sciences Center

UNC/PEM21-1

Givens Performing Arts Center—Renovation or Replacement

UNC/PEM23-1

...."

SECTION 9.1.(c) Section 40.17 of S.L. 2021-180, as enacted by Section 9.1(d) of S.L. 2021-189 and amended by Section 18.1 of S.L. 2022-6, Section 16 of S.L. 2022-11, Section 40.2 of S.L. 2022-74, and Section 40.5(n) of S.L. 2023-134, is amended by adding two new subdivisions to read:

"(80) The funding allocated to Cleveland Community College in the sum of four hundred fifty thousand dollars (\$450,000) for the 2021-2022 fiscal year shall instead be allocated in the form of a grant to Cleveland County for a new law enforcement training driving pad for Cleveland Community College.

(81) The funding provided to Cleveland Community College in the sum of one million five hundred thousand dollars (\$1,500,000) for the 2021-2022 fiscal year may also be used for renovation, new construction, and equipment."

PART X. TRANSPORTATION

CLARIFY DMV'S AUTHORITY TO IMPLEMENT TRANSACTION FEES ON ELECTRONIC PAYMENTS

SECTION 10.1.(a) G.S. 20-4.05, as enacted by S.L. 2023-134, reads as rewritten:

"**§ 20-4.05. Authority of Division to charge transaction fee on electronic payments.**

(a) When the Division accepts electronic payment, as that term is defined in G.S. 147-86.20, for any cost, fee, fine, or penalty imposed pursuant to this Chapter, the Division may add a transaction fee to each electronic payment transaction to offset the service charge the Division pays for electronic payment service. The Division's transaction fee shall not exceed two percent (2%) of the electronic payment.

(b) Notwithstanding G.S. 66-58.12, this section applies to transactions completed in person, through the World Wide Web, or through any other means of electronic access."

SECTION 10.1.(b) This section becomes effective July 1, 2024.

TRANSPORTATION FUND CODES

SECTION 10.2. Part XLI of S.L. 2023-134 is amended by adding a new section to read:

"CORRECTIONS AND REVISIONS TO THE DEPARTMENT OF TRANSPORTATION COMMITTEE REPORT

"SECTION 41.20. Notwithstanding any provision of law or the Committee Report described in Section 43.2 of this act to the contrary, for the 2023-2025 fiscal biennium:

(1) Fund Code 1332, referenced for funds appropriated to the Department of Transportation for State Retirement Contributions, shall be replaced with Fund Code 0871.

(2) Fund Code 7031, referenced for funds appropriated to the Department of Transportation for Safety and Risk Management Equipment, shall be replaced with Fund Code 7185.

- (3) Fund Code 7070, referenced for Multi-State Highway Planning Funds, shall be replaced with Fund Code 7811."

REPEAL EXTENSION OF DRIVERS LICENSE DURATION AND ALLOWANCE OF UNLIMITED REMOTE DRIVERS LICENSE RENEWALS

SECTION 10.3. Section 41.14(a) of S.L. 2023-134 is repealed.

REPEAL INITIAL FMD IMPLEMENTATION REPORT DEADLINE

SECTION 10.4. Notwithstanding Section 41.6(a) of S.L. 2023-134, the requirement to submit an implementation report by October 1, 2023, is repealed. The remainder of Section 41.6(a) of S.L. 2023-134 is not affected by this section.

MODIFY DATE TO SUBMIT S-LINE ANNUAL REPORT

SECTION 10.5. Notwithstanding Section 41.12 of S.L. 2023-134, the requirement to submit an annual report shall begin June 30, 2024. The remainder of Section 41.12 of S.L. 2023-134 is not affected by this section.

NEW HANOVER COUNTY AIRPORT AUTHORITY

SECTION 10.6. Part XLI of S.L. 2023-134 is amended by adding a new section to read:

"REVISION TO USE OF FUNDS FOR NEW HANOVER COUNTY AIRPORT AUTHORITY

"SECTION 41.21. Notwithstanding any provision of law or the Committee Report described in Section 43.2 of this act to the contrary, of the funds in Fund Code 7830 provided to the New Hanover Airport Authority for the 2023-2025 fiscal biennium, up to one million dollars (\$1,000,000) may be used by the authority for general capital improvements and other needs."

EXTENSION FOR AIRPORTS TO EXPEND OR ENCUMBER FUNDS ALLOCATED FOR 2019-2021 FISCAL BIENNIUM

SECTION 10.7. Section 41.4 of S.L. 2022-74 reads as rewritten:

"SECTION 41.4. Notwithstanding any provision of law to the contrary, an airport allocated funds under Section 4.7 of S.L. 2019-231 shall have until ~~June 30, 2024~~, June 30, 2025, to expend or encumber those funds."

LINCOLNTON-LINCOLN COUNTY AIRPORT AUTHORITY

SECTION 10.8.(a) The Board of Commissioners of Lincoln County (hereinafter "Board") may, in its discretion, terminate and dissolve the Lincolnton-Lincoln County Airport Authority (hereinafter "Authority"). It is the intent of this section to enable, but not require, the termination and dissolution of the Authority.

SECTION 10.8.(b) If the Board terminates and dissolves the Authority, as authorized by subsection (a) of this section, the Board may order the Authority to do all of the following:

- (1) To transfer to Lincoln County all real and personal property owned by the Authority. Upon the order of the Board to do so, the Authority shall execute any deeds, bills of sale, and any other necessary documents to effect the transfer of ownership to the County. Notwithstanding the provisions of this subdivision, the ownership of all real and personal property shall automatically be deemed transferred to the County on the effective date of the termination and dissolution of the Authority.
- (2) To assign to the County within a certain time period all executory contracts to which the Authority is a party. Notwithstanding the provisions of this

subdivision, all the executory contracts and the rights and obligations thereunder shall be deemed assigned to the County on the effective date of the termination and dissolution of the Authority.

SECTION 10.8.(c) If the Board terminates and dissolves the Authority as authorized by subsection (a) of this section:

- (1) Within 30 days of the termination and dissolution, the Board shall notify the Revisor of Statutes of the date of the termination and dissolution.
- (2) The following local acts are repealed: Chapter 10 of the 1996 Session Laws (Second Extra Session); Section 1 of S.L. 2016-12; Part III of S.L. 2017-104; and S.L. 2019-97.
- (3) The County may operate the Lincoln-Lincoln County Airport as a public enterprise under G.S. 153A-274.

PART XI. FINANCE

EXEMPT PUBLIC TRANSPORTATION FROM FOR-HIRE GROUND TRANSPORT EXCISE TAX

SECTION 11.1.(a) G.S. 105-187.94, as enacted by Section 42.19 of S.L. 2023-134, reads as rewritten:

"§ 105-187.94. Exemptions and refunds.

The following provisions apply to this Article:

- (1) The exemptions and refunds allowed in Article 5 of this Chapter do not apply except to sales that the State cannot constitutionally tax.
- (2) The tax imposed by this Article does not apply to for-hire ground transport service provided by a for-hire ground transport service provider as public transportation on behalf of a State agency, a governmental entity listed in G.S. 105-164.14(c), or a local board of education."

SECTION 11.1.(b) This section becomes effective July 1, 2025, and applies to for-hire ground transport services occurring on or after that date.

CLARIFY FRANCHISE TAX CAP ON FIRST ONE MILLION DOLLARS OF C CORP TAX BASE

SECTION 11.2.(a) G.S. 105-122(d2), as amended by Section 42.6A(a) of S.L. 2023-134, reads as rewritten:

"(d2) Tax Rate. – For a C Corporation, as defined in G.S. 105-130.2, the tax rate is ~~five hundred dollars (\$500.00) for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section and~~ one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base ~~that exceeds one million dollars (\$1,000,000). with a maximum of five hundred dollars (\$500.00) for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section.~~ For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section and one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base that exceeds one million dollars (\$1,000,000). In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

SECTION 11.2.(b) G.S. 105-120.2(b), as amended by Section 42.6A(b) of S.L. 2023-134, reads as rewritten:

"(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, a franchise or privilege tax at the rate of ~~five hundred dollars (\$500.00) for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under subsection (a) of this section and~~ one dollar and fifty cents (\$1.50) per

one thousand dollars (\$1,000) of its tax base ~~that exceeds one million dollars (\$1,000,000), with a maximum of five hundred dollars (\$500.00) for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under subsection (a) of this section,~~ but in no case shall the tax be more than one hundred fifty thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00)."

SECTION 11.2.(c) This section is effective for taxable years beginning on or after January 1, 2025, and applicable to the calculation of franchise tax reported on the 2024 and later corporate income tax return.

EXTEND FILING DATE FOR SALT CAP ELECTION

SECTION 11.3.(a) G.S. 105-154.1(a1), as enacted by Section 42.21(b) of S.L. 2023-134, reads as rewritten:

"(a1) Extension of Time to Make Election for 2022. – For the 2022 taxable year, a partnership that could not make the election under subsection (a) of this section on its timely filed tax return may make the election by filing an amended return on or before ~~October 15, 2023.~~ July 1, 2024. For the purposes of this subsection, the 2022 taxable year means the taxable year beginning on or after January 1, 2022."

SECTION 11.3.(b) This section is effective for taxable years beginning on or after January 1, 2022.

TOBACCO TAX DOCUMENTATION TECHNICAL CORRECTION

SECTION 11.4.(a) G.S. 105-113.36A(f), as amended by Section 3.2(b) of S.L. 2023-12 and Section 42.18(b) of S.L. 2023-134, is rewritten to read:

"(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, weight, count, or volume of the items subject to tax, based on the applicable tax imposed, the Secretary may determine a value based on either of the following:

- (1) The cost price, weight, count, or volume of comparable items.
- (2) The average of the actual price paid by the person liable for the tax for the item over the 12 calendar months before January 1 of the year in which the sale occurs."

SECTION 11.4.(b) This section becomes effective July 1, 2025, and applies to sales or purchases occurring on or after that date.

PART XII. EFFECTIVE DATE

SECTION 12.1. Except as otherwise provided, this act is effective July 1, 2023.

In the General Assembly read three times and ratified this the 6th day of May, 2024.

s/ Carl Ford
Presiding Officer of the Senate

s/ Mike Clampitt
Presiding Officer of the House of Representatives

s/ Roy Cooper
Governor

Approved 2:32 p.m. this 15th day of May, 2024