GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

SENATE BILL 105
Appropriations/Base Budget Committee Substitute Adopted 6/22/21

Short Title: 2021 Appropriations Act. (Public)

Sponsors:

Referred to:

February 18, 2021

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

PART I. TITLE AND INTRODUCTION

TITLE OF ACT

SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2021."

INTRODUCTION

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

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

GENERAL FUND APPROPRIATIONS

SECTION 2.1.(a) Appropriations from the General Fund for the budgets of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for each year of the 2021-2023 fiscal biennium, according to the following schedule:

Current Operations – General Fund	**FY 2021-2022**	**FY 2022-2023**
EDUCATION		
Community College System		
Requirements	1,752,675,110	1,665,153,906
Less: Receipts	487,975,710	343,473,408
Net Appropriation	**1,264,699,400**	**1,321,680,498**
Public Instruction		
Requirements	13,222,664,239	12,674,916,813

Less: Receipts	2,835,768,414	2,197,523,403
Net Appropriation	**10,386,895,825**	**10,477,393,410**
University of North Carolina		
NC School of Science and Mathematics		
Requirements	32,650,455	35,486,077
Less: Receipts	2,283,359	2,283,359
Net Appropriation	**30,367,096**	**33,202,718**
NC State University – Academic Affairs		
Requirements	876,437,918	874,349,068
Less: Receipts	436,172,095	436,172,095
Net Appropriation	**440,265,823**	**438,176,973**
NC State University – Ag. Research		
Requirements	73,189,643	73,189,643
Less: Receipts	17,662,615	17,662,615
Net Appropriation	**55,527,028**	**55,527,028**
NC State University – Coop. Extension		
Requirements	60,119,549	59,619,549
Less: Receipts	18,644,142	18,144,142
Net Appropriation	**41,475,407**	**41,475,407**
North Carolina Central University		
Requirements	139,502,618	139,373,991
Less: Receipts	51,836,529	51,836,529
Net Appropriation	**87,666,089**	**87,537,462**
UNC at Asheville		
Requirements	62,523,226	62,523,226
Less: Receipts	21,876,242	21,876,242
Net Appropriation	**40,646,984**	**40,646,984**
UNC at Chapel Hill – Academic Affairs		
Requirements	695,014,858	649,264,858
Less: Receipts	396,041,754	366,041,754
Net Appropriation	**298,973,104**	**283,223,104**
UNC at Chapel Hill – Area Health Ed.		
Requirements	54,748,874	54,748,874
Less: Receipts	0	0
Net Appropriation	**54,748,874**	**54,748,874**
UNC at Chapel Hill – Health Affairs		
Requirements	338,957,192	338,957,192
Less: Receipts	131,819,411	131,819,411
Net Appropriation	**207,137,781**	**207,137,781**
UNC at Charlotte		
Requirements	425,327,003	425,327,003

Less: Receipts	165,165,330	165,165,330
Net Appropriation	**260,161,673**	**260,161,673**
UNC at Greensboro		
Requirements	289,992,935	289,992,935
Less: Receipts	108,204,808	108,204,808
Net Appropriation	**181,788,127**	**181,788,127**
UNC at Pembroke		
Requirements	94,110,944	94,109,865
Less: Receipts	15,789,132	15,789,132
Net Appropriation	**78,321,812**	**78,320,733**
UNC at Wilmington		
Requirements	249,933,584	249,933,584
Less: Receipts	102,044,807	102,044,807
Net Appropriation	**147,888,777**	**147,888,777**
UNC Board of Governors		
Requirements	44,570,092	44,570,092
Less: Receipts	46,899	46,899
Net Appropriation	**44,523,193**	**44,523,193**
UNC BOG – Aid to Private Institutions		
Requirements	286,249,756	242,449,756
Less: Receipts	0	0
Net Appropriation	**286,249,756**	**242,449,756**
UNC BOG – Institutional Programs		
Requirements	321,441,081	304,680,460
Less: Receipts	94,277,624	0
Net Appropriation	**227,163,457**	**304,680,460**
UNC BOG – Related Educational Programs		
Requirements	200,532,646	219,182,646
Less: Receipts	79,531,975	100,266,975
Net Appropriation	**121,000,671**	**118,915,671**
UNC School of the Arts		
Requirements	50,366,379	50,366,379
Less: Receipts	16,472,124	16,472,124
Net Appropriation	**33,894,255**	**33,894,255**
Western Carolina University		
Requirements	161,859,440	161,897,131
Less: Receipts	28,112,897	28,112,897
Net Appropriation	**133,746,543**	**133,784,234**
Winston-Salem State University		
Requirements	87,439,197	87,439,197
Less: Receipts	22,435,103	22,435,103

Net Appropriation	**65,004,094**	**65,004,094**
Appalachian State University		
Requirements	267,783,708	267,783,708
Less: Receipts	117,742,367	117,742,367
Net Appropriation	**150,041,341**	**150,041,341**
East Carolina Univ. – Academic Affairs		
Requirements	407,120,602	407,123,708
Less: Receipts	170,099,826	170,099,826
Net Appropriation	**237,020,776**	**237,023,882**
East Carolina Univ. – Health Affairs		
Requirements	94,319,394	95,619,394
Less: Receipts	13,133,406	13,133,406
Net Appropriation	**81,185,988**	**82,485,988**
Elizabeth City State University		
Requirements	39,493,791	39,493,791
Less: Receipts	3,660,169	3,660,169
Net Appropriation	**35,833,622**	**35,833,622**
Fayetteville State University		
Requirements	79,732,941	79,732,941
Less: Receipts	24,568,975	24,568,975
Net Appropriation	**55,163,966**	**55,163,966**
NC A&T University		
Requirements	189,514,245	193,529,849
Less: Receipts	87,664,443	87,664,443
Net Appropriation	**101,849,802**	**105,865,406**
HEALTH AND HUMAN SERVICES		
DHHS – Aging and Adult Services		
Requirements	176,004,362	125,065,002
Less: Receipts	129,632,983	78,622,497
Net Appropriation	**46,371,379**	**46,442,505**
DHHS – Central Management and Support		
Requirements	404,878,385	388,548,000
Less: Receipts	176,239,262	163,800,352
Net Appropriation	**228,639,123**	**224,747,648**
DHHS – Child Development and Early Education		
Requirements	1,342,207,232	820,983,166
Less: Receipts	1,096,279,853	573,197,542
Net Appropriation	**245,927,379**	**247,785,624**
DHHS – Health Benefits		
Requirements	19,472,355,790	18,412,063,134
Less: Receipts	15,527,346,363	13,894,357,160

Net Appropriation	**3,945,009,427**	**4,517,705,974**
DHHS – Health Service Regulation		
Requirements	77,914,113	77,596,827
Less: Receipts	56,415,057	55,551,537
Net Appropriation	**21,499,056**	**22,045,290**
DHHS – Mental Health/Developmental Disabilities/Substance Abuse Services		
Requirements	1,850,095,277	1,699,656,232
Less: Receipts	990,516,021	842,429,502
Net Appropriation	**859,579,256**	**857,226,730**
DHHS – Public Health		
Requirements	1,320,982,861	977,139,928
Less: Receipts	1,159,344,227	814,143,907
Net Appropriation	**161,638,634**	**162,996,021**
DHHS – Services for the Blind/Deaf/Hard of Hearing		
Requirements	43,429,604	43,022,597
Less: Receipts	34,533,038	34,028,630
Net Appropriation	**8,896,566**	**8,993,967**
DHHS – Social Services – General		
Requirements	2,131,737,602	1,988,664,102
Less: Receipts	1,926,776,600	1,775,545,134
Net Appropriation	**204,961,002**	**213,118,968**
DHHS – Vocational Rehabilitation Services		
Requirements	158,364,084	157,307,857
Less: Receipts	117,168,882	115,681,595
Net Appropriation	**41,195,202**	**41,626,262**
AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES		
Department of Agriculture and Consumer Services		
Requirements	376,362,896	229,079,753
Less: Receipts	187,832,863	62,702,696
Net Appropriation	**188,530,033**	**166,377,057**
Department of Commerce		
Requirements	588,266,982	265,717,536
Less: Receipts	318,489,635	57,067,040
Net Appropriation	**269,777,347**	**208,650,496**
Department of Environmental Quality		
Requirements	1,505,274,478	276,102,783
Less: Receipts	1,400,568,278	168,148,856
Net Appropriation	**104,706,200**	**107,953,927**
Department of Labor		
Requirements	45,951,371	40,841,896
Less: Receipts	20,748,429	20,180,125

Net Appropriation	**25,202,942**	**20,661,771**
Department of Natural and Cultural Resources		
Requirements	414,139,261	325,096,432
Less: Receipts	96,002,892	42,969,903
Net Appropriation	**318,136,369**	**282,126,529**
Wildlife Resources Commission		
Requirements	95,727,579	94,008,169
Less: Receipts	82,560,825	81,574,562
Net Appropriation	**13,166,754**	**12,433,607**
JUSTICE AND PUBLIC SAFETY		
Department of Public Safety		
Requirements	2,771,789,451	2,734,299,472
Less: Receipts	346,896,994	264,187,857
Net Appropriation	**2,424,892,457**	**2,470,111,615**
Department of Justice		
Requirements	103,509,732	100,813,964
Less: Receipts	44,222,163	42,994,597
Net Appropriation	**59,287,569**	**57,819,367**
Administrative Office of the Courts		
Requirements	674,957,826	674,019,531
Less: Receipts	22,468,647	1,221,050
Net Appropriation	**652,489,179**	**672,798,481**
Indigent Defense Services		
Requirements	143,342,235	143,889,615
Less: Receipts	13,180,019	12,311,025
Net Appropriation	**130,162,216**	**131,578,590**
GENERAL GOVERNMENT		
Department of Administration		
Requirements	119,365,563	77,160,189
Less: Receipts	64,719,857	18,165,199
Net Appropriation	**54,645,706**	**58,994,990**
Office of Administrative Hearings		
Requirements	8,113,062	8,168,368
Less: Receipts	1,347,120	1,260,671
Net Appropriation	**6,765,942**	**6,907,697**
Office of the State Auditor		
Requirements	23,134,320	22,019,383
Less: Receipts	7,956,759	6,514,703
Net Appropriation	**15,177,561**	**15,504,680**
Office of State Budget and Management		
Requirements	44,124,973	9,515,581

Less: Receipts	34,897,037	131,780
Net Appropriation	**9,227,936**	**9,383,801**
OSBM – Special Appropriations		
Requirements	2,100,000	3,110,000
Less: Receipts	0	0
Net Appropriation	**2,100,000**	**3,110,000**
Office of State Controller		
Requirements	28,046,066	28,175,636
Less: Receipts	1,095,838	816,202
Net Appropriation	**26,950,228**	**27,359,434**
State Board of Elections		
Requirements	15,046,161	9,035,476
Less: Receipts	201,227	102,000
Net Appropriation	**14,844,934**	**8,933,476**
NC General Assembly		
Requirements	102,384,505	79,777,097
Less: Receipts	23,789,804	561,000
Net Appropriation	**78,594,701**	**79,216,097**
Office of the Governor		
Requirements	6,782,288	6,818,011
Less: Receipts	976,940	898,760
Net Appropriation	**5,805,348**	**5,919,251**
NC Housing Finance Agency		
Requirements	54,160,000	14,160,000
Less: Receipts	40,000,000	0
Net Appropriation	**14,160,000**	**14,160,000**
Office of State Human Resources		
Requirements	9,463,614	9,499,605
Less: Receipts	228,305	100,888
Net Appropriation	**9,235,309**	**9,398,717**
NC Industrial Commission		
Requirements	22,452,849	22,352,468
Less: Receipts	11,190,049	10,969,042
Net Appropriation	**11,262,800**	**11,383,426**
Department of Insurance		
Requirements	60,160,179	54,428,387
Less: Receipts	14,266,711	8,358,700
Net Appropriation	**45,893,468**	**46,069,687**
Office of the Lieutenant Governor		
Requirements	1,137,298	1,146,654
Less: Receipts	10,525	0

Net Appropriation	**1,126,773**	**1,146,654**
Department of Military and Veterans Affairs		
Requirements	11,420,463	11,902,371
Less: Receipts	318,198	157,328
Net Appropriation	**11,102,265**	**11,745,043**
Department of Revenue		
Requirements	1,676,764,907	172,962,352
Less: Receipts	1,564,375,433	62,078,627
Net Appropriation	**112,389,474**	**110,883,725**
Department of the Secretary of State		
Requirements	17,093,035	16,597,038
Less: Receipts	652,146	362,356
Net Appropriation	**16,440,889**	**16,234,682**
Department of State Treasurer		
Requirements	66,726,264	66,114,670
Less: Receipts	61,734,386	61,093,544
Net Appropriation	**4,991,878**	**5,021,126**
DST – Other Retirement Plans/Benefits		
Requirements	32,670,423	33,020,423
Less: Receipts	0	0
Net Appropriation	**32,670,423**	**33,020,423**
INFORMATION TECHNOLOGY		
Department of Information Technology		
Requirements	786,606,588	67,358,440
Less: Receipts	699,994,990	411,223
Net Appropriation	**86,611,598**	**66,947,217**
RESERVES, DEBT, AND OTHER BUDGETS		
State Treasurer – Debt Service – Federal		
Requirements	0	0
Less: Receipts	0	0
Net Appropriation	**0**	**0**
State Treasurer – General Debt Service		
Requirements	673,624,208	649,265,711
Less: Receipts	673,624,208	649,265,711
Net Appropriation	**0**	**0**
Statewide Enterprise Resource Planning		
Requirements	25,000,000	25,000,000
Less: Receipts	25,000,000	25,000,000
Net Appropriation	**0**	**0**
Statewide Reserves		
Requirements	151,000,000	614,646,670

Less: Receipts	101,000,000	300,000,000
Net Appropriation	**50,000,000**	**314,646,670**
State Capital & Infrastructure General Fund Appropriations		
Requirements	0	0
Less: Receipts	0	0
Net Appropriation	**0**	**0**
CAPITAL		
State Fiscal Recovery Fund – Capital		
Requirements	65,000,000	0
Less: Receipts	65,000,000	0
Net Appropriation	**0**	**0**
Total Requirements	**58,297,939,307**	**51,456,966,162**
Less: Total Receipts	**32,588,632,720**	**24,809,203,520**
Total Net Appropriation	**25,709,306,587**	**26,647,762,642**

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

GENERAL FUND AVAILABILITY

SECTION 2.2.(a) The General Fund availability derived from State tax revenue, nontax revenue, and other adjustments used in developing the budget for each year of the 2021-2023 fiscal biennium is as follows:

	FY 2021-2022	**FY 2022-2023**
Unappropriated Balance	457,272,694	3,641,943,502
Anticipated Reversions	400,000,000	200,000,000
Projected Over Collections	6,043,000,000	-
Anticipated Transfer to the Savings Reserve	(850,185,555)	-
S.L. 2021-16, COVID-19 Related Tax Changes/UI Tech Correct	(5,000,000)	-
S.L. 2021-19, UNC Building Reserve	(2,359,159)	-
Total, Prior Year-End Fund Balance	**6,042,727,980**	**3,841,943,502**
Statutory Earmark, State Capital and Infrastructure Fund	(350,000,000)	(350,000,000)
Beginning Unreserved Fund Balance	**5,692,727,980**	**3,491,943,502**
Tax Revenues		
Personal Income	15,388,100,000	15,998,900,000
Sales and Use	9,681,100,000	9,830,000,000
Corporate Income	1,300,500,000	1,343,600,000
Franchise	840,000,000	861,300,000
Insurance	808,900,000	961,800,000
Alcoholic Beverage	453,300,000	461,700,000
Tobacco Products	258,300,000	256,900,000
Other Tax Revenues	155,800,000	152,700,000
Subtotal, Tax Revenues	**28,886,000,000**	**29,866,900,000**
Non-Tax Revenues		
Judicial Fees	216,600,000	224,200,000

Investment Income	29,600,000	36,100,000
Disproportionate Share	115,400,000	122,500,000
Master Settlement Agreement	139,400,000	134,100,000
Insurance	100,500,000	103,400,000
Other Non-tax Revenues	217,900,000	220,000,000
Subtotal, Non-tax Revenues	**819,400,000**	**840,300,000**
Total, Net Revenues	**29,705,400,000**	**30,707,200,000**
Adjustments to Tax Revenues: 2021 Session		
Personal Income Tax Changes	(619,200,000)	(1,737,700,000)
Franchise Tax Changes	-	(173,300,000)
Credit Short-term Car Rental/P2P Proceeds to Highway Fund	(70,200,000)	(75,100,000)
Extend Time to Complete Eligible Mill Rehabilitation Projects	5,800,000	-
Miscellaneous Tax Changes	3,400,000	11,200,000
Subtotal, Adjustments to Tax Revenues	**(680,200,000)**	**(1,974,900,000)**
Statutory Reservations of Tax Revenues		
State Capital and Infrastructure Fund (SCIF)	(950,000,000)	(983,250,000)
NC GREAT Program (S.L. 2019-230)	(15,000,000)	(15,000,000)
Subtotal, Statutory Reservations of Tax Revenues	**(965,000,000)**	**(998,250,000)**
Other Adjustments to Availability		
Additional Transfer to Savings Reserve	(1,500,000,000)	(1,545,545,453)
Additional Transfer to SCIF	(986,000,000)	(701,750,000)
Medicaid Transformation Reserve	(215,820,000)	(246,000,000)
Medicaid Contingency Fund	(500,000,000)	-
Information Technology Reserve	(109,661,155)	(163,657,394)
State Emergency Response and Disaster Relief Reserve	(1,100,000,000)	-
Adjustment to transfer from State Treasurer	131,927	161,175
Adjustment to transfer from Insurance Regulatory Fee	9,671,337	9,968,182
Subtotal, Other Adjustments	**(4,401,677,891)**	**(2,646,823,490)**
Total, Adjustments and Reservations	**(6,046,877,891)**	**(5,619,973,490)**
Revised Total General Fund Availability	**29,351,250,089**	**28,579,170,012**
Less General Fund Net Appropriations	(25,709,306,587)	(26,647,762,642)
Unappropriated Balance Remaining	**3,641,943,502**	**1,931,407,370**

SECTION 2.2.(b) In addition to the amount required under G.S. 143C-4-3.1 and Section 7(a) of S.L. 2019-230, the State Controller shall transfer to the State Capital and Infrastructure Fund established under G.S. 143C-4-3.1 the sum of nine hundred eighty-six million dollars ($986,000,000) in the 2021-2022 fiscal year and the sum of seven hundred one million seven hundred fifty thousand dollars ($701,750,000) in the 2022-2023 fiscal year. Funds transferred under this subsection are appropriated for the fiscal year in which they were transferred and shall be used in accordance with Part 40 of this act.

SECTION 2.2.(c) In addition to the amount required under G.S. 143C-4-2, the State Controller shall transfer to the Savings Reserve the sum of one billion five hundred million dollars ($1,500,000,000) in the 2021-2022 fiscal year and the sum of one billion five hundred

forty-five million five hundred forty-five thousand four hundred fifty-three dollars ($1,545,545,453) in the 2022-2023 fiscal year. This transfer is not an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

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

SECTION 2.2.(e) The State Controller shall reserve to the Medicaid Transformation Reserve from funds available in the General Fund the sum of two hundred fifteen million eight hundred twenty thousand dollars ($215,820,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of two hundred forty-six million dollars ($246,000,000) in nonrecurring funds for the 2022-2023 fiscal year. Funds reserved in the Medicaid Transformation Reserve pursuant to this subsection do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 2.2.(f) The State Controller shall transfer the sum of four hundred thirty million eight hundred twenty thousand dollars ($430,820,000) for the 2021-2022 fiscal year and the sum of forty-six million dollars ($46,000,000) for the 2022-2023 fiscal year from funds available in the Medicaid Transformation Reserve in the General Fund to the Medicaid Transformation Fund established under Section 12H.29 of S.L. 2015-241.

SECTION 2.2.(g) The State Controller shall reserve to the Medicaid Contingency Reserve described in G.S. 143C-4-11 from funds available in the General Fund the sum of five hundred million dollars ($500,000,000) in nonrecurring funds for the 2021-2022 fiscal year. Funds reserved in the Medicaid Contingency Reserve pursuant to this subsection do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 2.2.(h) There is established in the General Fund an Information Technology Reserve that shall make funds available for information technology project expenditures only upon an act of appropriation by the General Assembly. The State Controller shall reserve to the Information Technology Reserve from funds available in the General Fund the sum of one hundred nine million six hundred sixty-one thousand one hundred fifty-five dollars ($109,661,155) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one hundred sixty-three million six hundred fifty-seven thousand three hundred ninety-four dollars ($163,657,394) in nonrecurring funds for the 2022-2023 fiscal year. The State Controller shall transfer funds available in the Information Technology Reserve to State agencies and departments for information technology projects in accordance with the following schedule, and the funds transferred are appropriated for the fiscal year in which they are transferred:

	State Agency or Department	**2021-2022**	**2022-2023**
(1)	Office of the State Controller (Budget Code: 19084)	$25,000,000	$25,000,000
(2)	Department of Public Instruction (Budget Code: 23515)	48,748,522	37,850,910
(3)	Community College System (Budget Code: 26802)	28,500,000	0
(4)	Administrative Office of the Courts (Budget Code: 22006)	7,412,633	8,405,916

SECTION 2.2.(i) The State Controller shall reserve the sum of one billion one hundred million dollars ($1,100,000,000) in nonrecurring funds for the 2021-2022 fiscal year from funds available in the General Fund to the State Emergency Response and Disaster Relief Reserve established under G.S. 166A-19.42. Funds reserved in the State Emergency Response

and Disaster Relief Reserve pursuant to this subsection do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 2.2.(j) The State Controller shall transfer the sum of eighty-eight million dollars ($88,000,000) in nonrecurring funds for the 2021-2022 fiscal year from funds available in the State Emergency Response and Disaster Relief Reserve as follows, and the funds transferred are appropriated for the fiscal year in which they are transferred:

(1) Thirty-eight million dollars ($38,000,000) to the Department of Agriculture and Consumer Services, Division of Soil and Water Conservation (Budget Code: 23702), to be used for stream debris removal.

(2) Twenty million dollars ($20,000,000) to the Department of Public Safety, Division of Emergency Management (Budget Code: 24552), to be used for any Federal Emergency Management Agency (FEMA) State match requirement.

(3) Thirty million dollars ($30,000,000) to the Department of Public Safety, Division of Emergency Management (Budget Code: 24552), to be used, with the approval of the Director of the Budget, to respond to any emergency, as defined in G.S. 166A-19.3, beginning on or after the effective date of this section.

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2023, according to the following schedule:

Highway Fund	**FY 2021-2022**	**FY 2022-2023**
Administration	100,148,404	100,148,990
Division of Highways		
Administration	45,738,718	45,600,056
Construction	36,100,000	36,100,000
Maintenance	1,761,339,094	1,757,281,688
Governor's Highway Safety Program	305,546	305,546
OSHA	358,030	358,030
Aid to Municipalities		
Powell Bill	147,500,000	147,500,000
Other Municipal Assistance	4,319,350	
Intermodal Divisions		
Ferry	49,475,639	49,475,639
Public Transportation, Bicycle and Pedestrian	94,421,832	68,394,735
Aviation	129,903,287	131,503,287
Rail	42,863,338	42,613,338
Division of Motor Vehicles	152,450,570	152,428,637
Compensation, Benefits,		
Reserves, Transfers, and Other	54,414,848	66,802,832

Capital Improvements	7,461,344	5,387,222
Total	**$2,626,800,000**	**$2,603,900,000**

HIGHWAY FUND AVAILABILITY

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

Highway Fund Availability	**FY 2021-2022**	**FY 2022-2023**
Projected Over Collections	201,700,000	
Partial Accounting of HTF Cash Advance Repayments	(140,700,000)	
Transfer of Funds to Emergency Reserve (G.S. 136-44.2E(b) and (d))	(61,000,000)	
Beginning Balance	0	0
Motor Fuels Tax	1,672,500,000	1,641,700,000
Licenses and Fees	872,600,000	875,600,000
Highway Short-Term Lease	10,000,000	10,000,000
Investment Income	1,500,000	1,500,000
Adjustments to Availability		
Additional Highway Short-Term Lease	70,200,000	75,100,000
Total Highway Fund Availability	**$2,626,800,000**	**$2,603,900,000**

HIGHWAY TRUST FUND APPROPRIATIONS

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

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

HIGHWAY TRUST FUND AVAILABILITY

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

Highway Trust Fund Availability	**FY 2021-2022**	**FY 2022-2023**
Projected Over Collections	325,400,000	

STI Projects	(325,400,000)	
Partial Accounting of Cash Advance Repayments	140,700,000	
STI Projects	(140,700,000)	
Beginning Balance	0	0
Highway Use Tax	958,300,000	997,900,000
Motor Fuels Tax	418,000,000	546,300,000
Fees	173,700,000	182,100,000
Investment Income	2,000,000	2,000,000
Total Highway Trust Fund Availability	**$1,552,000,000**	**$1,728,300,000**

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

OTHER APPROPRIATIONS

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

(1) All budget codes listed in the Governor's Recommended Base Budget for the 2021-2023 fiscal biennium, submitted pursuant to G.S. 143C-3-5, are appropriated up to the amounts specified, as adjusted by the General Assembly in this act and as delineated in the Committee Report described in Section 43.2 of this act, or in another act of the General Assembly.

(2) Agency receipts up to the amounts needed to implement the legislatively mandated salary increases and employee benefit increases provided in this act for each year of the 2021-2023 fiscal biennium.

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

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

OTHER RECEIPTS FROM PENDING AWARD GRANTS

SECTION 4.2.(a) Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded after the enactment of this act for grant awards that are for less than two million five hundred thousand dollars ($2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental Operations, the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such funds.

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

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

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

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

EDUCATION LOTTERY FUNDS

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

	FY 2021-2022	**FY 2022-2023**
Noninstructional Support Personnel	$385,914,455	$385,914,455
Prekindergarten Program	78,252,110	78,252,110
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	157,552,612	176,752,612
Scholarships for Needy Students	30,450,000	0
UNC Need-Based Financial Aid	10,744,733	0
Scholarship Reserve Fund for Public Colleges and Universities	0	41,194,733
LEA Transportation	21,386,090	21,386,090
TOTAL ALLOCATION	**$784,300,000**	**$803,500,000**

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

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

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

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

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

(3) No more than eight percent (8%) of the total annual revenues, as described in this Chapter, shall be allocated for payment of expenses of the Lottery. Advertising expenses shall not exceed one and one-half percent ~~(1%)~~ (1.5%) of the total annual revenues.

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

…."

NEEDS-BASED CHANGES

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

"Article 38B.

"Needs-Based Public School Capital Fund.

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

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

(1) Counties designated as development tier one areas.

(2) Counties with greater need and less ability to generate sales tax and property tax revenue.

(3) Counties with a high debt-to-tax revenue ratio.

(4) The extent to which a project will address critical deficiencies in adequately serving the current and future student population.

(5) Projects that will consolidate two or more schools into one new facility.

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

(a) An eligible county awarded a grant under this Article shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for the grant as provided in this section. An eligible county is a county with an adjusted market value of taxable property of less than forty billion dollars ($40,000,000,000). The adjusted market value of taxable property in a county is equal to the county's assessed taxable property value, using the latest available data published by the Department of Revenue, divided by the county's sales assessment ratio determined under G.S. 105-289(h). The amount of matching funds for a county is equal to the quotient derived from a fraction. The numerator of the fraction is calculated by, first, distributing the applicable portions of the county's adjusted market value of taxable property pursuant to the table provided in this section and multiplying the corresponding percentage to each portion and, second, adding the products for the portions together. The denominator of the fraction is the county's adjusted market value of taxable property.

Adjusted Market Value of Taxable Property		**Percentage**
Over	**Up to**	
$0	$2 billion	0%
$2 billion	$20 billion	25%
$20 billion	$30 billion	50%
$30 billion	$40 billion	75%

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

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

(1) An amount equal to the lesser of two hundred dollars ($200.00) per square foot or the following:

a. Twenty-five million dollars ($25,000,000) for an elementary school.

b. Thirty million dollars ($30,000,000) for a middle school or a combination of an elementary and middle school.

c. Forty million dollars ($40,000,000) for a high school.

(2) An amount equal to the lesser of one hundred fifty dollars ($150.00) per square foot or ten million dollars ($10,000,000) for a facility that is not an administrative facility or an elementary, middle, or high school.

(3) If two or more schools will be consolidated into one new facility, an amount equal to the lesser of two hundred fifty dollars ($250.00) per square foot or the following:

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

b. Forty million dollars ($40,000,000) for a middle school or a combination of an elementary and middle school.

c. Fifty million dollars ($50,000,000) for a high school.

(d) The Department of Public Instruction shall review projected enrollment to evaluate the reasonableness of a project's size and scope.

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

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

(1) A requirement that the grantee seek planning assistance and plan review from the School Planning Section of the Department of Public Instruction.

(2) A progress payment provision governing disbursements to the county for the duration of the school construction project based upon the construction progress and documentation satisfactory to the Department that the matching requirement in G.S. 115C-546.11 has been met.

(3) A provision requiring periodic reports to the Department of Public Instruction on the use of disbursed grant funds and the progress of the school construction project.

(4) A requirement that matching funds paid by the county pursuant to G.S. 115C-546.11 must be derived from non-State and nonfederal funds.

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

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

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

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

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

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

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

"**§ 115C-546.14. Reporting.**

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

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

(1) Number and description of projects awarded.

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

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

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

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

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

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

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

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION

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

CIVIL PENALTY AND FORFEITURE FUND

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

	FY 2021-2022	**FY 2022-2023**
School Technology Fund	$18,000,000	$18,000,000
Drivers Education	27,120,553	27,120,553
State Public School Fund	147,041,640	147,041,640
Total Appropriation	**$192,162,193**	**$192,162,193**

CORONAVIRUS RELIEF FUND/REALLOCATION AND USE OF UNSPENT FUNDS

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

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

(1) The first ten million dollars ($10,000,000) in nonrecurring funds to the Department of Public Safety, Division of Emergency Management, to be used

for unmet needs related to the Federal Emergency Management Agency Public Assistance program in response to the COVID-19 public health emergency.

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

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

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

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

MODIFICATIONS OF PREVIOUS APPROPRIATIONS AND REPORTING ON ARPA FUNDS

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

"**SECTION 3.2.(a)** Except ~~as otherwise provided in this section, federal funds received by the State under the American Rescue Plan Act for the programs set forth in the schedule below~~for funds subject to Sections 2.1 or 2.3 of this act, funds received from federal grants authorized under the American Rescue Plan Act are appropriated in the amounts provided in the notification of award from the federal government or any entity acting on behalf of the federal government to administer the federal funds. ~~Federal funds received by the State under the American Rescue Plan Act from the Elementary and Secondary School Emergency Relief Fund are only appropriated up to the estimated amount set forth in the schedule below for the program.~~ State agencies may, with approval of the Director of the Budget, spend these funds received from federal receipts and federal grants. Any positions created with the funds shall terminate at the earlier of the funds being fully expended or the deadline established by applicable federal law and guidance for use of the funds. The programs and grant amounts in the schedule set forth in this subsection are estimates of North Carolina's allocations to be deposited in the State's Treasury and administered by State agencies. This schedule is meant to be illustrative of federal grants that have been, or will be, received by the State in addition to the Coronavirus State Fiscal Recovery Fund funds under the American Rescue Plan Act. These amounts are not inclusive of federal funds distributed or paid directly to individuals, businesses, health care providers, or private postsecondary institutions:

Program	Amount
Higher Education Emergency Relief Fund	$701,279,800
Emergency Assistance to Non-Public Schools	82,952,000
IDEA: Grants to States	81,359,400
IDEA: Preschool Grants	5,961,100
IDEA: Infants & Toddlers	6,298,200
Child Care Stabilization Grants	805,767,400
Child Care Entitlement to States	16,096,000
Community-Based Child Abuse Prevention	7,695,000
Child Abuse State Grants	3,067,000
Supportive Services	13,984,000

Congregate and Home Delivered Meals	23,045,000
Preventive Services	1,363,000
Family Caregiver	4,463,000
Title VII Long-Term Care Ombudsman	310,000
SNAP State Administrative Expense Grants	35,443,000
FTA Urbanized Area Formula	4,696,400
HOME Investment Partnerships Program	137,414,000
Emergency Management Performance Grants	2,660,000
National Endowment for the Arts: State Arts Agencies	912,000
Emergency Rental Assistance	556,611,000
Homeowner Assistance Fund	273,337,000
Elementary and Secondary School Emergency Relief Fund	~~3,260,772,535~~3,599,191,706
Expand Genomic Sequencing	6,662,900
Epidemiology and Lab Capacity for School Testing	315,895,900
Community Health Centers Expanded Access to COVID-19 Vaccines, Build Vaccine Confidence	4,057,900
WIC Cash Value Vouchers Increase	19,930,600
Institute for Museum and Library Services	4,309,000
Homeless Children and Youth	23,576,625
Maternal, Infant, and Early Childhood Home Visiting Program	625,310
Commodity Supplemental Foods Program	119,000
Low Income Home Energy Assistance Program	86,970,460
State Small Business Credit Initiative	120,461,927
Immunization and Vaccines for Children	102,468,748
Low Income Household Water Assistance Program	17,105,002
Child Care and Development Block Grant	502,777,789
Pandemic Emergency Assistance	16,782,875
Mental Health Block Grant	41,535,246
Substance Abuse Block Grant	36,420,651
FTA Nonurbanized Area	13,833,386
FTA Rural Transit Assistance Program	209,718
FTA Intercity Bus Formula	4,183,036
Enhanced Mobility of Seniors and Persons with Disabilities–State	781,873
Crisis Response Workforce	62,340,758
Disease Intervention Workforce	27,361,745
Public Health Laboratory Preparedness	142,473
Family Violence Prevention and Services	3,691,782
Total Estimated Funding	~~$6,400,545,070~~$7,786,190,283

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

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

"**SECTION 1.2.** In addition to any report required under this act or any other law, each State agency or department that receives federal grant funds under Section 3.2 of this act shall submit ~~a quarterly report to the Joint Legislative Commission on Governmental Operations~~ to the Senate Committee on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal Research Division ~~beginning on July 15, 2021, detailing the use of funds. The report required from each State agency or department that receives federal grant funds under Section 3.2 of this~~

~~act shall include the amount of funds granted, the source of the funds, how the funds were used during the quarter, and the amount of funds that remained unspent at the end of the quarterly reporting period. The quarterly report required under this section shall end upon submission of the final report from each State agency or department, which shall be no later than 90 days from the date the grant period ends for the relevant funds.~~a copy of any report required to be submitted to the federal government with respect to the funds within five days of the date the federal report is due."

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

GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT OF 2021 FUNDING

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

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

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

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

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

SECTION 4.9.(c) Conflict. – If an allocation made under this act of State Fiscal Recovery Fund funds is found to be disallowed by federal law, the disallowed allocation is repealed and the Office of State Budget and Management (OSBM) shall transfer the amount of the disallowed allocation to the State Fiscal Recovery Reserve. If the funds have been allocated to a nonprofit corporation, and the use of funds by the nonprofit corporation is disallowed by federal law, the nonprofit corporation shall return the amount of funds allocated to the nonprofit corporation to OSBM to transfer the disallowed, repealed allocation, as provided in this section. Amounts transferred into the State Fiscal Recovery Reserve pursuant to this section are receipts that do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

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

SECTION 4.9.(d) Guidance. – OSBM shall work with the recipient State agencies to budget receipts awarded pursuant to ARPA to allow for the tracking of such funds through either separate accounts or fund codes according to the program needs and within the parameters of the respective granting entities and applicable federal laws and regulations. State agencies shall not use funds received pursuant to ARPA for recurring purposes. Depending on the nature of the award, additional State personnel may be employed on a temporary or time-limited basis.

SECTION 4.9.(e) Disbursement. – OSBM shall allocate State Fiscal Recovery Fund funds to State agencies and departments upon justification from the agency or department and only as needed to implement the provisions of this act. State Fiscal Recovery Fund funds shall be allocated to nonprofit organizations on a quarterly basis unless OSBM determines that cash flow or the nature of the program being funded requires otherwise.

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

SECTION 4.9.(g) Administration. – A State agency may, of the ARPA funds allocated for a particular purpose or purposes by a provision of this act, use up to the lesser of (i) the amount allowed by federal law or guidance or (ii) ten percent (10%) of the ARPA funds allocated for administrative expenses related to administration of the provision.

SECTION 4.9.(h) Accounting. – A State agency receiving State Fiscal Recovery Fund funds shall track such funds separately from other funds by use of either separate accounts or fund codes.

SECTION 4.9.(i) Reports. – In addition to any report required under this act or any other law, OSBM shall provide a quarterly report to the Senate Committee on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal Research Division, beginning October 15, 2021, detailing the use of State Fiscal Recovery Fund funds allocated under this act. The report required from OSBM under this section shall include, for the preceding quarter, the amount of funds disbursed to each State agency, State department, and nonprofit organization; the amount of funds remaining to be disbursed to each State agency, State Department, and nonprofit organization; and how the funds were used by each State agency, State department, and nonprofit organization.

SECTION 4.9.(j) Audit. – The State Auditor shall conduct biennial preliminary financial audits and a final performance audit of the State Fiscal Recovery Fund no later than 90 days following the latest date on which expenditures may be made under applicable federal law or guidance.

SECTION 4.9.(k) Reversion. – The funds appropriated in this act from the State Fiscal Recovery Fund shall not revert at the end of each fiscal year of the 2021-2023 fiscal biennium but shall remain available to expend until the date set by applicable federal law or guidance.

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

SECTION 4.10. The State Controller shall transfer the sum of four billion eight hundred fifty-eight million one hundred forty-four thousand four hundred forty dollars ($4,858,144,440) for the 2021-2022 fiscal year from the State Fiscal Recovery Reserve to the State Fiscal Recovery Fund. Subject to the condition set forth in Section 4.11 of this act, the State Controller shall transfer the sum of three hundred million dollars ($300,000,000) for the 2022-2023 fiscal year from the State Fiscal Recovery Reserve to the State Fiscal Recovery Fund.

STATE FISCAL RECOVERY FUND/CONDITIONAL FUNDING TO DOT

SECTION 4.11. Notwithstanding any provision of this act, or the Committee Report described in Section 43.2 of this act, to the contrary, the Office of State Budget and Management shall not transfer the sum of three hundred million dollars ($300,000,000) in nonrecurring funds for the 2022-2023 fiscal year appropriated from the State Fiscal Recovery Fund to the Department of Transportation if the United States Congress enacts legislation during the 2021-2022 State fiscal year appropriating funds, in addition to any federal funds appropriated in this act, for infrastructure that provides a minimum of three hundred million dollars ($300,000,000) to the State for costs related to improving or repairing transportation infrastructure.

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

SECTION 4.12. The State Controller shall transfer the sum of two hundred seventy-seven million sixty thousand eight hundred fifty-five dollars ($277,060,855) for the

2021-2022 fiscal year from the Coronavirus Capital Projects Reserve, established in Section 2.3 of S.L. 2021-25, to the Coronavirus Capital Projects Fund, established in Section 2.4 of S.L. 2021-25.

PART V. GENERAL PROVISIONS

ESTABLISHING OR INCREASING FEES

SECTION 5.1.(a) Notwithstanding G.S. 12-3.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee to the level authorized or anticipated in this act.

SECTION 5.1.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of the General Statutes.

DIRECTED GRANTS TO NON-STATE ENTITIES

SECTION 5.2.(a) Definitions. – For purposes of this act and the Committee Report described in Section 43.2 of this act, the following definitions apply:

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

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

SECTION 5.2.(b) Requirements. – Nonrecurring funds appropriated in this act as directed grants are subject to all of the following requirements:

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

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

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

(4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, nonrecurring funds appropriated in this act as directed grants shall not revert until June 30, 2023.

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

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

CAP STATE FUNDED PORTION OF NONPROFIT SALARIES

SECTION 5.3. No more than one hundred twenty thousand dollars ($120,000) in State funds, including any interest earnings accruing from those funds, may be used for the annual salary of any individual employee of a nonprofit organization.

STATUTORY CONTINUING RESOLUTION/REVISE REPORTING REQUIREMENT

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

"(9) Grant funds. – Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded during the current fiscal year that are for less than two million five hundred thousand dollars ($2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental ~~Operations~~ Operations, the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such funds. State agencies may spend up to the greater of one percent (1%) or ten million dollars ($10,000,000) of the total amount of grants awarded during the current fiscal year to respond to an emergency with the approval of the Director of the Budget. State agencies shall report to the Joint Legislative Commission on Governmental ~~Operations~~ Operations, the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such funds, including specifying the total amount of grants awarded to respond to the emergency. State agencies may spend all other funds from grants awarded during the current fiscal year only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations. The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. Funds received from such grants are hereby appropriated up to the applicable allowable amount set forth in this subdivision and shall be incorporated into the authorized budget of the recipient State agency. Notwithstanding the provisions of this subdivision, no State agency may accept a grant if acceptance of the grant would obligate the State to make future expenditures relating to the program receiving the grant or would otherwise result in a financial obligation as a consequence of accepting the grant funds. Nothing in this subdivision shall be construed to prohibit or limit expenditures that are authorized under subdivision (1) of this subsection. For purposes of this subdivision, the term (i) "emergency" is as defined in G.S. 166A-19.3 and (ii) "grant" means funds received from a grant that was not included in the base budget for the fiscal year in which the grant was awarded."

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

REVISIONS TO BASE BUDGET DEFINITION AND RECOMMENDED STATE BUDGET

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

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

a. Annualization of programs and positions.
b. Reductions to adjust for items funded with nonrecurring funds during the prior fiscal biennium.
c. Increases to adjust for nonrecurring reductions during the prior fiscal biennium.
d. Adjustments for federal payroll tax changes.
e. Rate increases in accordance with the terms of existing leases of real property.
f. Adjustments to receipt projections, made in accordance with G.S. 143C-3-5(b)(2)c.
g. Reconciliation of intragovernmental and intergovermental ~~transfers.~~transfers that require no net General Fund increase.
h. Adjustments for statutory appropriations and other adjustments as directed by the General Assembly.
i. Reconciliation of salary-related employer contributions, longevity, and special separation allowance under Article 12D of Chapter 143 of the General Statutes."

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

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

…

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

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

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

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

…

c. The Recommended Base Budget shall include accurate projections of receipts, expenditures, and fund balances. Estimated receipts, including tuition collected by university or community college institutions, shall be adjusted to reflect actual collections from the previous fiscal year, unless the Director recommends a change that will result in collections in the budget year that differ from prior year actuals, or the Director otherwise determines there is a more reasonable basis upon which to accurately project receipts. If receipts are projected to decrease, the corresponding expenditure shall be

decreased in a like amount. Revenue and expenditure detail provided in the Budget Support Document shall be no less detailed than the two-digit level in the North Carolina Accounting System Uniform Chart of Accounts as prescribed by the State Controller.

…

(c) Even-Numbered Years. – In even-numbered years, the Governor may recommend changes in the enacted budget for the second year of the biennium. These recommendations shall be presented as amendments to the enacted budget and shall be incorporated in a recommended Current Operations Appropriations Act. Any recommended changes shall clearly distinguish program reductions, program eliminations, changes in program fund sources, program expansions, and new programs, and shall explain all proposed capital improvements in the context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6. The Governor shall provide sufficient supporting documentation and accounting detail, consistent with that required by ~~G.S. 143C-3-5(b),~~ subsection (b) of this section, corresponding to the recommended amendments to the enacted budget.

…."

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

SAVINGS RESERVE CLARIFICATION

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

"**§ 143C-4-2. Savings Reserve.**

…

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

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

…."

STATE CAPITAL AND INFRASTRUCTURE FUND/SPECIFY AMOUNTS TRANSFERRED TO FUND

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

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

…

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

shall be credited to the Fund. The Fund shall consist of the following ~~sources of funding:~~additional sources:

(1) ~~One-fourth of any unreserved fund~~ From the unreserved fund balance, the lesser of (i) the sum of three hundred fifty million dollars ($350,000,000) or (ii) the amount of the balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year.

(2) ~~Four percent (4%) of the net State tax revenues that are deposited in the General Fund during the fiscal year.~~The sum of nine hundred fifty million dollars ($950,000,000) transferred from the General Fund at the beginning of the 2021-2022 fiscal year. Each fiscal year thereafter, the transfer shall be increased three and one-half percent (3.5%) over the amount required under this subdivision for the preceding fiscal year.

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

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

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

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

~~(d) Transfer of Funds to the Fund. Each~~ the amounts required under subdivisions (1) and (2) of subsection (b) of this section. Each fiscal year, the Office of State Controller shall transfer to the Fund the ~~estimated~~ amounts required pursuant to ~~subsection (c) of this section. Each fiscal year, the Office of State Controller shall transfer to the Fund one-fourth of the General Fund unreserved fund balance, as determined on a cash basis, at the end of the fiscal year.~~this subsection.

…."

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

UNC CONSTITUENT INSTITUTIONS/PROHIBIT CHARGING INDIRECT FACILITIES AND ADMINISTRATIVE COSTS

SECTION 5.8. Constituent institutions of The University of North Carolina shall not charge State agencies for indirect facilities and administrative costs. For purposes of this section, the term "State agency" is as defined in G.S. 143C-1-1.

PART VI. COMMUNITY COLLEGE SYSTEM

CC ECONOMIC IMPACTS/STUDY/GRANT FOR TARGETED PROGRAMS

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

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

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

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

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

COMMUNITY COLLEGE PROGRAMS SERVING IDD STUDENTS

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

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

SECTION 6.2.(b) Of the funds appropriated by this act to the Community Colleges System Office to support increasing program offerings for individuals with IDD, the System Office shall also add a time-limited position for program support, provide professional development training for college advising staff to assist students with IDD for career pathway exploration and the identification of credentials leading to competitive employment, and explore funding sources to sustain programs for students with IDD.

SECTION 6.2.(c) Beginning February 1, 2022, the Community Colleges System Office shall report each fiscal year on the funds appropriated to the System Office for the purposes of this section to the Joint Legislative Education Oversight Committee on the results of the pilot program, the use of the time-limited position, professional development training for staff, and funding sources identified for individuals with IDD to build programs at community colleges that support postsecondary trainings and certifications that enable individuals with IDD to engage in competitive, sustainable employment.

CC JOINT PROGRAM ENROLLMENT OF PUBLIC SCHOOL STUDENTS

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

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

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

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

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

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

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

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

The State Board of Education and the governing Boards shall evaluate the success of students in cooperative innovative high schools approved under this Part. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment in career or study-related fields, and employer satisfaction of employees who participated in and graduated from the schools. The Boards shall jointly report by March 15 of each year to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General

Assembly on the evaluation of these schools. The report shall be combined with the evaluation of and analysis of cost of students participating in the Career and College Promise Program required by G.S. 115D-5(x), and the Community Colleges System Office shall be responsible for submitting the combined ~~report to the Committee.~~report."

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

CC CHILDCARE GRANT PROGRAM/REPORT

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

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

Beginning September 1, 2022, and annually thereafter, the Community Colleges System Office shall report to the Joint Legislative Education Oversight Committee on the administration of the North Carolina Community College Childcare Grant Program for the prior fiscal year. The report shall include at least the following information by each community college:

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

CAREER ACADEMIES FOR AT-RISK STUDENTS

SECTION 6.5.(a) Program Established. – There is established a two-year pilot program between Cape Fear Community College (CFCC), New Hanover County Schools, and Pender County Schools to meet the needs of underserved students in seventh through ninth grade through an opportunity for extended time on CFCC's campus in various career and technical education programs. The goals of the program shall include (i) exposing students from underperforming schools and underserved populations to career training opportunities available at CFCC, (ii) guiding students toward successful career outcomes, (iii) providing support services to students, including academic tutoring, academic counseling, personal mentoring, and financial support through financial aid and scholarships, and (iv) increasing graduation and postsecondary outcomes for these students.

SECTION 6.5.(b) Components of the Program. – CFCC, New Hanover County Schools, and Pender County Schools shall offer a summer career academy program to at-risk students from each local school administrative unit for a total of up to 300 students in seventh through ninth grade. The career academy program shall introduce students to life on a college campus with the goal of creating a familiarity with and positive experience in the postsecondary environment. Students shall visit two career and technical education programs per day for five consecutive days for two consecutive weeks in different subject areas, such as welding, marine technology and boat building, electrical, culinary, medical assisting, public safety, arts, veterinary assisting, and chemical technology. The career academy program shall include speakers and support for financial aid and scholarship opportunities and an introduction to the Career and College Promise Program.

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

SECTION 6.5.(c) Report. – CFCC, in collaboration with New Hanover County Schools and Pender County Schools, shall submit an initial report by October 1, 2022, and a final report by October 1, 2023, to the Joint Legislative Education Oversight Committee on the results of the pilot program and the placement of the career liaisons in schools to support at-risk students, including the number of students who enrolled in Career and College Promise Program pathways following completion of the career academy program and other relevant student outcome data for at-risk students.

NC COMMUNITY COLLEGE SHORT-TERM WORKFORCE DEVELOPMENT GRANTS

SECTION 6.6.(a) Program Established. – There is established the North Carolina Community College Short-Term Workforce Development Grant Program (Program) to be administered by the State Board of Community Colleges. The State Board shall adopt rules for the disbursement of the grants pursuant to this section.

SECTION 6.6.(b) Programs of Study. – The State Board of Community Colleges, in collaboration with the Department of Commerce, shall determine the eligible programs of study for the Program, according to the occupations that are in the highest demand in the State. The eligible programs of study shall include programs such as architecture and construction, health sciences, information technology, electrical line worker, and manufacturing programs, and may include other programs to meet local workforce needs.

SECTION 6.6.(c) Award Amounts. – Within the funds appropriated by this act for the 2021-2023 fiscal biennium to the Community Colleges System Office for the Program, the State Board of Community Colleges shall award grants in an amount of up to seven hundred fifty dollars ($750.00) to students pursuing short-term, noncredit State and industry workforce credentials. The State Board of Community Colleges shall establish criteria for initial and continuing eligibility for students. At a minimum, students shall be required to qualify as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the State Education Assistance Authority.

SECTION 6.6.(d) Report. – The State Board shall submit an initial report by April 1, 2022, and a final report by April 1, 2023, to the Joint Legislative Education Oversight Committee. The report shall contain, for each academic year and by programs of study, the amount of grant funds disbursed and the number of eligible students receiving funds.

HIGH-COST WORKFORCE PROGRAMS START-UP FUNDS

SECTION 6.7.(a) Establishment of the Fund. – Of the funds appropriated to the Community Colleges System Office by this act for the 2022-2023 fiscal year, the System Office shall establish the Fund for High-Cost Workforce Programs (Fund). Any unexpended funds remaining in the Fund at the end of the fiscal year shall not revert to the General Fund but shall remain available for the purposes set forth in this section. The Fund shall be used to assist community colleges in starting new programs in high-demand career fields that require significant start-up funds. Only Tier 1A and Tier 1B programs offered at community colleges shall be eligible for the award of funds. The System Office shall establish an application process for community colleges to apply for awards from the Fund no later than the beginning of the 2022-2023 fiscal year. To be eligible to receive funds, colleges shall submit to the System Office a completed application, which shall include at least the following information:

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

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

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

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

SECTION 6.7.(b) Limitation on the Use of Funds. – A community college may only apply for the award of funds to support one new program in each fiscal year. Funds shall remain available to the community college for a period of two fiscal years. The award of funds to a community college from the Fund shall not exceed one million dollars ($1,000,000).

SECTION 6.7.(c) Matching Funds. – A community college shall be required to match a percentage of the total cash cost of the program with non-State funds, based on a college's total full-time equivalents (FTE) according to the following:

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

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

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

SECTION 6.7.(d) Administration. – The System Office may adopt any regulations, policies, or procedures regarding the application process, use of funds, eligibility requirements, and any other rules necessary related to the administration of the Fund. The System Office may use up to one hundred thousand dollars ($100,000) each fiscal year for administrative costs for establishing and implementing the program.

SECTION 6.7.(e) Report. – The System Office shall submit an initial report to the Joint Legislative Education Oversight Committee by March 1, 2023, and an annual report thereafter for each year the System Office provides funds to community colleges from the Fund on the programs receiving the funds, which shall include at least the following information:

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

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

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

RISE UP TRAINING AND CREDENTIALING PROGRAM/CIHS

SECTION 6.8.(a) The Community Colleges System Office shall partner with the North Carolina Retail Merchants Association and the Retail Consumer Alliance Foundation to implement the RISE Up credentialing program for the 2021-2022 fiscal year to teach foundational skills to students attending cooperative innovative high schools for career success in the retail industry, customer service, and sales, including inventory management and profitability, as well as supply chain warehouse, inventory, and logistics. The RISE Up credentialing program provides for all of the following: (i) opportunities for the industry to share the skills valued in job candidates and employees, (ii) valuable skills needed in any industry, particularly customer service, sales, and skills to run a business, (iii) job readiness skills, such as resume preparation, interviewing strategies, professionalism in the workplace, and soft skills, including listening and problem solving, (iv) an understanding of the retail industry and its wide variety of jobs, and (v) preparation for students for the nearly 130,000 retail establishments and more than 1,000,000 retail jobs in North Carolina.

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

(1) Retail Industry Fundamentals.

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

SECTION 6.8.(c) The System Office, in collaboration with the North Carolina Retail Merchants Association and the Retail Consumer Alliance Foundation, shall submit an initial report by October 1, 2022, and a final report by October 1, 2023, to the Joint Legislative Education Oversight Committee on the results of implementing the RISE Up credentialing programs at partner community colleges for students at cooperative innovative high schools, including the number of students who received credentials, by type of credential, and student outcomes related to the credentialing, such as subsequent internships or job placements.

WORK-BASED LEARNING/CENTRAL PIEDMONT CC

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

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

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

SECTION 6.9.(c) CPCC shall submit an initial report by April 1, 2022, and a final report by April 1, 2023, to the Community Colleges System Office and the Joint Legislative Education Oversight Committee on (i) the number of students enrolled in work-based learning courses and the number of students earning certificates, by program of study, (ii) the incorporation of WBL into certificate programs and Career and College Promise pathways, (iii) the findings and recommendations of stakeholder group meetings regarding statewide implementation of WBL programs, and (iv) the use of funds for outreach and marketing or other activities under this section.

EXPANSION OF ADULT LEARNER PILOT PROGRAMS

SECTION 6.10.(a) Of the funds appropriated by this act to the Community Colleges System Office for the 2022-2023 fiscal year, the System Office shall allocate funds to expand five pilot initiatives at community colleges targeting adult learners to return to higher education to gain new skills, advance in the workplace, and fulfill their goals of completing a degree or credential. The pilot programs include the NC Reconnect program and other programs that focus on at least the following categories of adult learners:

(1) Students who are age 25 years or older.
(2) Students with varying education levels, including no high school diploma or equivalent or some community college credentials or postsecondary degree.
(3) Students who have started postsecondary programs but dropped out before completion in the last five years.

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

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

SECTION 6.10.(b) By March 1, 2024, the System Office shall report to the Joint Legislative Education Oversight Committee on the results of the expansion of the pilot programs, including the number of students enrolled into degree and credential programs, the number of students completing a degree or credentialing program, and legislative recommendations for further expansion and the estimated cost of the programs.

LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT/MATCHING GRANT AND OUTREACH

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

PART VII. PUBLIC INSTRUCTION

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of four thousand five hundred forty-nine dollars and eighty-eight cents ($4,549.88) per child for fiscal years 2021-2022 and 2022-2023. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its 2021-2022 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

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

SUPPLEMENTAL FUNDING IN LOW WEALTH COUNTIES

SECTION 7.3.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks and digital resources and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

SECTION 7.3.(b) Definitions. – As used in this section, the following definitions apply:

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

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

(3) Anticipated total county revenue availability. – The sum of the following:
   a. Anticipated county property tax revenue availability.
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.
   c. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

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

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

(6) County-adjusted property tax base. – Computed as follows:
   a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.
   b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies.
   c. Add to the resulting amount the following:
      1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2.
      2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes.
      3. Personal property value for the county.

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

(8) County wealth as a percentage of State average wealth. – Computed as follows:

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

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

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

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

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

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

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

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

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

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

SECTION 7.3.(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.3.(d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount received per average daily membership for a county shall be the difference

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

SECTION 7.3.(e) Formula for Distribution of Supplemental Funding Pursuant to this Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 7.3.(f) Minimum Effort Required. – A county shall receive full funding under this section if the county (i) maintains an effective county tax rate that is at least one hundred percent (100%) of the effective State average tax rate in the most recent year for which data are available or (ii) maintains a county appropriation per student to the school local current expense fund of at least one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools. A county that maintains a county appropriation per student to the school local current expense fund of less than one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive funding under this section at the same percentage that the county's appropriation per student to the school local current expense fund is of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools.

SECTION 7.3.(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2021-2023 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

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

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

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

SECTION 7.3.(h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2021-2023 fiscal biennium, counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 17,000 students shall receive whichever is the higher amount in each

fiscal year as follows: either the amount of supplemental funding the county received as a low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county is eligible to receive as a low-wealth county pursuant to the formula for distribution of supplemental funding under the other provisions of this section.

SECTION 7.3.(i) Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this section, local school administrative units may utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

SECTION 7.3.(j) Reports. – For the 2021-2023 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each year if it determines that counties have supplanted funds.

SECTION 7.3.(k) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING

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

Allotted ADM	Small County Allotment
0-600	$1,710,000
601-1,300	$1,820,000
1,301-1,700	$1,548,700
1,701-2,000	$1,600,000
2,001-2,300	$1,560,000
2,301-2,600	$1,470,000
2,601-2,800	$1,498,000
2,801-3,300	$1,548,000

SECTION 7.4.(b) Phase-Out Provision for the 2021-2022 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2021-2022 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2020-2021 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for the current year or the higher of the first two months' total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

SECTION 7.4.(c) Phase-Out Provision for the 2022-2023 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2022-2023 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments

in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2021-2022 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for the current year or the higher of the first two months' total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

SECTION 7.4.(d) Nonsupplant Requirement for the 2021-2023 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2021-2023 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year or the year for which the most recent data are available, if all of the following criteria apply:

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

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

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

SECTION 7.4.(e) Reports. – For the 2021-2023 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it determines that counties have supplanted funds.

SECTION 7.4.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

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

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

SECTION 7.5.(a) Funds appropriated in this act for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to do the following:

(1) Provide instructional positions or instructional support positions.

(2) Provide professional development.

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

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

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

The State Board of Education may require local school administrative units receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added Assessment System (EVAAS) in order to provide in-depth analysis of student performance and help identify strategies for improving student achievement. This data shall be

used exclusively for instructional and curriculum decisions made in the best interest of children and for professional development for their teachers and administrators.

SECTION 7.5.(b) Disadvantaged student supplemental funding (DSSF) shall be allotted to a local school administrative unit based on (i) the unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

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

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

(3) For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.

(4) For local school administrative units that received DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

SECTION 7.5.(c) If a local school administrative unit's wealth increases to a level that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year.

SCHOOL PSYCHOLOGISTS ALLOTMENT

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

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

To the extent funds are made available, the State Board of Education shall establish a funding allotment for school psychologist positions. The State Board is authorized to adopt rules for the allocation of school psychologist positions pursuant to this allotment. Rules adopted by the State Board pursuant to this section shall include, at a minimum, the following requirements:

(1) School psychologist positions are allocated on the basis of average daily membership.

(2) Each local school administrative unit receives sufficient funding for at least one school psychologist position in accordance with G.S. 115C-47(65)."

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

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

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

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

SECTION 7.6.(d) This section applies beginning with the 2021-2022 school year.

SCHOOL HEALTH SUPPORT PERSONNEL PROFESSIONAL ENTRY REPORT

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

(1) Policies, practices, standards, and curriculum adopted or implemented, as appropriate, by the State Board of Education, Department of Public Instruction, educator preparation programs, and public school units for persons to receive training, licensure, and employment as school health support personnel in public school units.

(2) Barriers persons face when entering each school health support profession because of the policies, practices, standards, and curriculum identified in subdivision (1) of this subsection.

(3) Recommendations and any actions already taken to (i) reduce and eliminate the barriers to entry identified in subdivision (2) of this subsection and (ii) improve the number and quality of school health support personnel employed in public school units.

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

DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY

SECTION 7.8.(a) Notwithstanding G.S. 143C-6-4, for the 2021-2023 fiscal biennium, the Department of Public Instruction shall reclassify at least seven full-time equivalent positions within the Department to support the Science of Reading and the North Carolina Read to Achieve Program, as amended by the Excellent Public Schools Act of 2021, S.L. 2021-8, and may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize the Department, realign fund structures, or both, if necessary, to do any of the following:

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

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

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

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

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

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

SECTION 7.8.(c) In making the changes identified in subsection (a) of this section, the Department of Public Instruction shall not do either of the following:

(1) Reduce funding for any of the following:

a. The State Public School Fund, including for the following residential schools:

1. The Eastern North Carolina School for the Deaf.
2. The North Carolina School for the Deaf.
3. The Governor Morehead School.

b. Any budget expansion item funded by an appropriation to the Department of Public Instruction by this act for the 2021-2023 fiscal biennium.

(2) Transfer from or reduce funding or positions for any of the following:

a. Communities in Schools of North Carolina, Inc.

b. Teach for America, Inc.

c. Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Inc.
d. The Excellent Public Schools Act, Read to Achieve Program, initially established under Section 7A.1 of S.L. 2012-142.
e. The North Carolina School Connectivity Program.
f. The North Carolina Center for the Advancement of Teaching.
g. The North Carolina Innovative School District.
h. The Schools That Lead Program.

COMPUTER SCIENCE REPORT

SECTION 7.9. No later than February 15, 2022, the Department of Public Instruction, in consultation with the Friday Institute for Educational Innovation at North Carolina State University, shall report the following information to the Joint Legislative Education Oversight Committee and the Fiscal Research Division regarding the teaching and student learning of computer science in K-12 public schools:

(1) The uses of funds appropriated for computer science pursuant to this act, including the extent to which those funds are used for professional development for in-service teachers and a description of the professional development opportunities provided.
(2) The number of teachers in each local school administrative unit prepared and needed to teach computer science.

INSTRUCTIONAL SUPPORT PERSONNEL REPORT

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

(1) For each position category:
a. Number of persons employed in that position category.
b. Total State and non-State funds and total full-time equivalent positions allocated for that position category.
c. Average salary for that position category.
d. The percentage of total funds and total full-time equivalent positions that are made up of each of the following:
1. State funds, disaggregated by each State-funded allotment and identified by program report code.
2. Federal funds, disaggregated and identified by program report code.
3. Local funds.
e. For each funding source identified in sub-subdivision d. of this subdivision, the percentage of those funds and the number of full-time equivalent positions that were used for contracted services.
(2) For each allotment transfer that was used to fund contracted services, all of the following information:
a. The amount of the transfer.

b. The allotment category from which and into which the funds were transferred, identified by program report code.
c. The educational priorities that necessitated the transfer.

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

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

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

SCHOOLS THAT LEAD PROGRAM

SECTION 7.11.(a) Program; Purpose. – Of the funds appropriated to the Department of Public Instruction by this act for the Schools That Lead Program (Program), the Department shall contract with Schools That Lead, Inc., to provide professional development to teachers and principals in up to 75 schools, beginning with the 2021-2022 school year and ending in the 2023-2024 school year. The selected schools shall be charter schools or schools under the authority of a local school administrative unit. Professional development services shall be offered to teachers and principals in kindergarten through grade 12. The Superintendent of Public Instruction, in consultation with Schools That Lead, Inc., shall determine which schools are eligible to participate in the Program. At a minimum, the Program shall offer services to three cohorts of schools, as follows:

(1) High schools working to increase on-time graduation.
(2) Middle schools working to prepare students to succeed in high school by reducing the likelihood of retention in the ninth grade for multiple school years.
(3) Elementary schools working to reduce the number of students with early warning indicators of course failures, absences, and discipline.

SECTION 7.11.(b) Evaluation. – Of the funds appropriated to the Department by this act for the Program, the Department shall use up to one hundred thousand dollars ($100,000) to contract with an independent research organization to measure the impacts of the Program on student outcomes, including, but not limited to, (i) on-time graduation in high school, (ii) ninth grade retention rates, and (iii) course failures, absences, and discipline in elementary school. The independent research organization shall report its interim findings to the Department no later than June 30, starting in 2023, and shall submit a final report no later than June 30, 2025.

SECTION 7.11.(c) Report. – The Department of Public Instruction, in consultation with Schools That Lead, Inc., shall submit a report on the impacts of the Program authorized by subsection (a) of this section, including, but not limited to, an accounting of expenditures, school performance data, principal performance data, teacher performance data, and student outcome data, beginning October 1, 2023, and continuing each year thereafter until October 1, 2025, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The October 1, 2025, report shall include a summary and copy of the final report provided by the independent research organization pursuant to subsection (b) of this section.

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

SECTION 7.12.(a) Notwithstanding any other provision of law or policy to the contrary, in addition to the purposes for which funds in the Special State Reserve Fund (SSRF) for children with disabilities are used, beginning with the 2021-2022 fiscal year, the SSRF may also be used to cover extraordinary transportation costs for high-needs children with disabilities. The Department of Public Instruction shall provide an application for local school administrative units and charter schools to apply for extraordinary transportation funds and may provide additional eligibility guidelines not inconsistent with this section. SSRF transportation funds shall be awarded to qualifying local school administrative units or charter schools consistent with the following:

(1) In determining extraordinary transportation cost, the Department shall consider total prior-year transportation expenditures for high-needs children with disabilities, including expenditures from local funds and all other funding sources, as a proportion of total expenditures.

(2) Applicants with highest extraordinary transportation costs shall receive highest priority in the award of grant funds.

(3) Funds may be awarded during the initial year of a high-needs student's enrollment in the local school administrative unit or charter school or in subsequent years of the student's enrollment.

SECTION 7.12.(b) There is established the Transportation Reserve Fund for Homeless and Foster Children to provide for a grant program to cover extraordinary school transportation costs for homeless and foster children for fiscal year 2021-2022. The Department of Public Instruction shall provide an application process for local school administrative units and charter schools to apply for funds to cover extraordinary transportation costs for qualifying students. The Department shall establish eligibility guidelines and shall award funds consistent with the following requirements:

(1) In determining extraordinary transportation cost, the Department shall consider total prior-year transportation expenditures for homeless and foster children, including expenditures from local funds and all other funding sources, as a proportion of total expenditures.

(2) Priority shall be given to applicants in proportion to the extent that their applications and prior-year expenditures demonstrate use of available federal funds to cover the cost of transporting homeless and foster children.

(3) Awards shall not exceed fifty percent (50%) of extraordinary transportation cost as determined pursuant to this subsection.

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

SECTION 7.12.(c) The Department of Public Instruction shall submit a report by March 15, 2022, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division 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 2021-2022 school year. The report shall include at least the following:

(1) A list of local school administrative units receiving funds from this act.
(2) The amount of funds applied for by each local school administrative unit.
(3) The amount of funds received by each local school administrative unit.
(4) How the funds were spent by each local school administrative unit, including the number of students transported and the locations between which the students were transported.
(5) Any other information the Department of Public Instruction deems relevant to this section.

ELIMINATE INNOVATION ZONE GRANTS

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

"Article 7A.

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

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

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

TRANSITION FROM THE INNOVATIVE SCHOOL DISTRICT MODEL

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

(1) Current initiatives to support low-performing schools and continually low-performing schools using federal funding provided to assist with the impacts of COVID-19.
(2) Recommendations on research-based models for meaningful intervention and assistance to low-performing and continually low-performing schools to facilitate long-term improvement and success in those schools.
(3) Alignment of requirements in Chapter 115C of the General Statutes for identification and transformation of low-performing and continually low-performing schools, including Part 3 of Article 8B of Chapter 115C of the General Statutes, with other reform efforts in State and federal law, to ensure a comprehensive and efficient approach to support and improve those schools that does not create redundancies.

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

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

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

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

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

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

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

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

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

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

SECTION 7.14.(i) G.S. 115C-105-37A(d) is repealed.

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

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

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

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

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

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

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

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

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

SECTION 7.14.(o) Transition of the Current Innovative School. – Notwithstanding G.S. 115C-75.12, the North Carolina Innovative School District shall continue to operate Southside-Ashpole Elementary School as an innovative school for the 2021-2022 and 2022-2023 school years. The State Board of Education shall develop a transition plan to return the school to Robeson County Schools for the 2023-2024 school year.

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

EXCELLENT PUBLIC SCHOOLS ACT OF 2021 IMPLEMENTATION GUIDE/REPORT

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

readers throughout the State. The implementation guide shall include at least the following information:

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

SECTION 7.15.(b) By November 15, 2021, the Superintendent of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the working group established by the Superintendent and the development of the implementation guide for the Excellent Public Schools Act of 2021 as required by subsection (a) of this section. The report shall include the proposed components of the implementation guide and the timeline of publishing the guide in preparation for the 2022-2023 school year.

MEDICAID REIMBURSEMENT CONTRACT FOR RESIDENTIAL SCHOOLS

SECTION 7.16.(a) The Department of Public Instruction shall enter into a contract with a third-party entity for any administrative services necessary to receive maximum reimbursement for medically necessary health care services for which payment is available under the North Carolina Medicaid Program provided to eligible students attending the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf. The provisions of the contract shall ensure that the residential schools receive reimbursement for these services in a timely manner.

SECTION 7.16.(b) By September 15, 2021, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the contracting process and the award of the contract required by subsection (a) of this section, including the cost of the contract and the estimated recoupment of expenditures.

FULL-TIME EQUIVALENCY OF PUBLIC SCHOOL STUDENTS

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

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

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

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

SECTION 7.17.(b) By October 15, 2021, the State Board of Education shall report on the formula required to be established pursuant to G.S. 115C-419, as enacted by this section, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The initial report required by G.S. 115C-419 shall be submitted by October 15, 2022, for data collected from the 2021-2022 school year.

CAREER AND COLLEGE READY GRADUATE PROGRAM SUPPORT

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

SCHOOL SAFETY GRANTS PROGRAM

SECTION 7.19.(a) Definitions. – For purposes of this section, the following definitions shall apply:

(1) Community partner. – A public or private entity, including, but not limited to, a nonprofit corporation or a local management entity/managed care organization (LME/MCO), that partners with a public school unit to provide services or pay for the provision of services for the unit.

(2) Public school unit. – As defined in G.S. 115C-5(7a).

(3) School health support personnel. – School psychologists, school counselors, school nurses, and school social workers.

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

SECTION 7.19.(c) Grant Applications. – A public school unit may submit an application to the Superintendent of Public Instruction for one or more grants pursuant to this section in each year of the 2021-2023 fiscal biennium. The application shall include an assessment, to be performed in conjunction with a local law enforcement agency, of the need for improving school safety within the public school unit that would receive the funding or services. The application shall identify current and ongoing needs and estimated costs associated with those needs.

SECTION 7.19.(d) Criteria and Guidelines. – By November 1, 2021, the Superintendent of Public Instruction shall develop criteria and guidelines for the administration and use of the grants pursuant to this section, including any documentation required to be submitted by applicants. In assessing grant applications, the Superintendent of Public Instruction shall consider at least all of the following factors:

(1) The level of resources available to the public school unit that would receive the funding.

(2) Whether the public school unit has received other grants for school safety.

(3) The overall impact on student safety in the public school unit if the identified needs are funded.

SECTION 7.19.(e) Grants for Students in Crisis. – Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent of Public Instruction, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to provide or pay for the provision of any of the following crisis services:

(1) Crisis respite services for parents or guardians of an individual student to prevent more intensive or costly levels of care.

(2) Training and expanded services for therapeutic foster care families and licensed child placement agencies that provide services to students who (i) need support to manage their health, welfare, and safety and (ii) have any of the following:

a. Cognitive or behavioral problems.

b. Developmental delays.

c. Aggressive behavior.

(3) Evidence-based therapy services aligned with targeted training for students and their parents or guardians, including any of the following:
a. Parent-child interaction therapy.
b. Trauma-focused cognitive behavioral therapy.
c. Dialectical behavior therapy.
d. Child-parent psychotherapy.

(4) Any other crisis service, including peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent shall use no more than three hundred fifty thousand dollars ($350,000) in each year of the 2021-2023 fiscal biennium for the services identified in this subdivision.

SECTION 7.19.(f) Grants for Training to Increase School Safety. – Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent of Public Instruction, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to address school safety by providing training to help students develop healthy responses to trauma and stress. The training shall be targeted and evidence-based and shall include any of the following services:

(1) Counseling on Access to Lethal Means (CALM) training for school health support personnel, local first responders, and teachers on the topics of suicide prevention and reducing access by students to lethal means.

(2) Training for school health support personnel on comprehensive and evidence-based clinical treatments for students and their parents or guardians, including any of the following:
a. Parent-child interaction therapy.
b. Trauma-focused cognitive behavioral therapy.
c. Behavioral therapy.
d. Dialectical behavior therapy.
e. Child-parent psychotherapy.

(3) Training for students and school employees on community resilience models to improve understanding and responses to trauma and significant stress.

(4) Training for school health support personnel on Modular Approach to Therapy for Children with Anxiety, Depression, Trauma, or Conduct problems (MATCH-ADTC), including any of the following components:
a. Trauma-focused cognitive behavioral therapy.
b. Parent and student coping skills.
c. Problem solving.
d. Safety planning.

(5) Any other training, including the training on the facilitation of peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent shall use no more than three hundred fifty thousand dollars ($350,000) in each year of the 2021-2023 fiscal biennium for the services identified in this subdivision.

SECTION 7.19.(g) Grants for Safety Equipment. – Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent of Public Instruction shall award grants to public school units for (i) the purchase of safety equipment for school buildings and (ii) training associated with the use of safety

equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may receive grants for school safety equipment pursuant to this subsection.

SECTION 7.19.(h) Supplement Not Supplant. – Grants provided to public school units or community partners pursuant to the Program shall be used to supplement and not to supplant State or non-State funds already provided for these services.

SECTION 7.19.(i) Administrative Costs. – Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent of Public Instruction may retain a total of up to one hundred thousand dollars ($100,000) in each fiscal year of the 2021-2023 fiscal biennium for administrative costs associated with the Program.

SECTION 7.19.(j) Report. – No later than April 1 of each fiscal year in which funds are awarded pursuant to this section, the Superintendent of Public Instruction shall report on the Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division. The report shall include at least the following information:

(1) The identity of each entity that received a grant through the Program.
(2) The amount of funding provided to each entity that received a grant.
(3) The services, training, and equipment purchased with grant funds by each entity that received a grant.
(4) Recommendations for the implementation of additional effective school safety measures.

TEACHNC RECRUITMENT INITIATIVE

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

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

(1) The number of user accounts, visitors to the website, and web-initiated chats.
(2) The number of teachers who applied to EPPs through the TeachNC platform and, of those teachers, the number of teachers who successfully enrolled into EPPs.
(3) The number of teachers who applied for employment in public schools through the TeachNC platform and the number of teachers who continue to teach in the public schools after finding employment through TeachNC.

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

EXTEND STUDENT MEAL DEBT REPORT

SECTION 7.21. Section 2.3(a) of S.L. 2020-80 reads as rewritten:

"**SECTION 2.3.(a)** No later than October 15, ~~2021,~~ 2023, the State Board of Education shall report to the Joint Legislative Education Oversight Committee on unpaid meal charges in local school administrative units. At a minimum, the report shall include the following information:

(1) The percentage of students of all grade levels in each local school administrative unit who (i) qualify for and participate in reduced-price meals and (ii) do not carry an unpaid meal charge.
(2) The total amount of debt carried by each local school administrative unit related to unpaid meal charges.
(3) Summaries of approaches adopted by each local school administrative unit regarding unpaid meal charges.
(4) Options for a statewide policy on the uniform administration of unpaid meal charges in local school administrative units. Every option shall ensure that students are not prevented from receiving nutritious meals because of an unpaid meal charge."

FEMININE HYGIENE PRODUCTS GRANT PROGRAM

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

AVERAGE DAILY MEMBERSHIP/HOLD HARMLESS

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

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

SECTION 7.23.(b) No later than January 15, 2022, the Department of Public Instruction shall calculate and report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division, based on data from the 2020-2021 and 2021-2022 fiscal years, the amounts that each funding allotment would have been reduced in the absence of Section 3.1 of S.L. 2020-97 and this section, respectively, for each applicable public school unit pursuant to the formula adopted by the State Board of Education in accordance with Section 7.15(b) of S.L. 2007-323. The report shall disaggregate the information on the basis of applicable public school unit, fiscal year, and allotment.

CHILDREN WITH DISABILITIES RESERVE

SECTION 7.24. Of the funds appropriated by this act to the Department of Public Instruction for the 2021-2022 fiscal year, the Department shall establish the Children with Disabilities Reserve. Funds from the Reserve shall be allocated to public school units that enroll more children with disabilities during the first two months of school than the Department anticipated prior to the beginning of the 2021-2022 school year in a manner consistent with

funding for children with disabilities. Public school units shall not receive funds, including from the Reserve, for children with disabilities in excess of twelve and seventy-five hundredths percent (12.75%) of the 2021-2022 average daily membership of the unit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) To provide a child with appropriate education.

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

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

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

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

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

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

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

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

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

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

ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND/USE OF RESERVE FUNDS

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

"~~**SECTION 3.5.**~~ **SECTION 3.5.(a)** Use of Funds. – The Elementary and Secondary School Emergency Relief Fund funds appropriated in Section 3.2 of this act shall only be used by the Department of Public Instruction to (i) allocate federal grant funds to public school units pursuant to subsection (d) of section 2001 of the American Rescue Plan Act and (ii) reserve ~~twenty-one million five hundred thousand dollars ($21,500,000)~~ three hundred fifty-nine million nine hundred nineteen thousand one hundred seventy-one dollars ($359,919,171) of the funds pursuant to subsection (f) of section 2001 of the American Rescue Plan Act to be used according to the following:

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

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

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

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

(3) $36,000,000 to be held in a reserve by the Department to be allocated to public school units as grants to support COVID-19 related needs, including for in-person instruction supplemental programs to address learning loss and provide enrichment activities, such as for after-school and before-school programs, during the instructional year. The allocation of grants shall be prioritized to public school units based on need as demonstrated by the expenditure of existing federal funding received for COVID-19 related impacts.

(4) $36,000,000 to be held in a reserve by the Department to be allocated to public school units as grants to support COVID-19 related needs, including for in-person instruction summer programs to address learning loss and provide enrichment activities. The allocation of grants shall be prioritized to public school units based on need as demonstrated by the expenditure of existing federal funding received for COVID-19 related impacts.

(5) $10,000,000 to support a common learning management system to be utilized for in-person and remote instruction for kindergarten through fifth grade for a period of up to three years. Funds may also be used for the kindergarten readiness programs based on the Science of Reading.

(6) $37,500,000 for teacher and principal professional development for implementing the Science of Reading and the requirements of the Excellent Public Schools Act of 2021.

(7) $1,000,000 to contract with one or more external research partners pursuant to subdivision (4) of Section 5A of S.L. 2021-1, as enacted by Section 1.2 of S.L. 2021-3, to assess the impact of COVID-19 on public school units and the responses of the State to the challenges presented by COVID-19.

(8) $10,000,000 to provide support for in-person, evidence-based tutoring initiatives, including mathematics-focused programs, in response to COVID-19.

(9) $500,000 to support expansion of the North Carolina Preschool Pyramid Model (NCPPM) across and within local school administrative unit preschool programs and to support the implementation of NCPPM in kindergarten in a developmentally appropriate and vertically aligned manner. Funds shall be used to provide training, consultation, and ongoing support for local school administrative units to implement the NCPPM framework to prekindergarten and kindergarten classrooms, with priority given to low-performing schools and local school administrative units affected by COVID-19 that receive low-wealth supplemental funding.

(10) $15,000,000 to establish a grant program to provide contracted school health support services to public school units with a demonstrated need. Public school units receiving the funds shall contract with school health support personnel to provide additional physical and mental health support services for students in response to COVID-19. No later than February 15, 2022, the Department shall report to the Joint Legislative Education Oversight Committee on the public school units that received the services, the specific services provided, the type of school health support personnel that provided the services, and the amount of funding provided for each service in each public school unit. For purposes of this subdivision, the term "school health support personnel" shall refer to school counselors, school nurses, school psychologists, and school social workers.

(11) $2,000,000, in response to the COVID-19 pandemic, for eight new time-limited, full-time equivalent positions at the Department and associated operating costs to work with the Center for Safer Schools, public school units, and law enforcement to identify and locate missing public school students. One position shall be based in each of the eight education districts adopted by the State Board of Education and shall report to the regional director assigned to that district.

(12) $2,000,000 to contract with a third-party entity for a period of up to two years for a new software platform, in response to the COVID-19 pandemic, to develop and implement a system of tracking expenditures of State and federal funds provided for subscription services and technology.

(13) $9,000,000 to contract with a third-party entity for a period of up to three years for a new software platform, in response to the COVID-19 pandemic, to evaluate and improve student learning and performance and to provide students with an individualized roadmap for improving learning and performance.

(14) $200,000 to establish one new time-limited, full-time equivalent position at the Department to manage the two software platforms for public schools funded pursuant to subdivisions (12) and (13) of this subsection.

(15) $15,000,000 to provide grants to local school administrative units for schools identified as low-performing, with priority for grants provided to local school administrative units that have a majority of schools located in the unit identified as low-performing. Funds shall be used to provide flexible improvement and intervention options that are approved by the Department to address negative impacts of COVID-19.

(16) $8,000,000 to be allocated to Mount Airy City Schools to partner with a nonprofit organization to create the North Carolina High-Tech Learning

Accelerator, an initiative to provide a network of place-based learning hubs for students with rigorous and experiential pathways for jobs in the technology industry. The initiative shall offer summer immersion and out-of-school options, in addition to other student supports in a core program aimed at enhancing curriculum opportunities for work-based learning.

(17) Up to $17,995,959 for the Department to use for administrative costs.

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

(19) In no event shall the Department expend or encumber funds from the reserve of funds pursuant to subsection (f) of section 2001 of the ARPA for the purposes set forth under subdivisions (1) through (17) of this subsection or for any other purpose in a total amount that exceeds two hundred twenty-one million six hundred ninety-five thousand nine hundred fifty-nine dollars ($221,695,959) prior to June 1, 2022.

(20) If, on August 15, 2022, there are any funds that are unencumbered from the reserve of funds pursuant to subsection (f) of section 2001 of the ARPA, those funds shall be reallocated to be used for expenditures on or after that date to meet additional needs of the elementary and secondary schools of the State within federal law and guidelines, as determined by the State Board of Education.

"**SECTION 3.5.(b)** Strategic Plan for a Competency-Based Education Program. – The State Board of Education and the Department of Public Instruction shall develop a strategic plan for the deployment of a competency-based education program that provides for credit by demonstrated mastery for students in grades seven through 12 for credit recovery or acceleration to address impacts of the COVID-19 pandemic. The program shall also focus on demonstrating teacher competency and enable teacher professional development and principal professional development for the purposes of educator licensure reform and efficiency within the Department. By December 15, 2021, the Department of Public Instruction shall submit a comprehensive, strategic plan for the program to the Joint Legislative Education Oversight Committee, including the method for deployment of the competency-based education program, the predicted number of students who may earn credit by demonstrating content mastery and the method of assessment, the impact on teachers and how the program will be used for professional development and competency, and a detailed description of the estimated cost of the program, including the identification of other sources of funds for the program after the deadline established by federal law and guidelines for expenditure of federal funds."

TRANSFER OF FUNDS FOR THE SCHOOL BUSINESS SYSTEM MODERNIZATION PLAN

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

By October 1, 2021, GDAC shall execute any contractual agreements and interagency data sharing agreements necessary to accomplish the reporting system established pursuant to Section 7.16 of S.L. 2017-57, as amended by Section 7.6 of S.L. 2018-5. The Department of Public Instruction and GDAC shall continue partnering to continue development, deployment, and ongoing provision of data integration service that consolidates data from financial, human resources, licensure, student information, and EVAAS. Implementation shall also include development and deployment of a modern analytical platform and reporting environment. Additionally, student population data for future assessments, including State assessments, Advanced Placement exams, and college readiness assessments shall be made available to local school administrative units and public schools through the Department's EVAAS section of the website and shall be made available in hard copy to parents and legal guardians upon request.

PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 7A.1.(a) The following monthly teacher salary schedule shall apply for the 2021-2022 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2021-2022 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	$3,509
1	$3,609
2	$3,709
3	$3,810
4	$3,910
5	$4,010
6	$4,110
7	$4,211
8	$4,311
9	$4,411
10	$4,511
11	$4,612
12	$4,712
13	$4,812
14	$4,912
15-24	$5,013
25+	$5,213.

SECTION 7A.1.(b) Salary Supplements for Teachers Paid on This Salary Schedule. –

(1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.

(2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

(3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the supplement provided to them as "M" teachers.

(4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred

fifty-three dollars ($253.00) per month in addition to the supplement provided to them as "M" teachers.

(5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

SECTION 7A.1.(c) The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to the sixth step of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

SECTION 7A.1.(d) The twenty-sixth step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 7A.1.(e) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 7A.1.(f) A teacher compensated in accordance with this salary schedule for the 2021-2022 school year shall receive an amount equal to the greater of the following:

(1) The applicable amount on the salary schedule for the applicable school year.

(2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:

a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.

b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.

c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

(3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the salary and annual bonus the teacher received in the 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

SECTION 7A.1.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SECTION 7A.1.(h) It is the intent of the General Assembly to implement the following base monthly teacher salary schedule for the 2022-2023 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2022-2023 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	$3,518
1	$3,618
2	$3,718
3	$3,820
4	$3,920
5	$4,020
6	$4,120
7	$4,222
8	$4,322
9	$4,422

10	$4,522
11	$4,624
12	$4,724
13	$4,824
14	$4,924
15-24	$5,026
25+	$5,226.

SECTION 7A.1.(i) G.S. 115C-302.10 reads as rewritten:

"**§ 115C-302.10. Qualifications for certain education-based salary supplements.**

Notwithstanding ~~Section 35.11 of S.L. 2013-360,~~ any other provision of law, only the following teachers and instructional support personnel shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree ~~level for the 2014-2015 school year and subsequent school years:~~level:

(1) Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.

(2) Teachers and instructional support personnel who were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year.

(3) Teachers and instructional support personnel who (i) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course prior to August 1, 2013, and (ii) would have qualified for the salary supplement pursuant to State Board of Education policy TCP-A-006, as it was in effect on June 30, 2013."

SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES

SECTION 7A.2.(a) Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-302.7. Salary supplement for highly qualified teaching graduates.**

(a) For purposes of this section, a "highly qualified graduate" or "graduate" is an individual entering the teaching profession who has graduated from an approved educator preparation program located in North Carolina who has both of the following:

(1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.

(2) A score of the following or higher on an edTPA assessment or an equivalent score on a nationally normed and valid pedagogy assessment used to determine clinical practice performance:

a. A score of 42 for the World Languages and Classical Languages edTPA assessment.

b. A score of 57 for the Elementary Education edTPA assessment.

c. A score of 48 for all other edTPA assessments.

(b) Notwithstanding any other provision of law, to the extent funds are made available for this purpose, a highly qualified graduate who is employed by a local board of education shall receive a salary supplement each month at the highest level for which the graduate qualifies as follows:

(1) A graduate who accepts initial employment at a school identified as low-performing by the State Board of Education pursuant to G.S. 115C-105.37 shall receive a salary supplement during the graduate's first three years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with three years of experience on the "A" Teachers Salary Schedule, as long as the graduate (i) remains teaching at the same school or (ii) accepts subsequent employment at

another low-performing school or local school administrative unit identified as low-performing.

(2) A graduate licensed and employed to teach in the areas of special education, science, technology, engineering, or mathematics shall receive a salary supplement during the graduate's first two years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with two years of experience on the "A" Teachers Salary Schedule, as long as the graduate continues teaching in one of those areas.

(3) All other graduates shall receive a salary supplement during the graduate's first year of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with one year of experience on the "A" Teachers Salary Schedule."

SECTION 7A.2.(b) This section becomes effective July 1, 2021, and applies to highly qualified graduates hired on or after that date.

BONUSES FOR TEACHERS

SECTION 7A.3.(a) No later than October 31, 2021, the Department of Public Instruction shall administer a one-time, lump sum bonus of three hundred dollars ($300.00) to every teacher whose salaries are supported from State funds and who, as of October 1, 2021, is employed as a teacher in a qualifying public school unit.

SECTION 7A.3.(b) As used in this section, the following definitions shall apply:

(1) Teacher. – Teachers and instructional support personnel.

(2) Qualifying public school unit. – Any of the following:

a. A local school administrative unit.

b. A charter school.

c. A regional school.

d. An innovative school.

e. A laboratory school under Article 29A of Chapter 116 of the General Statutes.

SECTION 7A.3.(c) The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

SECTION 7A.3.(d) Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 7A.3.(e) For charter schools, regional schools, innovative schools, and laboratory schools, the Department of Public Instruction shall allocate funds for the bonuses provided pursuant to this section on the basis of the funded average daily membership of each school.

SECTION 7A.3.(f) It is the intent of the General Assembly that funds provided pursuant to this section will supplement teacher compensation and not supplant local funds.

SECTION 7A.3.(g) For the 2021-2022 fiscal year, funds appropriated from the General Fund to the Department of Public Instruction for the following bonus programs shall instead be used for bonuses for teachers in accordance with subsections (a) through (f) of this section:

(1) The Third Grade Read to Achieve Teacher Bonus Program provided in Section 8.8C of S.L. 2017-57, as amended by Section 2.10 of S.L. 2017-97 and Section 8.10 of S.L. 2018-5.

(2) The Fourth and Fifth Grade Reading Teacher Bonus Program provided in Section 8.8D of S.L. 2017-57, as amended by Section 8.11 of S.L. 2018-5.

(3) The Fourth to Eighth Grade Math Teacher Bonus Program provided in Section 8.8E of S.L. 2017-57, as amended by Section 8.12 of S.L. 2018-5.

SECTION 7A.3.(h) For the 2022-2023 fiscal year and subsequent fiscal years, it is the intent of the General Assembly to reauthorize bonuses for teachers based on the criteria used in the programs identified in subdivisions (1) through (3) of subsection (g) of this section.

ADVANCED COURSE AND CTE TEACHER BONUSES

SECTION 7A.4.(a) Establish Advanced Course and CTE Bonus Program. – The State Board of Education shall establish a teacher bonus program for the 2021-2023 fiscal biennium to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay to qualifying teachers whose salaries are supported from State funds in January of 2022 and January of 2023, based on data from the 2020-2021 and 2021-2022 school years, respectively, in accordance with this section.

SECTION 7A.4.(b) Definitions. – For purposes of this section, the following definitions shall apply:

(1) Eligible advanced course teacher. – A teacher of Advanced Placement courses, International Baccalaureate Diploma Programme courses, or the Cambridge Advanced International Certificate of Education (AICE) program who meets the following criteria:
   a. Is employed by, or retired having last held a position at, one or more of the following:
      1. A qualifying public school unit.
      2. The North Carolina Virtual Public School program.
   b. Taught one or more students who received a score listed in subsection (c) of this section.

(2) Eligible career and technical education (CTE) teacher. – A teacher who meets the following criteria:
   a. Is employed by, or retired having last held a position at, a qualifying public school unit.
   b. Taught one or more students who attained approved industry certifications or credentials consistent with G.S. 115C-156.2.

(3) Qualifying public school unit. – Any of the following:
   a. A local school administrative unit.
   b. A charter school.
   c. A regional school.
   d. A school providing elementary or secondary instruction operated by the State Board of Education under Article 7A of Chapter 115C of the General Statutes.
   e. A school providing elementary or secondary instruction operated by The University of North Carolina under Article 29A of Chapter 116 of the General Statutes.

(4) Qualifying teacher. – An eligible advanced course teacher or eligible career and technical education teacher who meets one of the following criteria:
   a. Remains employed teaching in the same qualifying public school unit, or, if an eligible advanced course teacher is only employed by the North Carolina Virtual Public School program, remains employed teaching in that program, at least from the school year the data is collected until January 1 of the corresponding school year that the bonus is paid.

b. Retired, between the last day of the school year in which the data is collected and January 1 of the corresponding school year in which the bonus is paid, after attaining one of the following:
1. The age of at least 65 with five years of creditable service.
2. The age of at least 60 with 25 years of creditable service.
3. Thirty years of creditable service.

SECTION 7A.4.(c) Advanced Course Bonuses. – A bonus in the amount of fifty dollars ($50.00) shall be provided to qualifying advanced course teachers for each student taught in each advanced course who receives the following score:

(1) For Advanced Placement courses, a score of three or higher on the College Board Advanced Placement Examination.
(2) For International Baccalaureate Diploma Programme courses, a score of four or higher on the International Baccalaureate course examination.
(3) For the Cambridge AICE program, a score of "C" or higher on the Cambridge AICE program examinations.

SECTION 7A.4.(d) CTE Bonuses. – For qualifying career and technical education teachers, bonuses shall be provided in the following amounts:

(1) A bonus in the amount of twenty-five dollars ($25.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a twenty-five dollar ($25.00) value ranking as determined under subsection (e) of this section.
(2) A bonus in the amount of fifty dollars ($50.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a fifty dollar ($50.00) value ranking as determined under subsection (e) of this section.

SECTION 7A.4.(e) CTE Course Value Ranking. – The Department of Commerce, in consultation with the State Board, shall assign a value ranking for each industry certification and credential based on academic rigor and employment value in accordance with this subsection. Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty percent (50%) on employment value. Academic rigor and employment value shall be based on the following elements:

(1) Academic rigor shall be based on the number of instructional hours, including work experience or internship hours, required to earn the industry certification or credential, with extra weight given for coursework that also provides community college credit.
(2) Employment value shall be based on the entry wage, growth rate in employment for each occupational category, and average annual openings for the primary occupation linked with the industry certification or credential.

SECTION 7A.4.(f) Limitation on Bonus Funds. – Bonus funds awarded to a teacher pursuant to subsection (c) or subsection (d) of this section shall not exceed three thousand five hundred dollars ($3,500) per subsection in any given school year.

SECTION 7A.4.(g) Bonuses Not Compensation. – Bonuses awarded to a teacher pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 7A.4.(h) Study and Report. – The State Board of Education shall study the effect of the program on teacher performance and retention. The State Board shall report the results of its findings and the amount of bonuses awarded to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight

Committee, and the Fiscal Research Division by March 15 of each year bonuses are awarded. The report shall include, at a minimum, the following information:

(1) Number of students enrolled and taking examinations in each of the following categories of courses:
   a. Advanced Placement.
   b. International Baccalaureate Diploma Programme.
   c. Cambridge AICE program.
   d. Courses needed for the attainment of an industry certification or credential.

(2) Number of students receiving outcomes on examinations resulting in the award of a bonus for a teacher in each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.

(3) Number of teachers receiving a bonus in each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.

(4) The amounts awarded to teachers for each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.

(5) The type of industry certifications and credentials earned by the students, the value ranking for each certification and credential, the number of bonuses earned for each certification or credential, and the total bonus amount awarded for each certification or credential.

SMALL COUNTY SIGNING BONUS FOR TEACHERS

SECTION 7A.5.(a) Definitions. – For purposes of this section, the following definitions shall apply:

(1) Eligible employee. – A person who meets all of the following criteria:
   a. Accepts employment as a teacher with an eligible employer for the 2021-2022 school year.
   b. Was not employed by the eligible employer identified in sub-subdivision a. of this subdivision in the 2020-2021 fiscal year.
   c. Is employed by the eligible employer identified in sub-subdivision a. of this subdivision as of October 1, 2021.

(2) Eligible employer. – The governing board of a local school administrative unit that receives small county school system supplemental funding in the 2021-2022 fiscal year.

(3) Local funds. – Matching funds provided by an eligible employer to enable an eligible employee to qualify for the signing bonus program established by this section.

(4) Teacher. – Teachers and instructional support personnel.

SECTION 7A.5.(b) Signing Bonus Program. – For the 2021-2022 fiscal year, the Department of Public Instruction shall establish and administer a signing bonus program for teachers. Signing bonuses shall be provided to all eligible employees who are employed by an eligible employer as long as they are matched on the basis of one dollar ($1.00) in State funds for every one dollar ($1.00) in local funds, up to two thousand dollars ($2,000) in State funds.

SECTION 7A.5.(c) Limited Exclusion from Future Signing Bonuses. – A teacher who receives a signing bonus pursuant to this section is ineligible to receive another signing bonus pursuant to this section or a similar enactment of the General Assembly until July 1, 2024, at the earliest. This section shall not apply to any legislatively mandated bonuses received by teachers that are not signing bonuses.

SECTION 7A.5.(d) Bonuses as Additions. – The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus a teacher receives or is scheduled to receive.

SECTION 7A.5.(e) Not for Retirement. – Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 7A.5.(f) Future Signing Bonuses. – It is the intent of the General Assembly to provide additional signing bonuses for eligible employees in the 2022-2023 fiscal year.

PRINCIPAL SALARY SCHEDULE

SECTION 7A.6.(a) The following annual salary schedule for principals shall apply for the 2021-2022 fiscal year, beginning July 1, 2021:

2021-2022 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	$69,147	$76,062	$82,976
201-400	$72,604	$79,864	$87,125
401-700	$76,062	$83,668	$91,274
701-1,000	$79,519	$87,471	$95,423
1,001-1,600	$82,976	$91,274	$99,571
1,601+	$86,434	$95,077	$103,721.

A principal's placement on the salary schedule shall be determined according to the average daily membership of the school supervised by the principal, as described in subsection (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the principal supervised in at least two of the prior three school years, as described in subsection (c) of this section, regardless of a break in service, and provided the principal supervised each school as a principal for at least a majority of the school year, as follows:

(1) A principal shall be paid according to the Exceeded Growth column of the schedule if the school growth scores show the school or schools exceeded expected growth in at least two of the prior three school years.

(2) A principal shall be paid according to the Met Growth column of the schedule if any of the following apply:

a. The school growth scores show the school or schools met expected growth in at least two of the prior three school years.

b. The school growth scores show the school or schools met expected growth in at least one of the prior three school years and exceeded expected growth in one of the prior three school years.

c. The principal supervised a school in at least two of the prior three school years that was not eligible to receive a school growth score.

(3) A principal shall be paid according to the Base column if either of the following applies:

a. The school growth scores show the school or schools did not meet expected growth in at least two of the prior three years.

b. The principal has not supervised any school as a principal for a majority of the school year in at least two of the prior three school years.

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

(1) Between July 1, 2021, and December 31, 2021, the average daily membership for the school from the 2019-2020 school year. If the school did not have an average daily membership in the 2019-2020 school year, the projected average daily membership for the school for the 2021-2022 school year.

(2) Between January 1, 2022, and June 30, 2022, the average daily membership for the school for the 2021-2022 school year.

SECTION 7A.6.(c) For purposes of determining the school growth scores for each school the principal supervised in at least two of the prior three school years, the following school growth scores shall be used during the following time periods:

(1) Between July 1, 2021, and December 31, 2021, school growth scores from the three most recent available school years, up to the 2018-2019 school year, shall be used.

(2) Between January 1, 2022, and June 30, 2022, school growth scores from the three most recent available school years, up to the 2020-2021 school year, shall be used.

SECTION 7A.6.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to principals paid on the principal salary schedule, the amounts of those longevity payments are included in the annual amounts under the principal salary schedule.

SECTION 7A.6.(e) A principal compensated in accordance with this section for the 2021-2022 fiscal year shall receive an amount equal to the greater of the following:

(1) The applicable amount on the salary schedule for the applicable year.

(2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:

a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.

(3) For principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

SECTION 7A.6.(f) It is the intent of the General Assembly to implement the following annual salary schedule for principals for the 2022-2023 fiscal year, beginning July 1, 2022:

2022-2023 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	$70,184	$77,202	$84,221
201-400	$73,693	$81,062	$88,432
401-700	$77,202	$84,922	$92,642
701-1,000	$80,712	$88,783	$96,854
1,001-1,600	$84,221	$92,643	$101,065
1,601+	$87,730	$96,503	$105,276.

BONUSES FOR PRINCIPALS

SECTION 7A.7.(a) No later than October 31, 2021, the Department of Public Instruction shall administer a one-time, lump sum bonus of one thousand eight hundred dollars ($1,800) to every principal in a public school unit whose salaries are supported from State funds and who, as of October 1, 2021, is employed as a principal in a public school unit.

SECTION 7A.7.(b) The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonuses the principal receives or is scheduled to receive.

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

SECTION 7A.7.(d) It is the intent of the General Assembly that funds provided pursuant to this section will supplement principal compensation and not supplant local funds.

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.8.(a) For the 2021-2022 fiscal year, beginning July 1, 2021, assistant principals shall receive a monthly salary based on the salary schedule for teachers who are classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools. For purposes of this section, an administrator with a one-year provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

SECTION 7A.8.(b) Assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars ($126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars ($253.00) per month.

SECTION 7A.8.(c) Participants in an approved full-time master's in school administration program shall receive up to a 10-month stipend during the internship period of the master's program. The stipend shall be at the beginning salary of an assistant principal or, for a teacher who becomes an intern, at least as much as that person would earn as a teacher on the teacher salary schedule. The North Carolina Principal Fellows and Transforming Principal Preparation Program or the school of education where the intern participates in a full-time master's in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7A.8.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to assistant principals on the assistant principal salary schedule, the amounts of those longevity payments are included in the monthly amounts provided to assistant principals pursuant to subsection (a) of this section.

SECTION 7A.8.(e) An assistant principal compensated in accordance with this section for the 2021-2022 fiscal year shall receive an amount equal to the greater of the following:

(1) The applicable amount on the salary schedule for the applicable year.

(2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:

a. The salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

b. The longevity that the assistant principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the assistant principal's current years of service.

(3) For assistant principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

CENTRAL OFFICE SALARIES

SECTION 7A.9.(a) For the 2021-2022 fiscal year, beginning July 1, 2021, the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, whose salaries are supported from State funds, shall be increased by one and one-half percent (1.5%).

SECTION 7A.9.(b) It is the intent of the General Assembly to increase the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, whose salaries are supported from State funds, for the 2022-2023 fiscal year, beginning July 1, 2022, by one and one-half percent (1.5%).

SECTION 7A.9.(c) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2021-2022 fiscal year, beginning July 1, 2021:

2021-2022 Fiscal Year

	Maximum
School Administrator I	$6,730
School Administrator II	$7,131
School Administrator III	$7,558
School Administrator IV	$7,853
School Administrator V	$8,166
School Administrator VI	$8,651
School Administrator VII	$8,995.

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the maximums and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee.

SECTION 7A.9.(d) The monthly salary maximums that follow apply to superintendents for the 2021-2022 fiscal year, beginning July 1, 2021:

	2021-2022 Fiscal Year Maximum
Superintendent I	$9,535
Superintendent II	$10,103
Superintendent III	$10,709
Superintendent IV	$11,353
Superintendent V	$12,037.

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

SECTION 7A.9.(e) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the North Carolina Human Resources Act.

SECTION 7A.9.(f) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for under this section.

SECTION 7A.9.(g) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 7A.9.(h) It is the intent of the General Assembly that the monthly salary maximums that follow shall apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2022-2023 fiscal year, beginning July 1, 2022:

	2022-2023 Fiscal Year Maximum
School Administrator I	$6,831
School Administrator II	$7,238
School Administrator III	$7,671
School Administrator IV	$7,971

School Administrator V	$8,288
School Administrator VI	$8,781
School Administrator VII	$9,130.

SECTION 7A.9.(i) It is the intent of the General Assembly that the monthly salary maximums that follow shall apply to superintendents for the 2022-2023 fiscal year, beginning July 1, 2022:

	2022-2023 Fiscal Year Maximum
Superintendent I	$9,678
Superintendent II	$10,255
Superintendent III	$10,870
Superintendent IV	$11,523
Superintendent V	$12,217.

NONCERTIFIED PERSONNEL SALARIES

SECTION 7A.10.(a) Beginning with the 2021-2022 fiscal year, the State Board of Education shall increase the minimum of all salary grades and ranges it maintains for noncertified public school employees, as necessary, to achieve a minimum hourly compensation rate of thirteen dollars ($13.00) per hour.

SECTION 7A.10.(b) For the 2021-2022 fiscal year, beginning July 1, 2021, the annual salary for noncertified public school employees whose salaries are supported from State funds shall be increased as follows:

(1) For permanent, full-time employees on a 12-month contract, by the greater of the following:
   a. One and one-half percent (1.5%).
   b. An amount necessary to increase the minimum hourly compensation rate of the employee to thirteen dollars ($13.00) per hour pursuant to subsection (a) of this section.

(2) For the following employees, by an equitable amount based on the amounts specified in subdivision (1) of this subsection:
   a. Permanent, full-time employees on a contract for fewer than 12 months.
   b. Permanent, part-time employees.
   c. Temporary and permanent hourly employees.

SECTION 7A.10.(c) It is the intent of the General Assembly to increase the annual salary for noncertified public school employees whose salaries are supported from State funds in the 2022-2023 fiscal year, beginning July 1, 2022, by one and one-half percent (1.5%).

PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM

UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS

SECTION 8.1.(a) The funds appropriated by this act from the Escheat Fund for the 2021-2023 fiscal biennium for student financial aid shall be allocated in accordance with G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if the interest income generated from the Escheat Fund is less than the amounts referenced in this act, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this act; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION 8.1.(b) The State Education Assistance Authority (Authority) shall conduct periodic evaluations of expenditures of the student financial aid programs administered by the Authority to determine if allocations are utilized to ensure access to institutions of higher education and to meet the goals of the respective programs. The Authority may make recommendations for redistribution of funds to the President of The University of North Carolina and the President of the Community College System regarding their respective student financial aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

IN-STATE TUITION/VETERANS/FEDERAL LAW COMPLIANCE

SECTION 8.2.(a) G.S. 116-143.3A reads as rewritten:

"**§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other individuals.**

…

(b) Waiver of 12-month residency requirement for certain veterans and other Certain Individuals. – Any veteran, dependent of a veteran, or other individual who qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment, to the extent required by ~~Section 702 of the Veterans Access, Choice, and Accountability Act of 2014, as amended,~~ 38 U.S.C. § 3679, without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the individual meets all of the following criteria:

…

~~(d) After the expiration of the three-year period following discharge as described in 38 U.S.C. § 3679(c), any enrolled individual who is eligible for in-State tuition under this section shall continue to be eligible for the in-State tuition rate so long as the covered individual remains continuously enrolled (other than during regularly scheduled breaks between courses, quarters, terms, or semesters) at that institution of higher education.~~

…."

SECTION 8.2.(b) This section is effective when it becomes law.

PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM

SECTION 8.3.(a) Program Established. – Of the funds appropriated by this act for the 2021-2023 fiscal biennium to the Board of Governors of The University of North Carolina for the North Carolina Patriot Star Family Scholarship Program (Program), the Board of Governors shall make funds available to (i) the Patriot Foundation, a nonprofit corporation, and (ii) the Marine Corps Scholarship Foundation, Inc., a nonprofit corporation, for the purpose of establishing and administering scholarships under the Program, originally established pursuant to Section 3.4 of S.L. 2020-97, in accordance with the requirements of this section.

SECTION 8.3.(b) Purpose of the Program. – The Patriot Foundation and the Marine Corps Scholarship Foundation, Inc., respectively, shall provide for scholarships to eligible children and eligible spouses of certain veterans and eligible children of certain currently serving members of the Armed Forces to attend eligible postsecondary institutions in accordance with the requirements of this section.

SECTION 8.3.(c) Definitions. – For the purposes of this section, the following definitions apply:

(1) Armed Forces. – A component of the United States Army, Navy, Marine Corps, Air Force, and Coast Guard, including their reserve components.

(2) Eligible child or eligible children. – Any person (i) who is attending or has been accepted to enroll in an eligible postsecondary institution, (ii) who is a legal resident of North Carolina when scholarship documentation is completed, provided that if a child is claimed as a dependent by the child's

parent, residency may be established based on a parent meeting sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) who has complied with the requirements of the Selective Service System, if applicable, and (iv) whose parent is a veteran or a currently serving member of the Armed Forces that meets the following:

a. Meets one of the following residency conditions:
   1. Is a resident of North Carolina at the time of scholarship documentation completion.
   2. Was a resident of North Carolina at the time of entrance into service in the Armed Forces.
   3. Was permanently stationed in North Carolina at the time of his or her death.
   4. Is an active duty service member permanently stationed in North Carolina at the time of documentation completion.

b. Meets one of the following service conditions:
   1. Was a member of the Armed Forces who was killed in action or in the line of duty, or died of wounds or other causes not due to the service member's willful misconduct during a period of war or national emergency.
   2. Was a member of the Armed Forces who died of service-connected injuries, wounds, illness, or other causes incurred or aggravated while a member of the Armed Forces during a period of war or national emergency. Standard documentation of the parent's death, wounds, injury, or illness must be supplied by a scholarship recipient at the time of scholarship request.
   3. Is a veteran of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national emergency and is receiving compensation for a wartime service–connected disability of at least fifty percent (50%) as rated by the U.S. Department of Veterans Affairs.
   4. Is a current member of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national emergency. The parent's traumatic wounds, injury, or major illness must be documented by the U.S. Department of Defense.

(3) Eligible postsecondary institution. – A school that is any of the following:
   a. A constituent institution of The University of North Carolina.
   b. A community college under the jurisdiction of the State Board of Community Colleges.
   c. A private educational institution as defined in G.S. 143B-1224.
   d. An accredited, private vocational institution.

(4) Eligible spouse. – Any person (i) who is attending or has been accepted to enroll in an eligible postsecondary institution, (ii) who is a legal resident of North Carolina when scholarship documentation is completed, (iii) who has complied with the requirements of the Selective Service System, if applicable, and (iv) whose spouse was a member of the Armed Forces who was killed in action or in the line of duty, or died of wounds or other causes not due to the

service member's willful misconduct during a period of war or national emergency.

(5) Veteran. – An individual who has served and is no longer serving in the Armed Forces of the United States. For the purposes of this section, the veteran must have separated from the Armed Forces under honorable conditions or whose death or disability of at least fifty percent (50%) or more was incurred as a direct result of service in the line of duty.

SECTION 8.3.(d) Administration; Awards. – Within the funds made available for the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each separately administer and award scholarships to eligible children and eligible spouses in accordance with the requirements of the North Carolina Patriot Star Family Scholarship Program. In administering the Program, each nonprofit corporation shall be responsible for Program oversight for the scholarships awarded through its organization to ensure compliance with the provisions of this section.

Each nonprofit corporation shall, at a minimum, establish criteria and procedures related to scholarship documentation completion, the amount of individual scholarships, the permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for a revocation of a scholarship, and any other procedures it deems necessary for its administration of the Program. A scholarship awarded to an eligible child or eligible spouse shall not exceed the cost of attendance at the eligible postsecondary institution.

If an eligible child or eligible spouse receives a scholarship or other grant covering the cost of attendance at an eligible postsecondary institution for which the scholarship is awarded, then the amount of a scholarship awarded under this section shall be reduced so that the sum of all grants and scholarships covering the cost of attendance received by the eligible child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes of this section, cost of attendance shall be deemed to include monies for tuition, fees, books, supplies, and equipment required for study at an eligible postsecondary institution, as well as room and board as long as the scholarship recipient is enrolled as at least a half-time student at the institution. Off-campus housing costs for room and board are also included to the extent the eligible postsecondary institution includes it in its cost of attendance.

SECTION 8.3.(e) Reporting. – The Patriot Foundation shall submit a report by April 1 of each year in which the Patriot Foundation spends State funds made available for the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the activities related to the Program and the use of the State funds.

The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of each year in which the Marine Corps Scholarship Foundation spends State funds made available for the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the activities related to the Program and the use of the State funds.

REPORT ON SCIENCE OF READING EPP COURSEWORK IMPLEMENTATION

SECTION 8.4.(a) The Board of Governors of The University of North Carolina shall contract with an outside consultant for an evaluation on the progress of the implementation of the changes in requirements for approval or renewal of approval of educator preparation programs (EPPs) for training of (i) elementary education teachers in coursework in the Science of Reading and (ii) elementary and special education general curriculum teachers in early literacy intervention strategies and practices that are aligned with the Science of Reading pursuant to Section 4 of S.L. 2021-8. The State Board of Community Colleges, the North Carolina Independent Colleges and Universities, the State Board of Education, the Superintendent of Public Instruction, and the Professional Educator Preparation and Standards Commission (PEPSC) shall provide the outside consultant with all information necessary to determine at least the following:

(1) A baseline of the current coursework in literacy training and intervention strategies and practices at EPPs.
(2) The plan for implementation of the requirements at approved EPPs and any recommendations for implementation by the State Board of Education, the Superintendent, and PEPSC.
(3) The timeline for EPPs to incorporate the training into their programs by the anticipated academic semesters.
(4) Any EPPs that have already incorporated training into their programs and their best practices to share with other programs.

SECTION 8.4.(b) The Board of Governors shall submit an interim report by December 15, 2021, and a final report by May 15, 2022, to the Joint Legislative Education Oversight Committee on the progress of implementation of required changes and the results of the overall evaluation from the outside consultant required under subsection (a) of this section. The interim report submitted by December 15, 2021, shall also include the baseline of current coursework in literacy training and intervention strategies and practices at EPPs.

FALLS LAKE NUTRIENT MANAGEMENT STUDY/FUNDS

SECTION 8.5. Of the funds appropriated by this act to the Board of Governors for the 2022-2023 fiscal year for the study of Falls Lake, any unexpended funds remaining at the end of the 2022-2023 fiscal year shall not revert to the General Fund but shall remain available for expenditure for the purposes of studying and analyzing nutrient management strategies and compiling existing water quality data of Falls Lake pursuant to Section 14.13(c) of S.L. 2016-94, as amended by Section 13.18(a) of S.L. 2018-5, until December 31, 2023.

NEW EDUCATION FACILITY/UNCW/PLANNING FUNDS

SECTION 8.6.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2021-2022 fiscal year, the sum of nine hundred ninety-four thousand dollars ($994,000) in nonrecurring funds shall be held in reserve for the purpose of providing funds for the planning of a new facility for Isaac Bear Early College High School on the University of North Carolina at Wilmington's campus as the partner institution of higher education for the cooperative innovative high school.

The Board of Governors shall allocate the funds to the University of North Carolina at Wilmington (UNC-Wilmington) upon the signing of a memorandum of agreement between New Hanover County Schools and UNC-Wilmington on the specifics of the facility project, including the site location for the new facility and the sources of funds for the project.

SECTION 8.6.(b) If a memorandum of agreement is not signed between New Hanover County Schools and UNC-Wilmington as required by subsection (a) of this section by June 30, 2022, the funds held in reserve by the Board of Governors pursuant to this section shall revert to the General Fund.

SECTION 8.6.(c) The allocation of funds by the Board of Governors to UNC-Wilmington pursuant to this section shall not be deemed to constitute a financial obligation of the State to provide any additional State funds in subsequent fiscal years for the purpose of planning or constructing a new facility for Isaac Bear Early College High School.

ALLOW IN-STATE TUITION/ATHLETIC SCHOLARSHIPS

SECTION 8.7.(a) G.S. 116-143.6 reads as rewritten:

"**§ 116-143.6. Full scholarship students attending constituent institutions.**

(a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent institution of The University of North Carolina elects to do so, it may by resolution adopted consider as residents of North Carolina all persons who receive full ~~scholarships, unless the scholarship is for athletics,~~ scholarships to the institution from entities recognized by the

institution and attend the institution as undergraduate students. The aforesaid persons shall be considered residents of North Carolina for all purposes by The University of North Carolina.

(b) The following definitions apply in this section:

(1) "Full cost" means an amount calculated by the constituent institution that is no less than the sum of tuition, required fees, and on-campus room and board.

(2) "Full scholarship" means a grant that meets the full cost for a student to attend the constituent institution for an academic year.

(c) This section shall not be applied in any manner that violates federal law.

~~(d) This section shall be administered by the electing constituent institution so as to have no fiscal impact.~~

(e) In administering this section, the electing constituent institution shall maintain at least the current number of North Carolina residents admitted to that constituent institution.

(f) A change in residency status under this section shall not impact the financial aid amount a student is able to receive as determined by the Free Application for Federal Student Aid."

SECTION 8.7.(b) This section applies beginning with the 2022-2023 academic year.

CODIFY NC COLLABORATORY

SECTION 8.8.(a) Section 11.8 of S.L. 2016-94, as amended by Section 8(c) of S.L. 2020-74, reads as rewritten:

"**SECTION 11.8.** ~~The~~ Beginning with the 2021-2022 fiscal year, the one million dollars ($1,000,000) in recurring funds appropriated in this act to the Board of Governors of The University of North Carolina for the 2016-2017 fiscal year to establish and operate a North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill shall be ~~used~~ used, in addition to any other funds appropriated for this purpose, to establish ~~a Collaboratory that facilitates the dissemination of the policy and research expertise of The University of North Carolina and other institutions of higher learning within North Carolina for practical use by State and local government, although, wherever possible, funding preference may be given to campuses within The University of North Carolina System. Any funds appropriated by the General Assembly for use by the Collaboratory may not be used for indirect overhead costs. The Collaboratory, at a minimum, shall conduct research on natural resources management, including, but not limited to, research related to the environmental and economic components of the management of the natural resources within the State of North Carolina and of new technologies for habitat, environmental, and water quality improvement. The Collaboratory shall develop and disseminate relevant best practices to interested parties, may lead or participate in projects across the State related to natural resource management, and may make recommendations to the General Assembly from time to time.~~and operate the North Carolina Collaboratory pursuant to Article 31A of Chapter 116 of the General Statutes."

SECTION 8.8.(b) Chapter 116 of the General Statutes is amended by adding a new Article to read:

"Article 31A.

"The North Carolina Collaboratory.

"**§ 116-255. The North Carolina Collaboratory established.**

(a) Collaboratory Established. – There is established the North Carolina Collaboratory (Collaboratory) to facilitate the dissemination of the policy and research expertise of The University of North Carolina and other institutions of higher education within North Carolina for practical use by State and local governments. The Collaboratory shall be housed at the University of North Carolina at Chapel Hill.

(b) Duties and Powers. – The Collaboratory shall do at least the following within the funds available:

(1) Conduct, manage, or participate in research on natural resources management, including, but not limited to, research related to the environmental and economic components of the management of the natural resources within the State of North Carolina and of new technologies for habitat, environmental, and water quality improvements.

(2) Conduct, manage, or participate in other projects and opportunities, including, but not limited to, research that may be of interest to citizens and policymakers within the State.

(3) Support research programs at institutions of higher education, particularly institutions identified as historically minority-serving institutions, within the Collaboratory's areas of focus and expertise.

(4) Identify, pursue, and support research and development opportunities through technology research and development, including, but not limited to, funding opportunities and partnerships between institutions of higher education, government agencies, nonprofit organizations, and both private and public businesses.

(5) Develop and disseminate relevant best practices to interested parties, lead or participate in projects across the State, and make policy, research, funding, and other recommendations to the General Assembly.

(6) Maintain an online reporting portal, in partnership with the Office of State Fire Marshal, on the storage and deployment of Aqueous Film-Forming Foams (AFFF) as required by G.S. 58-82B-10.

(c) Funding Conditions and Restrictions. – The following applies to funding received by the Collaboratory:

(1) In disseminating State funds, the Collaboratory may give funding preference to constituent institutions of The University of North Carolina, wherever possible.

(2) Funds appropriated by the General Assembly for use by the Collaboratory may not be used for indirect overhead costs at an institution partnering with the Collaboratory.

(3) For research or investigations that need to be carried out expeditiously in response to a project, opportunity, or a legislative mandate, the provisions of Article 3 of Chapter 143 of the General Statutes, G.S. 143-129, and G.S. 116-131.10 shall not apply to the Collaboratory for the purchase of apparatus, supplies, material, or equipment in projects addressing an emerging or immediate threat to public health, safety, or welfare. For each project that utilizes this exemption, the Collaboratory shall provide a justification in writing and make this document available on its website for the duration of the project.

"**§ 116-256. Annual report.**

By December 1 of each year, the Collaboratory shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Oversight Committee on Health and Human Services, and the Joint Legislative Education Oversight Committee on its activities in the prior fiscal year and any legislative recommendations."

COLLABORATORY/RESEARCH GRANTS HMSI

SECTION 8.9.(a) The North Carolina Collaboratory (Collaboratory), established pursuant to Article 31A of Chapter 116 of the General Statutes, shall establish a research grant program for the following constituent institutions of The University of North Carolina identified as Historically Minority-Serving Institutions (HMSIs): Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North

Carolina Central University, the University of North Carolina at Pembroke, and Winston-Salem State University. The Collaboratory shall establish an application process and criteria for research grants that include a focus on areas within the Collaboratory's mission of facilitating research related to the environmental and economic components of the management of the natural resources within the State and of new technologies for habitat, environmental, and water quality improvements and other areas of public health.

The Collaboratory may award one or more research grants each fiscal year to each of the six HMSI constituent institutions to be used to expand their research capacity while being in service to the needs of the State. Of the funds appropriated by this act for the research grant program, the Collaboratory shall determine the amount of the research grant for each HMSI constituent institution in a fiscal year.

SECTION 8.9.(b) Funds allocated to the Collaboratory for the research grant program shall not be used to cover the administrative costs for the Collaboratory. Any unexpended funds appropriated for the research grant program at the end of a fiscal year shall not revert to the General Fund but shall remain available for expenditure for the purposes of this section.

COLLABORATORY/2021 WATER SAFETY ACT/FIREFIGHTING FOAM REGISTRY

SECTION 8.10.(a) The North Carolina Collaboratory (Collaboratory) shall continue to identify faculty expertise, technology, and instrumentation located within institutions of higher education in the State, including East Carolina University, the University of North Carolina at Chapel Hill, the University of North Carolina at Charlotte, the University of North Carolina at Wilmington, North Carolina State University, North Carolina Agricultural and Technical State University, Duke University, and other public and private institutions within the State and coordinate these faculty, technology, instrumentation, and other resources to do the following:

(1) Conduct both targeted and nontargeted analysis for per- and poly-fluoroalkyl substances (PFAS), including the chemical known as "GenX," through a continuation of the North Carolina PFAS Testing Network (Network).

(2) With respect to PFAS, including GenX, conduct (i) statewide water sampling, testing, and monitoring, (ii) statewide air sampling, testing, and monitoring, (iii) toxicology work in cellular and mammalian models, as well as monitoring levels and health effects of the citizens of North Carolina, and (iv) data management, analysis, and dissemination.

(3) Develop and deploy technologies to mitigate exposure to PFAS, including GenX, and health impacts from such exposure.

(4) Evaluate and pursue other research opportunities with respect to PFAS, including GenX, using relevant faculty expertise, technology, and instrumentation.

The Collaboratory shall utilize the faculty and staff at the University of North Carolina at Wilmington for assisting with project management of the requirements set forth in subsections (a) through (e) of this section.

SECTION 8.10.(b) The Collaboratory shall continue to report the results of sampling conducted pursuant to subsection (a) of this section to the Environmental Review Commission, the Department of Environmental Quality, the Department of Health and Human Services, the United States Environmental Protection Agency, and the public through the Network's website.

SECTION 8.10.(c) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina to be allocated to the University of North Carolina at Chapel Hill for the Collaboratory, the sum of fifteen million dollars ($15,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used by the Collaboratory to manage and implement the

requirements of subsections (a) through (e) of this section, which shall include distribution to the Collaboratory (i) to cover costs incurred as a result of these activities, (ii) for acquisition or modification of essential scientific instrumentation and maintenance, and (iii) for payments of costs for sample collection and analysis, training or hiring of research staff and other personnel, method development activities, and data management, including dissemination of relevant data to stakeholders. Participating institutions receiving any funds under this subsection may not use any of the funds for overhead or other indirect costs. Funds allocated under this subsection shall not revert but shall remain available for nonrecurring expenditures. The provisions of Article 3 of Chapter 143 of the General Statutes, G.S. 116-31.10, G.S. 143-129, and other relevant policies and guidelines related to those provisions shall not apply to the purchase of apparatus, supplies, material, personnel, contract, or equipment with any of the funds allocated under this section.

SECTION 8.10.(d) Of the funds allocated under subsection (c) of this section, a minimum of ten million dollars ($10,000,000) shall be directed to development within The University of North Carolina of a technology, or technologies, that utilizes water filtration or other chemical or physical technologies to remove or mitigate the presence of PFAS, including GenX, from water supplies where it is present. The technology shall be developed so that it can be deployed at three separate water supply locations at which analytical data demonstrates that PFAS contamination exists in order to test the efficacy of the technology, or technologies, as follows: (i) a publicly owned water treatment plant that provides drinking water from the Cape Fear River, (ii) a publicly owned wastewater treatment plant that discharges into the Cape Fear River, or a surface water body that flows into the Cape Fear River, and (iii) a location in either the Castle Hayne or the PeeDee aquifer that is utilized for drinking water. Each of these three sites shall be selected by the Collaboratory in consultation with faculty and staff from institutions of higher education in the State identified by the Collaboratory pursuant to subsection (a) of this section. All units of State and local government shall cooperate and assist with the placement, integration, operation, testing, and assessment of technology, or technologies, developed and deployed for the duration of any pilot testing authorized and funded under subsection (a) of this section.

SECTION 8.10.(e) The Collaboratory should continue to pursue relevant public and private funding opportunities that may be available to address the impacts of PFAS, including GenX, on surface water, groundwater, and air quality in order to leverage funds allocated under subsection (a) of this section or any other funds provided to the Collaboratory.

SECTION 8.10.(f) It is the intent of the General Assembly that funds appropriated in this act to the Department of Environmental Quality for personnel to map emerging compounds and to establish an Emerging Compounds unit within the Department will be expended synergistically with the funds allocated under subsection (a) of this section to comprehensively address the impacts of PFAS contamination on citizens of the State.

SECTION 8.10.(g) The University of North Carolina at Chapel Hill shall apportion all gross revenue associated with any intellectual property, including licensing fees and patenting revenue, related to ionic fluorogel water filtration or other chemical or physical technologies developed utilizing research funds that are provided by the Collaboratory, which were allocated pursuant to this section, under the following formula:

(1) Ten percent (10%) to the General Fund.

(2) Forty percent (40%) to the inventor or inventors of such technologies.

(3) Fifty percent (50%) to the University of North Carolina at Chapel Hill to be divided as follows: (i) two-fifths into a general patent/licensure fund to be used at the constituent institution's discretion, (ii) two-fifths to the home academic department or department of the inventor or inventors of such technologies, and (iii) one-fifth to the Collaboratory to fund ongoing PFAS-related research and technology development.

SECTION 8.10.(h) Chapter 58 of the General Statutes is amended by adding a new Article to read:

"Article 82B.

"Management of Aqueous Film-Forming Foams.

"**§ 58-82B-1. Findings.**

The General Assembly finds that certain firefighting foams used to fight Class B fires, often referred to as Aqueous Film-Forming Foams (AFFF), are critical for fire suppression and public safety. However, because many AFFF could contain per- and poly-fluoroalkyl substances, certain foams may require additional research, oversight, and management. The General Assembly further finds that accurate and comprehensive reporting of the use of AFFF by fire departments throughout the State is essential in order to appropriately manage the potential impacts of AFFF on the environment and public health.

"**§ 58-82B-5. Reporting requirement.**

Fire departments operated, regulated, or managed by one or more units of State and local government, including those located at or serving public airports, in partnership with the Office of the State Fire Marshal (OSFM), shall, no later than July 1, 2022, and annually thereafter, do all of the following:

(1) Provide an inventory of all AFFF at each department.

(2) Identify all AFFF no longer utilized at each department that should be properly disposed of.

(3) Report annually in summary form and within 15 days individually every incident where AFFF were deployed. Both the annual summary report and the individual incident reports shall utilize the online portal created as directed by G.S. 58-82B-10.

"**§ 58-82B-10. Duties of Office of the State Fire Marshal.**

The Office of the State Fire Marshal (OSFM) shall do all of the following:

(1) Educate and inform every fire department it regulates of the reporting requirements imposed by this Article.

(2) Assist the North Carolina Collaboratory, established under G.S. 116-255, in the development of an online reporting portal for fire departments operated, regulated, or managed by one or more units of State and local government, including those located at or serving public airports, with the requirements of this Article.

(3) Adopt rules to implement the requirements of this Article. OSFM may adopt temporary rules and shall adopt permanent rules no later than July 1, 2022.

"**§ 58-82B-15. Report.**

The Office of the State Fire Marshal (OSFM) shall report annually to the Environmental Review Commission no later than September 1 of each year on the utilization and inventory of AFFF by fire departments across the State during the previous fiscal year based on the reporting requirements of this Article."

SECTION 8.10.(i) The Collaboratory, in partnership with the Office of the State Fire Marshal (OSFM) and any unit of State and local government deemed relevant by the Collaboratory, shall develop and maintain the online reporting portal as required by G.S. 58-82B-10, as enacted by subsection (h) of this section, and G.S. 116-255(b)(6), as enacted by Section 8.8 of this act. The portal shall consist of an online reporting tool and related database that captures the storage and deployment of Aqueous Film-Forming Foams (AFFF) by fire departments in the State that are operated, managed, or overseen by units of local government, including those located at or serving public airports. The reporting tool shall be easily accessible to firefighters and fire department personnel to upload the data. The required inventory data shall include, at a minimum, the following:

(1) The number of trucks at each department that carry AFFF and the volume, trade name, and Chemical Abstract Service (CAS) number of the AFFF on each truck.
(2) The fire station, including street address, where each truck is located.
(3) The volume, trade name, and CAS number of AFFF stored by each fire department or unit of local government at a station or other location, as well as the address of each location where AFFF are stored.
(4) The volume, trade name, and CAS number of AFFF products that are no longer utilized and could be removed from inventory for disposal.
(5) The volume of AFFF used by each fire department annually, including all of the following:
a. The date, time, and location, including street address and GPS coordinates, where AFFF was deployed, and the trade name and CAS number of the AFFF used.
b. The total volume of AFFF deployed, including gallons of foam and gallons of water and total concentration of foam.
c. The reason for the deployment of AFFF, such as firefighting, fire prevention, other emergency response actions intended to protect property or public safety, training, or an accidental spill.
(6) A photograph of the label and the container of the foam. For the purpose of this subdivision, a photograph includes an electronic image produced by the camera of an electronic device.
(7) Any other data deemed relevant by the Collaboratory to establish a statewide inventory of AFFF used for fighting fires or firefighter training.

OSFM and all units of local government shall provide any information or assistance requested by the Collaboratory to acquire, compile, manage, interpret, and maintain the data required by this section. The tool and database required by this section shall be online and operational no later than June 1, 2022.

COLLABORATORY/STUDY OF THE COASTAL AND MARINE FISHERIES OF THE STATE

SECTION 8.11. In advance of the twenty-fifth anniversary of North Carolina's Fisheries Reform Act of 1997 and the fiftieth anniversary of North Carolina's Coastal Area Management Act, the North Carolina Collaboratory (Collaboratory) shall conduct a study on the overall status of the coastal and marine fisheries regulated by the State. The study shall focus on the following regulated species, including the health and extent of the habitats required by these species:

(1) Bay Scallop.
(2) Blue Crab.
(3) Eastern Oyster.
(4) Estuarine Striped Bass.
(5) Hard Clam.
(6) Kingfishes.
(7) Red Drum.
(8) River Herring.
(9) Sheepshead.
(10) Shrimp.
(11) Southern Flounder.
(12) Spotted Seatrout.
(13) Striped Mullet.

The Collaboratory shall analyze trends through time spanning the last few decades or longer to assess and develop policy recommendations to better manage the overall health and viability of the State's fisheries and fisheries' habitats. The Department of Environmental Quality, the Wildlife Resources Commission, other agencies of the State, and units of local government shall provide any assistance requested by the Collaboratory to acquire and compile data and complete the study required by this section. The Collaboratory shall provide the results of this study to the Environmental Review Commission no later than December 31, 2022.

COLLABORATORY/COVID-19 RESEARCH INITIATIVES

SECTION 8.12.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Board of Governors of The University of North Carolina to be allocated to the University of North Carolina at Chapel Hill for the North Carolina Collaboratory (Collaboratory), the Collaboratory shall facilitate among various entities research and activities related to monitoring, assessing, and addressing the public health and economic impacts of COVID-19, including best practices and strategies to maximize resources and achieve a comprehensive research response to COVID-19. Up to eighteen million dollars ($18,000,000) of these funds may be used for the Rapidly Emerging Antiviral Drug Development Initiative (READDI) at the University of North Carolina at Chapel Hill to advance development of therapeutics for COVID-19 and other viruses that pose a pandemic threat.

SECTION 8.12.(b) The Collaboratory may assemble an advisory panel of representatives from various entities as necessary to discuss, review, and analyze progress toward meeting research goals and the use of available federal funds. The Collaboratory shall report on the progress of the development of research and activities related to monitoring, assessing, and addressing the public health and economic impacts of COVID-19 and the use of the appropriated funds received pursuant to this act to the Joint Legislative Oversight Committee on Health and Human Services no later than September 1, 2024.

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

TUITION GRANTS FOR NCSSM GRADUATES

SECTION 8A.1.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 6. Tuition Grant for Graduates of the North Carolina School of Science and Mathematics.

"**§ 116-209.90. Tuition grants for graduates to attend a constituent institution.**

(a) Program Established. – There is established the Tuition Grant for Graduates of the North Carolina School of Science and Mathematics Program (Program). Within the funds made available for the Program, a resident for tuition purposes under G.S. 116-143.1 who graduates from the North Carolina School of Science and Mathematics (NCSSM) in each school year and who enrolls as a full-time student in a constituent institution of The University of North Carolina in the next academic year after graduation shall be eligible for a tuition grant awarded in accordance with this Part.

(b) Continuing Grants. – Students who receive initial tuition grants as a cohort of a graduating class of NCSSM, beginning with students graduating in the 2020-2021 school year, shall also be eligible to apply for tuition grants for subsequent academic years for up to a total of four academic years. A student shall be continuously enrolled in a constituent institution of The University of North Carolina after the award of the initial tuition grant to be eligible for tuition grants in subsequent academic years. The Authority shall have the discretion to waive this requirement if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship.

(c) Administration of Grants. – The Authority shall administer the tuition grants provided for in this Part pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of tuition grants when a student withdraws. The Authority shall not approve any grant until it receives proper certification from the appropriate constituent institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the Authority shall remit, at the times it prescribes, the tuition grant to the constituent institution on behalf, and to the credit, of the student. In the event a student on whose behalf a tuition grant has been paid is not enrolled and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the tuition grant was paid, the constituent institution shall refund the full amount of the tuition grant to the Authority.

(d) Award of Grants. – Except as provided in subsections (e) and (f) of this section, the amount of the grant awarded to a student shall be the full tuition cost at the constituent institution in which the student is enrolled. No tuition grant awarded to a student under this section shall exceed the cost of attendance at the constituent institution for which the student is enrolled.

(e) Reduction of an Award Due to Other Aid. – If a student who is eligible for a tuition grant under this section also receives a scholarship or other grant covering the cost of attendance at the constituent institution for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the Authority so that the total amount of scholarships and grants received by the student does not exceed the cost of attendance for the institution. The cost of attendance shall be determined by the Authority for each constituent institution.

(f) Pro Rata Amount. – In the event there are not sufficient funds available for the Program to provide each eligible student with a full tuition grant as provided for by this Part, each eligible student shall receive a pro rata share of funds available for that academic year."

"**§ 116-209.91. North Carolina Tuition Grant Fund Reserve.**

The North Carolina Tuition Grant Fund Reserve is established as a reserve to be administered by the Authority. All funds appropriated to or otherwise received by the Authority to provide tuition grants under this Part, all returned tuition grant monies, and all interest earned on these funds shall be placed in the Fund. The Fund shall be used for (i) tuition grants for the academic year that begins in the fiscal year following the fiscal year in which the appropriation is made to the Reserve and (ii) the administrative costs of the Authority, provided that no more than five percent (5%) of the funds appropriated each fiscal year for tuition grants is expended for administrative purposes."

SECTION 8A.1.(b) It is the intent of the General Assembly to appropriate from the General Fund to the North Carolina Tuition Grant Fund Reserve the following additional funds for the purpose of awarding tuition grants for future graduating classes of the North Carolina School of Science and Mathematics (NCSSM), including students graduating from the Morganton campus of NCSSM:

(1) For the 2023-2024 fiscal year, the sum of one million seven hundred ninety-one thousand one hundred twenty-three dollars ($1,791,123) in recurring funds.

(2) For the 2024-2025 fiscal year, the sum of five hundred forty-eight thousand three hundred three dollars ($548,303) in recurring funds.

(3) For the 2025-2026 fiscal year, the sum of five hundred forty-eight thousand three hundred three dollars ($548,303) in recurring funds.

(4) For the 2026-2027 fiscal year, the sum of five hundred forty-eight thousand three hundred three dollars ($548,303) in recurring funds.

PUBLIC COLLEGES AND UNIVERSITIES NEED-BASED FINANCIAL AID CONSOLIDATION

SECTION 8A.2.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 5. The North Carolina Need-Based Scholarship for Public Colleges and Universities.

"**§ 116-209.80. Definitions.**

The following definitions apply to this Part:

(1) Eligible postsecondary institution. – A school that is:

a. A constituent institution of The University of North Carolina as defined in G.S. 116-2(4).

b. A community college as defined in G.S. 115D-2(2).

(2) Matriculated status. – Being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at an eligible postsecondary institution.

(3) Program. – The North Carolina Need-Based Scholarship Program for Public Colleges and Universities.

(4) Reserve Fund. – Scholarship Reserve Fund for Public Colleges and Universities.

(5) Scholarship. – A scholarship for education awarded under this Part.

(6) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

"**§ 116-209.81. Eligibility requirements for a scholarship.**

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

(1) Qualify as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(2) Meet enrollment standards by being admitted, enrolled, and classified as an undergraduate student in a matriculated status at an eligible postsecondary institution. The President of The University of North Carolina and the President of the North Carolina Community College System may jointly agree to additional enrollment standards for the Program.

(3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate need according to federal methodology in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

(b) In addition to the criteria set forth in subsection (a) of this section, in order for a student to continue to be eligible for a scholarship for the student's second and subsequent academic years, the student must meet achievement standards by maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the eligible postsecondary institution in which the student is enrolled.

"**§ 116-209.82. Semester limitation on eligibility for scholarship.**

(a) Except as otherwise provided by subsection (c) of this section, a student matriculating at a constituent institution of The University of North Carolina shall not receive a scholarship for more than 10 full-time academic semesters, or its equivalent if enrolled part-time, unless the student is enrolled in a program officially designated by the Board of Governors of The University of North Carolina as a five-year degree program. If a student is enrolled in such a five-year degree program, then the student shall not receive a scholarship for more than 12 full-time academic semesters or the equivalent if enrolled part-time.

(b) Except as otherwise provided by subsection (c) of this section, a student shall not receive a scholarship for more than six full-time academic semesters, or the equivalent if enrolled part-time, while matriculating at a community college.

(c) Upon application by a student, the applicable eligible postsecondary institution may grant a waiver to the student who may then receive a scholarship for the equivalent of one additional full-time academic semester if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree, diploma, or certificate: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors of The University of North Carolina or the State Board of Community Colleges, as appropriate, shall establish policies and procedures to implement the waiver provided by this subsection.

"**§ 116-209.83. Scholarship amounts; adjustment of scholarship amounts.**

(a) Scholarship Amounts. – Subject to the availability of funds in the Scholarship Reserve Fund for Public Colleges and Universities, as provided in G.S. 116-209.85, a scholarship awarded under this Part to a student at an eligible postsecondary institution shall be based upon a consolidated payment schedule established jointly by the President of The University of North Carolina and the President of the North Carolina Community College System, in consultation with the Authority. The payment schedule shall clearly define award amounts by type of eligible postsecondary institution and student financial need as defined by federal methodology. The Authority shall publish the payment schedule for the Program in an easily accessible and understandable format. Once published, a payment schedule shall remain in effect unless otherwise agreed by the President of The University of North Carolina and the President of the North Carolina Community College System.

(b) Availability of Scholarships. – Subject to the payment schedule described in subsection (a) of this section, the Authority shall have the power to determine the actual scholarship amounts disbursed to students in any given year based on the amount of funds available in the Scholarship Reserve Fund for Public Colleges and Universities created pursuant to G.S. 116-209.85. If the funds available are not sufficient to fully fund the scholarships as set forth in the payment schedule established pursuant to subsection (a) of this section, the Authority, in consultation with the President of The University of North Carolina and the President of the North Carolina Community College System, shall adjust the distribution of the funds as necessary.

"**§ 116-209.84. Scholarship administration; reporting requirements.**

(a) The scholarships provided for in this Part shall be administered by the Authority under rules adopted by the Authority in accordance with the provisions of this Part.

(b) Notwithstanding any other provision of law to the contrary, the Authority shall conduct periodic evaluations of expenditures under the Program administered by the Authority to determine if allocations are utilized to ensure access to eligible postsecondary institutions and to meet the goals of respective programs. The authority may make recommendations of the redistribution of funds to the President of The University of North Carolina and the President of the North Carolina Community College System, who then may jointly authorize redistribution of funds for a particular fiscal year.

(c) The Authority shall report no later than December 1, 2024, and annually thereafter to the Joint Legislative Education Oversight Committee. The report shall contain, for the previous academic year, the dollar amount of awards disbursed, the number of eligible students receiving funds, and a breakdown of the eligible postsecondary institutions that received the funds.

(d) Scholarship funds unexpended shall remain available for future scholarships to be awarded under this Part.

"**§ 116-209.85. Scholarship Reserve Fund for Public Colleges and Universities.**

(a) There is established the Scholarship Reserve Fund for Public Colleges and Universities as a reserve consisting of the following monies:

(1) Funds appropriated by the General Assembly for the Program from the Education Lottery Fund in the Current Operations Appropriations Act for a fiscal year for education-related purposes in accordance with G.S. 18C-164.
(2) Funds appropriated by the General Assembly for the Program from the Escheat Fund in the Current Operations Appropriations Act for a fiscal year that is distributed annually on or before August 15 to the Authority pursuant to G.S. 116B-7(a).
(3) Funds appropriated by the General Assembly for the Program from the General Fund in the Current Operations Appropriations Act for a fiscal year.
(4) All returned scholarship funds from the Program.
(5) All interest earned on these funds.

(b) The Authority shall create two reserves within the Reserve Fund as follows: The University of North Carolina (UNC Reserve) and the North Carolina Community College System (CC Reserve) from monies in the Reserve Fund. The funds in the reserves shall be used for scholarships for the academic year that begins in the fiscal year following the fiscal year in which the allocations are made to the reserves. Allocations shall be made from the reserves for the amounts determined for the payment schedules for eligible postsecondary institutions pursuant to G.S. 116-209.83.

Beginning with the 2023-2024 fiscal year and for each subsequent fiscal year, within the funds available, the Authority shall allocate an amount equal to the amount from the prior fiscal year for the UNC Reserve and the CC Reserve to each reserve, respectively, unless otherwise agreed to by the President of The University of North Carolina and the President of the North Carolina Community College System. Additional funds may be directed to the reserves from a Current Operations Appropriations Act in a fiscal year. The reserves established for the 2022-2023 fiscal year shall consist of the following funds:

(1) For the UNC Reserve, the monies shall consist of the following:
a. An amount equal to the amount appropriated to the Board of Governors of The University of North Carolina for The University of North Carolina Need-Based Financial Aid Program for the 2021-2022 fiscal year.
b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship Program based on awards of financial assistance to students enrolled in The University of North Carolina from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.
(2) For the CC Reserve, the monies shall consist of the following:
a. An amount equal to the amount appropriated to the Community Colleges System Office for the North Carolina Community College Grant Program, except for funds set aside for the targeted assistance program pursuant to G.S. 115D-40.1, for the 2021-2022 fiscal year.
b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship based on awards of financial assistance to students enrolled in North Carolina community colleges from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.

(c) Monies in the Reserve Fund shall not revert at the end of each fiscal year but shall remain available until expended for the purposes of this Part.

(d) The Authority may use up to one and one-half percent (1.5%) of the funds available in the Reserve Fund each fiscal year for administrative costs related to the Program. Upon a determination by the Authority that funds in excess of one percent (1%) are necessary to administer the Program, including funds necessary for one-time or recurring costs, the Authority

shall consult with the President of The University of North Carolina and the President of the North Carolina Community College System at the same time the consolidated payment schedule is set pursuant to G.S. 116-209.83. The Authority shall also report the amount of the increase and the purpose for which the additional funds will be used to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly within 30 days of the increase. In no event shall the cost of administering the Program in a fiscal year exceed one and one-half percent (1.5%) of the funds available in the Reserve Fund."

SECTION 8A.2.(b) G.S. 116B-7 reads as rewritten:

"**§ 116B-7. Distribution of fund.**

(a) The income derived from the investment or deposit of the Escheat Fund shall be distributed annually on or before August 15 to the State Education Assistance Authority for grants and loans to aid worthy and needy students who are residents of this State and are enrolled in public institutions of higher education in this State. Such grants and loans shall be made upon terms, consistent with the provisions of this Chapter, pursuant to which the State Education Assistance Authority makes grants and loans to other students under G.S. 116-201 to 116-209.23, Article 23 of Chapter 116 of the General Statutes, policies of the Board of Governors of The University of North Carolina regarding need-based grants for students of The University of North Carolina, and policies of the State Board of Community Colleges regarding need-based grants for students of the community colleges. The Authority shall deposit an amount specified in the Current Operations Appropriations Act from the Escheat Fund into the Scholarship Reserve Fund for Public Colleges and Universities pursuant to G.S. 116-209.85 each fiscal year to fund the North Carolina Need-Based Scholarship for Public Colleges and Universities pursuant to Part 5 of Article 23 of Chapter 116 of the General Statutes.

(b) An amount specified in the Current Operations Appropriations Act shall be transferred annually from the Escheat Fund to the Department of Military and Veterans Affairs to partially fund the program of Scholarships for Children of War Veterans established by Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be used only for residents of this State who (i) are worthy and needy as determined by the Department of Military and Veterans Affairs and (ii) are enrolled in public institutions of higher education of this State."

SECTION 8A.2.(c) By May 1, 2022, the President of The University of North Carolina and the President of the North Carolina Community College System shall report to the Fiscal Research Division, the House Appropriations Education Committee, and the Senate Appropriations on Education/Higher Education Committee on the following regarding the consolidation of student financial assistance for constituent institutions of The University of North Carolina and the community colleges:

(1) The payment schedule required by G.S. 116-209.83, as enacted by this section.

(2) Potential ways to include students with intellectual and developmental disabilities as eligible for scholarships through the North Carolina Need-Based Scholarship Program for Public Colleges and Universities or other student financial assistance recommendations, including grants or other funding sources for students enrolled in Comprehensive Transition Programs.

(3) Any recommended legislative changes, including for the North Carolina Need-Based Scholarship Program for Public Colleges and Universities.

SECTION 8A.2.(d) By October 15, 2022, the Authority shall transfer any unexpended balances remaining in the reserves for The University of North Carolina Need-Based Financial Aid Program and the Education Lottery Scholarship to the Scholarship Reserve Fund for Public Colleges and Universities under G.S. 116-209.85, as enacted by this section.

SECTION 8A.2.(e) Article 35A of Chapter 115C of the General Statutes is repealed.

SECTION 8A.2.(f) G.S. 116-209.19A reads as rewritten:

"**§ 116-209.19A. Limit semesters eligible for need-based grants and scholarships.**

The Authority administers the following need-based grant and scholarship programs: the ~~Education Lottery Scholarships, North Carolina Community College Grant Program, The University of North Carolina Need-Based Financial Aid Program,~~ North Carolina Need-Based Scholarship for Public Colleges and Universities and Need-Based Scholarships for Students Attending Private Institutions of Higher Education. ~~G.S. 115C-499.2A, 115D-40.2, 116-25.1,~~ G.S. 116-209.82 and ~~116-281.1~~ G.S. 116-281.1 limit the number of semesters that a student may receive a grant or scholarship from ~~any of those~~ these programs and also provide the circumstances in which a waiver to those limits may be granted by the appropriate postsecondary institution. The Authority shall enforce these limitations in administering these programs so that unless a waiver is granted by the appropriate postsecondary institution, no student shall receive a grant or scholarship from any of those programs or any combination of those financial aid programs while pursuing a degree, diploma, or certificate for more than any of the following time periods: (i) 10 full-time academic semesters or its equivalent if enrolled part-time or (ii) 12 full-time academic semesters or its equivalent if the student is enrolled in a program officially designated as a five-year degree program.

A postsecondary institution that grants a waiver under ~~G.S. 115C-499.2A, 115D-40.2, 116-25.1,~~ G.S. 116-209.82 or ~~116-281.1~~ G.S. 116-281.1 shall certify the granting of the waiver in a manner acceptable to the Authority and shall also maintain documentation substantiating the reason for the waiver."

SECTION 8A.2.(g) G.S. 115D-40.1 reads as rewritten:

"**§ 115D-40.1. Targeted Financial Assistance for Community College ~~Students.~~Students; participation in federal programs.**

~~(a) Need-Based Assistance Program. It is the intent of the General Assembly that the Community College System make these financial aid funds available to the neediest students who are not eligible for other financial aid programs that fully cover the required educational expenses of these students. The State Board may use some of these funds as short-term loans to students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.~~

(b) Targeted Financial Assistance. – ~~Notwithstanding subsection (a) of this section, the~~ Within the funds available, the State Board may ~~allocate up to ten percent (10%) of the funds appropriated for Financial Assistance for Community College Students~~ provide financial assistance to the following students:

(1) Students who enroll in low-enrollment programs that prepare students for high-demand occupations.

(2) Students with disabilities who have been referred by the Department of Health and Human Services, Division of Vocational Rehabilitation, and are enrolled in a community college.

(3) Students enrolled in fewer than six credit hours per semester who otherwise qualify for need-based financial aid programs.

(c) Administration of ~~Program.~~ Targeted Financial Assistance. – The State Board shall adopt rules and policies for the disbursement of the targeted financial assistance provided in ~~subsections (a) and~~ subsection (b) of this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these targeted financial assistance funds. ~~These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance. The interest earned on the funds provided in subsections (a) and (b) of this section may be used to support the costs of administering the Community College Grant Program. If the interest earnings are not adequate to support the administrative costs, up to one percent (1%) of funds provided in subsection (a) of this section may be used to support the costs of administering the Community College Grant Program.~~

(d) Participation in Federal Loan Programs. – All community colleges shall participate in the William D. Ford Federal Direct Loan Program, unless the board of trustees of an institution adopts a resolution declining to participate in the Program. The State Board shall ensure that at least one counselor is available at each college to inform students about federal programs and funds available to assist community college students, including, but not limited to, Pell Grants, HOPE and Lifetime Learning Tax Credits, and, for participating colleges, the William D. Ford Federal Direct Loan Program, and to actively encourage students to utilize these federal programs and funds. The board of trustees of any institution that has declined to participate in the William D. Ford Federal Direct Loan Program through the adoption of a resolution may rescind the resolution and participate in the Program but shall not have the authority to again decline participation in the Program."

SECTION 8A.2.(h) G.S. 115D-40.2 is repealed.

SECTION 8A.2.(i) G.S. 116-25.1 is repealed.

SECTION 8A.2.(j) Section 10.1 of S.L. 2000-67 is repealed.

SECTION 8A.2.(k) Subsections (a) through (d) of this section become effective January 1, 2022, and apply to scholarships awarded beginning with the 2023-2024 academic year. Subsections (e) through (j) of this section become effective July 1, 2023. The remainder of this section is effective on the date that this act becomes law.

K-12 SCHOLARSHIP CHANGES

SECTION 8A.3.(a) Opportunity Scholarship Grant Program. – G.S. 115C-562.1(3) reads as rewritten:

"(3) Eligible students. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:

a. Meets one of the following criteria:

1. Was a full-time student (i) assigned to and attending a public school pursuant to G.S. 115C-366 or (ii) enrolled in a Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina, during the spring semester prior to the school year for which the student is applying.
2. Received a scholarship grant for the school year prior to the school year for which the student is applying.
3. Is ~~entering~~ eligible to enter either kindergarten or the first ~~grade.~~grade pursuant to Article 25 of this Chapter. A child who is the age of four on or before April 16 is eligible to attend the following school year if the principal, or equivalent, of the school in which the child seeks to enroll finds that the student meets the requirements of G.S. 115C-364(d) and those findings are submitted to the Authority with the child's application.
4. Is a child in foster care as defined in G.S. 131D-10.2(9).
5. Is a child whose adoption decree was entered not more than one year prior to submission of the scholarship grant application.
6. Is a child whose parent or legal guardian is on full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et seq.

7. Is a child who meets both of the following:
   I. Was enrolled in a nonpublic school that meets the requirements of Part 1 and Part 2 of this Article during the spring semester prior to the school year for which the student is applying.
   II. Was enrolled for the entire school year immediately prior to the school year in which the student enrolled in the nonpublic school in one of the following:
      A. A North Carolina public school.
      B. A Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina.

a1. Has not enrolled in a postsecondary institution in a matriculated status eligible for enrollment for 12 hours of academic credit.

b. Meets one of the following criteria:
   1. Resides in a household with an income level not in excess of one hundred ~~fifty~~ seventy-five percent ~~(150%)~~ (175%) of the amount required for the student to qualify for the federal free or reduced-price lunch program. The Authority shall not count any distribution from the estate of a decedent in calculating the income level of the applicant's household for the purposes of determining eligibility for a scholarship under this ~~sub-subdivision.~~sub-sub-subdivision.
   2. Is a child in foster care as defined in G.S. 131D-10.2. The Authority shall not consider the household income of the foster parent, as defined in G.S. 131D-10.2, in determining the eligibility of a foster care child."

SECTION 8A.3.(b) G.S. 115C-562.2(b) reads as rewritten:

"(b) Scholarship grants awarded to eligible students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program shall ~~be for amounts of up to four thousand two hundred dollars ($4,200) per year.~~ be, per year per eligible student, in an amount of up to ninety percent (90%) of the average State per pupil allocation for average daily membership in the prior fiscal year. Scholarship grants awarded to eligible students residing in households with an income level in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program shall be for amounts of not more than ninety percent (90%) of the required tuition and fees for the nonpublic school the eligible child will attend. Tuition and fees for a nonpublic school may include tuition and fees for books, transportation, equipment, or other items required by the nonpublic school. No scholarship grant shall ~~exceed four thousand two hundred dollars ($4,200)~~ exceed, per year per eligible student, an amount equal to ninety percent (90%) of the average State per pupil allocation for average daily membership in the prior fiscal year and no scholarship grant shall exceed the required tuition and fees for the nonpublic school the eligible student will attend."

SECTION 8A.3.(c) G.S. 115C-562.2(b1) is repealed.

SECTION 8A.3.(d) G.S. 115C-562.3 reads as rewritten:

"**§ 115C-562.3. Verification of ~~eligibility.~~eligibility; information from other State agencies.**

…

(b) Household members of applicants for scholarship grants shall authorize the Authority to access information needed for verification efforts held by other State agencies, including the Department of Revenue, the Department of Health and Human Services, and the Department of Public Instruction. The Department of Public Instruction shall provide the Authority with public

school enrollment information to establish eligibility pursuant to G.S. 115C-562.1(3)a. as needed.

(c) By December 1 of each year, the Department of Public Instruction shall provide the Authority the average State per pupil allocation for that fiscal year to determine the maximum scholarship amount for eligible students to be awarded in the following fiscal year in accordance with G.S. 115C-562.2(b)."

SECTION 8A.3.(e) Any student who meets the following requirements shall qualify as an eligible student and shall be eligible to receive a scholarship for the 2021-2022 school year pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes:

(1) Was enrolled in a North Carolina public school or a Department of Defense Elementary and Secondary School located in North Carolina for the fall semester of the 2019-2020 school year.

(2) Was enrolled in a nonpublic school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter for the spring semester of the 2019-2020 school year and the entire 2020-2021 school year.

(3) Meets the eligibility requirements of G.S. 115C-562.1(3)a1. and b.

(4) Submits a scholarship application for the 2021-2022 school year.

A student who becomes eligible for a scholarship in the 2021-2022 school year solely due to this subsection shall receive first priority in award of scholarships in the same manner as those previously awarded scholarships.

SECTION 8A.3.(f) G.S. 115C-562.8 reads as rewritten:

"**§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

(a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be administered by the Board of Governors of The University of North Carolina for the purpose of allocating funds to the Authority for the award of scholarship grants in accordance with this Part. The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the General Assembly and any interest accrued to it thereon. These funds shall be used to award scholarship grants to eligible students for the school year that begins in the fiscal year following the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall only use monies in the Reserve in accordance with the purposes set forth in this section. Funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds were appropriated shall be first used for the purpose set forth in subdivision (1) of subsection (d) of this section, if applicable. After funds are used for this purpose, any unexpended funds from the funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year shall be carried forward for one fiscal year and may be used for the purposes set forth in this section. Funds carried forward pursuant to this section that have not been spent within one fiscal year shall revert to the General Fund.

…

(d) Any unexpended funds at the end of a fiscal year from the funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year shall be used as follows:

(1) Up to five hundred thousand dollars ($500,000) may be used by the Authority to contract with a nonprofit corporation representing parents and families for marketing, outreach, and scholarship application assistance for parents and students pursuant to Part 4A of this Article.

(2) Any remaining funds shall be carried forward for one fiscal year pursuant to subsection (a) of this section."

SECTION 8A.3.(g) Article 39 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 4A. Information for Parents and Students on Nonpublic School Scholarship Programs.

"**§ 115C-567.1. Outreach and assistance for parents and students.**

(a) The State Education Assistance Authority, in its administration of scholarship programs for eligible students pursuant to Part 2A of this Article, Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter, may contract with a nonprofit corporation representing parents and families for marketing, outreach, and scholarship application assistance for parents and students. The Authority shall issue a request for proposals in order to enter into a contract with a nonprofit corporation that meets the following requirements during the term of the contract:

(1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General Statutes and comply at all times with the provisions of section 501(c)(3) of the Internal Revenue Code.

(2) Employ sufficient staff who have demonstrated a capacity to market and implement a scholarship grant program, including by doing the following:

a. Direct mail marketing.

b. Radio advertising.

c. Targeted digital advertising.

d. One-on-one parent and family engagement.

(3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.

(4) Have no State officer or employee serving on the board of the nonprofit.

(5) Conduct at least quarterly meetings of the board of directors of the nonprofit at the call of its chair.

(b) The terms of the contract between the Authority and a nonprofit corporation shall require that the nonprofit (i) maintain the confidentiality of any information provided by the Authority for parents and students as directed by the Authority and (ii) not disseminate information to third parties without written parental consent. During the term of the contract provided for in this section, the Authority shall include on scholarship applications a statement for parents to indicate nonconsent for sharing information with a nonprofit corporation.

(c) Notwithstanding any other provision of law, during the term of the contract provided for in this section, the Authority may share the name, address, email, and telephone number of the parent of any student applicant, unless the parent indicates that the information should not be shared."

SECTION 8A.3.(h) G.S. 115C-562.8(c) reads as rewritten:

"(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain the lesser of ~~up to~~ four percent (4%) of the funds appropriated or ~~one~~ two million ~~five hundred thousand~~ dollars ~~($1,500,000)~~ ($2,000,000) each fiscal year for administrative costs associated with the scholarship grant program."

SECTION 8A.3.(i) G.S. 115C-562.8(b) reads as rewritten:

"(b) The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds ~~of at least ten million dollars ($10,000,000) each fiscal year~~ for ~~10~~ 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
…	…
2023-2024	~~$104,840,000~~$150,540,000
2024-2025	~~$114,840,000~~$165,540,000
2025-2026	~~$124,840,000~~$180,540,000
2026-2027	~~$134,840,000~~$195,540,000
2027-2028	$210,540,000

2028-2029	$225,540,000
2029-2030	$240,540,000
2030-2031	$255,540,000
2031-2032	$270,540,000

For the ~~2027-2028~~ 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~one hundred forty-four million eight hundred forty thousand dollars ($144,840,000)~~ two hundred eighty-five million five hundred forty thousand dollars ($285,540,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year."

SECTION 8A.3.(j) Personal Education Student Accounts for Children with Disabilities. – Article 41 of Chapter 115C of the General Statutes reads as rewritten:

"Article 41.

"Personal Education ~~Savings Accounts.~~Student Accounts for Children with Disabilities.

"**§ 115C-590. North Carolina Personal Education ~~Savings Account~~ Student Accounts for Children with Disabilities Program established.**

There is established the North Carolina Personal Education ~~Savings~~ Student Accounts for Children with Disabilities Program to provide the option for a parent to better meet the individual educational needs of the parent's child.

"**§ 115C-591. Definitions.**

The following definitions apply in this Article:

(1) Authority. – Defined in G.S. 116-201.

(2) Division. – The Division of Nonpublic Education, Department of Administration.

(2a) Educational technology. – As defined annually by the Authority, an item, piece of equipment, material, product, or system which may be purchased commercially off the shelf, modified, or customized and that is used primarily for educational purposes for a child with a disability.

(3) Eligible student. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:

a. Is eligible to attend a North Carolina public school pursuant to ~~G.S. 115C-366.~~Article 25 of this Chapter. A child who is the age of 4 on or before April 16 is eligible to attend the following school year if the principal, or equivalent, of the school in which the child seeks to enroll finds that the student meets the requirements of G.S. 115C-364(d) and those findings are submitted to the Authority with the child's application.

b. Has not been enrolled in a postsecondary institution ~~in a matriculated status eligible for enrollment for~~ as a full-time student taking at least 12 hours of academic credit.

c. Is a child with a disability, as defined in ~~G.S. 115C-106.3(1), including, for example, intellectual disability, hearing impairment, speech or language impairment, visual impairment, serious emotional disturbance, orthopedic impairment, autism, traumatic brain injury, other health impairments, specific learning disability, or disability as may be required to be included under IDEA.~~G.S. 115C-106.3(1).

d. Has not been placed in a nonpublic school or facility by a public agency at public expense.

(3a) G.S. 115C-562.5 compliant school. – A Part 1 or Part 2 nonpublic school that consents to comply with the requirements of G.S. 115C-562.5.

(4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter, as identified by the Division.

(5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.

(5a) Part 1 or Part 2 nonpublic school. – A nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter, as identified by and deemed eligible by the Division.

~~(5a)~~(5b) Part-time student. – A child enrolled part time in a public school and part time in a nonpublic school that exclusively provides services for children with disabilities.

(6) Personal Education ~~Savings~~ Student Account or PESA. – ~~A bank~~ An electronic account provided to a parent for the purpose of holding scholarship funds awarded by the Authority for an eligible student to be used for qualifying education expenses under G.S. 115C-595.

"**§ 115C-592. Award of scholarship funds for a personal education ~~savings~~ student account.**

(a) Application Selection. – The Authority shall make available no later than February 1 of each year applications to eligible students for the award of scholarship funds for a personal education ~~savings~~ student account to be used for qualifying education expenses to attend a nonpublic school. Information about scholarship funds and the application process shall be made available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning March 15, the~~ The Authority shall ~~begin selecting recipients for~~ award scholarships according to the following ~~criteria:~~criteria for applications received by March 1 of each year:

(1) First priority shall be given to eligible students who were awarded scholarship funds for a PESA during the previous school ~~year if those students have applied by March 1.~~year.

(2) After funds have been awarded to prior recipients as provided in subdivision (1) of this subsection, any remaining funds shall be used to award scholarship funds for a PESA for all other eligible students.

(b) Scholarship Awards. – ~~Scholarships~~ Except for eligible students who qualify for scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each year for an amount not to exceed (i) nine thousand dollars ($9,000) per eligible student for the ~~fiscal~~ school year ~~in~~ for which the application is ~~received, except~~ received or (ii) for eligible part-time ~~students, who shall be awarded scholarships each year for an amount not to exceed~~ students, four thousand five hundred dollars ($4,500) per eligible student for the ~~fiscal~~ school year ~~in~~ for which the application is received. Any funds remaining in an electronic account provided under subsection (b2) of this section at the end of a school year for eligible students who qualify only under this subsection shall be returned to the Authority.

(b1) Scholarship Awards for Students with Certain Disabilities. – An eligible student may be awarded scholarship funds in an amount of up to seventeen thousand dollars ($17,000) for each school year only if the student has been determined to have one or more of the following disabilities as a primary or secondary disability at the time of application for scholarship funds:

(1) Autism.

(2) Hearing impairment.

(3) Moderate or severe intellectual or developmental disability.

(4) Multiple, permanent orthopedic impairments.

(5) Visual impairment.

For eligible students who qualify for scholarship funds under this subsection, no more than four thousand five hundred dollars ($4,500) of funds remaining in an electronic account at the end of a school year shall be carried forward until expended for each school year upon renewal of the account under subsection (b2) of this section. In no event shall the total amount of funds

carried forward for an eligible student in a personal education student account exceed thirty thousand dollars ($30,000). Any funds remaining in the electronic account if an agreement is not renewed under G.S. 115C-595 shall be returned to the Authority.

(b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive the scholarship funds ~~deposited~~ in two equal ~~amounts to a PESA in~~ amounts, one half in each ~~quarter~~ semester of the ~~fiscal~~ school year. The first deposit of funds to a PESA shall be subject to the execution of the parental agreement required by G.S. 115C-595. The parent shall then receive ~~a debit card or~~ an electronic account with the prepaid funds loaded ~~on the card or~~ in the electronic account at the beginning of the ~~fiscal~~ school year. After the initial disbursement of funds, each subsequent, ~~quarterly~~ semester disbursement of funds shall be subject to the submission by the parent of an expense report. The expense report shall be submitted electronically and shall include documentation that the student received an education, as described in G.S. 115C-595(a)(1), for no less than ~~35~~ 70 days of the applicable ~~quarter.~~ semester. The ~~debit card or the~~ electronic account shall be renewed upon the receipt of the parental agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent ~~fiscal~~ school years. ~~Any funds remaining on the card or in the electronic account at the end of the fiscal year may be carried forward to the next fiscal year if the card or electronic account is renewed. Any funds remaining on the card or in the electronic account if an agreement is not renewed shall be returned to the Authority.~~

(c) ~~Eligibility for the other scholarship programs is provided for as follows:~~Eligibility for Other Scholarship Programs. –

~~(1)~~ An eligible student under this Article may receive, in addition to a PESA, a scholarship under Part 2A of Article 39 of this Chapter.

~~(2) An eligible student under this Article may receive, in addition to a PESA and a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under the special education scholarship program for children with disabilities pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or more of the following disabilities:~~

~~a. Autism.~~

~~b. Developmental disability.~~

~~c. Hearing impairment.~~

~~d. Moderate or severe intellectual disability.~~

~~e. Multiple, permanent orthopedic impairments.~~

~~f. Visual impairment.~~

(d) Applications Not Public Records. – Applications for scholarship funds and personally identifiable information related to eligible students receiving funds shall not be a public record under Chapter 132 of the General Statutes. For the purposes of this section, personally identifiable information means any information directly related to a student or members of a student's household, including the name, birthdate, address, Social Security number, telephone number, e-mail address, or any other information or identification number that would provide information about a specific student or members of a specific student's household.

(e) Establishment of Initial Eligibility. – An applicant may demonstrate for initial eligibility that the applicant is a child with a disability, as required by G.S. 115C-591(3)c., ~~in either of the following ways:~~

~~(1)~~ ~~The~~ by having the child ~~has been~~ assessed by a local education agency and ~~determined~~ the local education agency determining the child to be a child with a disability ~~and~~ with that outcome ~~is~~ verified by the local education agency on a form provided to the Authority.

~~(2) The child was initially assessed by a local education agency and determined to be a child with a disability and, following receipt of a scholarship awarded~~

~~pursuant to Part 1H of Article 9 of this Chapter, was determined to have continuing eligibility, as provided in G.S. 115C-112.6(c)(2), by the assessing psychologist or psychiatrist. Both the initial verification from the local education agency and the continuing verification by the assessing psychologist or psychiatrist shall be provided on a form to the Authority.~~

"**§ 115C-593. Student continuing eligibility.**

After the initial disbursement of funds, the Authority shall ensure that the student's continuing eligibility is assessed at least every three years by one of the following:

(1) The local education agency. – The local education agency shall assess if the student continues to be a child with a disability and verify the outcome on a form to be provided to the Authority.

(2) A licensed psychologist with a school psychology focus or a psychiatrist. – The psychologist or psychiatrist shall assess, after review of appropriate medical and educational records, if the education and related services received by the student in the nonpublic school setting have improved the child's educational performance and if the student would continue to benefit from placement in the nonpublic school setting. The psychologist or psychiatrist shall verify the outcome of the assessment on a form to be provided to the Authority.

"**§ 115C-594. Verification of eligibility.**

(a) Verification of Information. – The Authority may seek verification of information on any application for the award of scholarship funds for a personal education ~~savings~~ student account. ~~The Authority shall select and verify six percent (6%) of applications annually, including those with apparent errors on the face of the application.~~ The Authority shall establish rules for the verification process. If a household fails to cooperate with verification efforts, the Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

(b) Access to Information. – ~~Household members of applicants~~ Applicants for the award of scholarship funds for a PESA shall authorize the Authority to access information needed for verification efforts held by other State agencies, including the Department of Health and Human Services and the Department of Public Instruction.

"**§ 115C-595. Parental agreement; use of funds.**

(a) Parental Agreement. – The Authority shall provide the parent of a scholarship recipient with a written agreement, applicable for each year the eligible student receives scholarship funds under this Article, to be signed and returned to the Authority prior to receiving the scholarship funds. The agreement shall be submitted to the Authority electronically. The parent shall not designate any entity or individual to execute the agreement on the parent's behalf. A parent or eligible student's failure to comply with this section shall result in a forfeit of scholarship funds and those funds may be awarded to another eligible student. The parent shall agree to the following conditions in order to receive scholarship funds under this Article:

(1) Use at least a portion of the scholarship funds to provide an education to the eligible student in, at a minimum, the subjects of English language arts, mathematics, social studies, and science.

(2) Unless the student is a part-time eligible student, release a local education agency in which the student is eligible to attend under G.S. 115C-366 of all obligations to educate the eligible student while the eligible student is receiving scholarship funds under this Article. A parent of a student, other than a part-time eligible student, who decides to enroll the student into the local education agency or other North Carolina public school during the term of the agreement shall notify the Authority to request a release from the agreement and shall return any unexpended funds to the Authority.

(3) Use the scholarship funds deposited into a personal education ~~savings~~ student account only for the following qualifying education expenses of the eligible student:

a. Tuition and fees for a ~~nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter and is subject to the requirements of G.S. 115C-562.5.~~G.S. 115C-562.5 compliant school, disbursed as provided in subdivision (1) of subsection (a1) of this section.

b. Textbooks required by a nonpublic school.

c. Tutoring and teaching services provided by an individual or facility accredited by a State, regional, or national accrediting organization.

d. Curricula.

e. Fees for nationally standardized norm-referenced achievement tests, advanced placement tests, or nationally recognized college entrance exams.

f. Fees charged to the account holder for the management of the PESA.

g. Fees for services provided by a public school, including individual classes and extracurricular programs.

h. Premiums charged to the account holder for any insurance or surety bonds required by the Authority.

i. Educational therapies from a licensed or accredited practitioner or provider.

j. Educational technology defined by the Authority as approved for use pursuant to ~~Part 1H of Article 9 of this Chapter.~~G.S. 115C-591(2a).

k. Student transportation, pursuant to a contract with an entity that regularly provides student transportation, to and from (i) a provider of education or related services or (ii) an education activity.

(3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible student may pay tuition to Part 1 or Part 2 nonpublic schools that are not G.S. 115C-562.5 compliant schools with funds other than funds available in the personal education student account and then request reimbursement from the Authority from scholarship funds if the parent complies with the provisions of subdivision (2) of subsection (a1) of this section.

(4) Not use scholarship funds for any of the following purposes:

a. Computer hardware or other technological devices not defined by the Authority as educational technology approved for use pursuant to ~~Part 1H of Article 9 of this Chapter.~~G.S. 115C-591(2a).

b. Consumable educational supplies, including paper, pen, or markers.

c. Tuition and fees at an institution of higher education, as defined in G.S. 116-143.1, or a private postsecondary institution.

d. Tuition and fees for a nonpublic school that meets the requirements of Part 3 of Article 39 of this Chapter.

(a1) Disbursement of Funds for Tuition. – The method by which the Authority shall disburse scholarship funds awarded to eligible students for tuition at a nonpublic school shall be based upon whether the nonpublic school is a G.S. 115C-562.5 compliant school. Scholarship funds for tuition shall be disbursed as follows:

(1) Scholarship endorsement for tuition. – The Authority shall remit, at least two times each school year, scholarship funds from the personal education student account for eligible students who attend G.S. 115C-562.5 compliant schools. The funds shall be remitted to the G.S. 115C-562.5 compliant school for

endorsement by at least one of the student's parents. The parent shall restrictively endorse the scholarship funds awarded to the eligible student for deposit into the account of the G.S. 115C-562.5 compliant school to the credit of the eligible student. The parent shall not designate any entity or individual associated with the school as the parent's attorney-in-fact to endorse the scholarship funds. A parent's failure to comply with this subdivision shall result in forfeiture of the scholarship funds for tuition. Scholarship funds forfeited for failure to comply with this subdivision shall be returned to the Authority to be awarded to another student.

(2) Reimbursement for tuition. – The parent of an eligible student who enrolls in a school that is (i) a North Carolina public school other than the public school to which that student would have been assigned as provided in G.S. 115C-366 or (ii) a Part 1 or Part 2 nonpublic school that is not a G.S. 115C-562.5 compliant school may pay tuition directly to the school with funds other than scholarship funds and request reimbursement with funds available in the personal education student account under subdivision (3a) of subsection (a) of this section. However, the Authority shall not reimburse the parent prior to the midpoint of each semester. A parent may only receive reimbursement for tuition if the parent provides documentation to the Authority that the student is enrolled in the school.

(b) No Refunds to an Account Holder. – A nonpublic school or a provider of services purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to a parent or eligible student in any manner. The parent shall notify the Authority if such a refund is required.

(c) Repealed by Session Laws 2018-5, s. 38.10(m), effective for taxable years beginning on or after January 1, 2018.

"**§ 115C-596. Identification of nonpublic schools and distribution of personal education ~~savings~~ student account information.**

(a) List of Nonpublic Schools. – The Division shall provide annually by February 1 to the Authority a list of all nonpublic schools operating in the State that meet the requirements of Part 1, 2, or 3 of Article 39 of this Chapter.

(b) Information on PESAs to the Division. – The Authority shall provide information about personal education ~~savings~~ student accounts to the Division. The Division shall provide information about PESAs to all qualified nonpublic schools on an annual basis.

"**§ 115C-597. Administration.**

(a) Rules and Regulations. – The Authority shall establish rules and regulations for the administration of the program, including the following:

(1) The administration and awarding of scholarship funds, including a lottery process for the selection of recipients within the criteria established by G.S. 115C-592(a), if necessary.

(2) Requiring a surety bond or insurance to be held by account holders.

(3) Use of the funds and the reporting of expenditures.

(4) Monitoring and control of spending scholarship funds deposited in a personal education savings account.

The Authority shall provide recipients of scholarship funds with the annual list of defined educational technology for which scholarship funds may be used.

(b) Contract for Management of PESAs. – The Authority may contract with a private financial management firm or institution to manage PESAs in accordance with this Article.

(c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit a random sampling of PESAs as needed to ensure compliance with the requirements of this Article. The Authority may contract with an independent entity to conduct these audits. The

Authority may remove a parent or eligible student from the program and close a personal education ~~savings~~ student account for failure to comply with the terms of the parental agreement, for failure to comply with applicable laws, or because the student is no longer an eligible student.

(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship funds under this Article, the Authority may retain ~~up to two hundred fifty thousand dollars ($250,000)~~ the lesser of four percent (4%) of the funds appropriated or two million dollars ($2,000,000) each fiscal year for administrative costs associated with the program, including contracting with non-State entities for administration of certain components of the program.

"**§ 115C-598. Reporting requirements.**

The Authority shall report annually, no later than October 15, to the Joint Legislative Education Oversight Committee on the following information from the prior school year:

(1) Total number, grade level, race, ethnicity, and sex of eligible students receiving scholarship funds.

(2) Total amount of scholarship funding awarded.

(3) Number of students previously enrolled in public schools in the prior semester by the previously attended local education agency.

(4) Nonpublic schools in which scholarship recipients are enrolled, including numbers of scholarship recipients at each nonpublic school.

(5) The number of substantiated cases of fraud by recipients and the number of parents or students removed from the program for noncompliance with the provisions of this Article.

"**§ 115C-599. Duties of State agencies.**

(a) The State Board, as part of its duty to monitor all local education agencies to determine compliance with this Article and the Individuals with Disabilities Education Act (IDEA), 20 U.S.C. § 1400, et seq., (2004), as amended, and federal regulations adopted under that act, as provided in G.S. 115C-107.4, shall ensure that local education agencies do the following:

(1) Conduct evaluations requested by a child's parent of suspected children with disabilities, as defined in G.S. 115C-107.3, in a timely manner as required by IDEA.

(2) Provide assessments for continuing eligibility to identified children with disabilities receiving scholarship funds at the request of the parent to ensure compliance with G.S. 115C-593.

(b) The Authority shall analyze, in conjunction with the Department of Public Instruction, past trends in scholarship data on an annual basis to ensure that the amount of funds transferred each fiscal year by the Authority to the Department for reevaluations by local school administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual annual cost requirements."

SECTION 8A.3.(k) Notwithstanding G.S. 115C-592, as amended by this section, a student who was awarded scholarship funds for a Personal Education Savings Account (PESA) pursuant to Article 41 of Chapter 115C of the General Statutes for the 2021-2022 school year or a student who received a scholarship pursuant to Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2021-2022 school year shall receive priority in the award of scholarship funds under G.S. 115C-592 for a personal education student account for the 2022-2023 school year if the student applies by March 1, 2022.

SECTION 8A.3.(*l*) Part 1H of Article 9 of Chapter 115C of the General Statutes is repealed.

SECTION 8A.3.(m) G.S. 115C-555(4) reads as rewritten:

"(4) It receives no funding from the State of North Carolina. For the purposes of this Article, scholarship funds awarded pursuant to Part 2A of this ~~Article,~~ Article or Article 41 of this ~~Chapter, or Part 1H of Article 9 of this~~ Chapter to

eligible students attending a nonpublic school shall not be considered funding from the State of North Carolina."

SECTION 8A.3.(n) G.S. 115C-567.1(a), as enacted by subsection (g) of this section, reads as rewritten:

"(a) The State Education Assistance Authority, in its administration of scholarship programs for eligible students pursuant to Part 2A of this ~~Article,~~ Article and Article 41 of this ~~Chapter, and Part 1H of Article 9 of this Chapter,~~ Chapter may contract with a nonprofit corporation representing parents and families, for marketing, outreach, and scholarship application assistance for parents and students. The Authority shall issue a request for proposals in order to enter into a contract with a nonprofit corporation that meets the following requirements during the term of the contract:

(1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General Statutes and comply at all times with the provisions of section 501(c)(3) of the Internal Revenue Code.

(2) Employ sufficient staff who have demonstrated a capacity to market and implement a scholarship grant program, including by doing the following:

a. Direct mail marketing.

b. Radio advertising.

c. Targeted digital advertising.

d. One-on-one parent and family engagement.

(3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.

(4) Have no State officer or employee serving on the board of the nonprofit.

(5) Conduct at least quarterly meetings of the board of directors of the nonprofit at the call of its chair."

SECTION 8A.3.(o) Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

SECTION 8A.3.(p) G.S. 105-153.5(b)(12) reads as rewritten:

"(12) The amount deposited during the taxable year to a personal education ~~savings~~ student account under Article 41 of Chapter 115C of the General Statutes."

SECTION 8A.3.(q) Subsection (p) of this section does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended by this section before the effective date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued under the amended statute before the effective date of its amendment.

SECTION 8A.3.(r) Subsections (a) through (d) of this section apply beginning with applications for scholarship funds for the 2022-2023 school year. Subsection (f) of this section becomes effective June 30, 2021. Subsection (i) of this section applies beginning with the 2023-2024 fiscal year. Subsections (j) and (k) of this section become effective July 1, 2021, and apply to applications for scholarship funds beginning with the 2022-2023 school year. Subsections (*l*) through (o) of this section become effective July 1, 2022. Subsection (p) of this section applies to taxable years beginning on or after January 1, 2022. The remainder of the section is effective the date this act becomes law.

SEAA GOVERNANCE STRUCTURE MODIFICATIONS

SECTION 8A.4.(a) G.S. 116-203 reads as rewritten:

"**§ 116-203. Authority created as subdivision of State; appointment, terms and removal of board of directors; officers; quorum; expenses and compensation of directors.**

(a) Authority Created. – There is created and constituted a political subdivision of the State to be known as the "State Education Assistance ~~Authority."~~ Authority" (Authority) to be housed administratively within The University of North Carolina System Office for organizational, staffing, and budgetary purposes. The exercise by the Authority of the powers

conferred by this Article shall be deemed and held to be the performance of an essential governmental ~~function.~~function in administering a system of financial assistance to qualified students of the State. The Authority shall exercise its statutory powers independently from the System Office and the Board of Governors of The University of North Carolina.

(b) Membership. – The Authority shall be governed by a board of directors consisting of nine members, seven of whom shall be appointed ~~by the Governor~~ and two of whom shall be ex ~~officio. The members shall be~~ officio as follows:

(1) Seven members appointed ~~by the Governor, three of whom~~ according to the following:

a. The Board of Governors of The University of North Carolina shall appoint the following members:

1. Two members who shall have expertise in secondary or higher ~~education, two of whom~~ education.
2. One member who shall be a chief financial officer or chief administrative officer from a nonpublic school that enrolls students receiving scholarship funds pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes.
3. One member who shall have expertise in ~~finance, one of whom~~ finance.

b. The Governor shall appoint the following members:

1. One member who shall have expertise in finance.
2. One member who shall be a member of the public at large with an interest in higher ~~education, and one of whom~~ education.
3. One member who shall be a chief financial officer from a college or university that is a member of North Carolina Independent Colleges and Universities, Inc., appointed upon the recommendation of North Carolina Independent Colleges and Universities, Inc.

(2) The chief financial officer of The University of North Carolina shall serve as an ex officio member.

(3) The chief financial officer of the North Carolina Community College System shall serve as an ex officio member.

(c) Terms. – Members appointed ~~by the Governor~~ pursuant to subdivision (1) of subsection (b) of this section shall serve for a term of four years and until their successors are appointed and duly qualified. Immediately after appointment, the directors shall enter upon the performance of their duties.

(d) Vacancies. – A vacancy in an appointment ~~made by the Governor~~ shall be filled by the ~~Governor~~ appointing authority in the same manner as the original appointment for the remainder of the unexpired term.

(e) Removal. – The ~~Governor~~ appointing authority may remove any member of the board of directors appointed by ~~the Governor~~ that authority for misfeasance, malfeasance, or nonfeasance.

(f) Officers. – The board shall annually elect one of its members as chair and another as ~~vice-chair and shall also elect annually a secretary, or a secretary-treasurer, who may or may not be a member of the board.~~ vice-chair. The chair, or in the chair's absence, the vice-chair, shall preside at all meetings of the board. In the absence of both the chair and vice-chair, the board shall appoint a chair pro tempore, who shall preside at such meetings.

(f1) Executive Director. – The President of The University of North Carolina shall appoint the Executive Director of the Authority, who shall be the Authority's principal executive officer, and the Executive Director shall be responsible to the President. The Executive Director shall serve as secretary to the board of directors.

(g) Quorum. – Five directors shall constitute a quorum for the transaction of the business of the Authority, and no vacancy in the membership of the board shall impair the right of a quorum to exercise all the rights and perform all the duties of the Authority. The favorable vote of at least a majority of the members of the board present at any meeting is required for the adoption of any resolution or motion or for other official action.

(h) Expenses. – The members of the board shall receive per diem and allowances as provided in G.S. 138-5 and G.S. 138-6. These expenses and compensation shall be paid from funds provided under this Article, or as otherwise provided."

SECTION 8A.4.(b) G.S. 116-204 reads as rewritten:

"**§ 116-204. Powers of Authority.**

The Authority is hereby authorized and empowered:

(1) To fix and revise from time to time and charge and collect fees for its acts and ~~undertakings;~~undertakings.

(2) To establish rules and regulations concerning its acts and ~~undertakings;~~undertakings.

(3) To acquire, hold and dispose of personal property in the exercise of its powers and the performance of its ~~duties;~~duties.

(4) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this ~~Article;~~Article.

(5) To employ, ~~in its discretion,~~ upon approval by the President of The University of North Carolina or his or her designee, consultants, attorneys, ~~accountants, and financial experts, superintendents, managers~~ financial professionals, liaison personnel, clerical staff, and ~~such~~ other employees and agents as may be necessary ~~in its judgment,~~ and to fix their compensation ~~to be payable from funds made available to the Authority by law;~~from any funds made available to the Authority through appropriations by the General Assembly, the availability of receipts, or both.

(6) To receive and accept from any federal or private agency, corporation, association or person grants to be expended in accomplishing the objectives of the Authority, and to receive and accept from the State, from any municipality, county or other political subdivision thereof and from any other source aid or contributions of either money, property, or other things of value, to be held, used and applied only for the purposes for which such grants and contributions may be ~~made;~~made.

(7) To sue and to be sued; to have a seal and to alter the same at its pleasure; and to make and from time to time amend and repeal bylaws, rules and regulations not inconsistent with law to carry into effect the powers and purposes of the ~~Authority;~~Authority.

(8) To do all other acts and things necessary or convenient to carry out the powers expressly granted in this Article; provided, however, that nothing in this Article shall be construed to empower the Authority to engage in the business of banking or insurance.

(9) To collect loan repayments for loans awarded under the Teaching Fellows Program pursuant to G.S. 115C-363.23A if the loan repayment is outstanding for more than 30 days.

(10) To collect loan repayments for loans awarded from the Scholarship Loan Fund for Prospective Teachers pursuant to Article 32A of Chapter 115C of the General Statutes if the loan repayment is outstanding for more than 30 days.

(11) To administer the awarding of scholarship grants to students attending nonpublic schools as provided in Part 2A of Article 39 of Chapter 115C of the General Statutes.

(12) To administer the coordinated and centralized process for determining residency for tuition and State-funded financial aid purposes that is jointly developed and implemented by The University of North Carolina, the North Carolina Community College System, and the Authority, in consultation with the North Carolina Independent Colleges and Universities.

(13) To collect loan repayments for scholarship loans awarded under the former Principal Fellows Program pursuant to Article 5C of this Chapter if the loan repayment is outstanding for more than 30 days."

SECTION 8A.4.(c) G.S. 116-205 reads as rewritten:

"**§ 116-205. Title to property; use of State lands; offices.**

(a) Title to any property acquired by the Authority shall be taken in the name of the Authority.

(b) The State hereby consents, subject to the approval of the ~~Governor~~ Governor, the Board of Governors of The University of North Carolina, and Council of State, to the use of any other lands or property owned by the State, which are deemed by the Authority to be necessary for its purposes.

(c) ~~The~~ Upon approval by The University of North Carolina System Office, the Authority may establish such offices in state-owned or rented structures as it deems appropriate for its purposes."

SECTION 8A.4.(d) G.S. 116-209.14 reads as rewritten:

"**§ 116-209.14. Annual reports.**

The Authority shall, following the close of each fiscal year, publish an annual report of its activities for the preceding year to the ~~Governor~~ Board of Governors of The University of North Carolina, the Governor, and the General Assembly. Each report shall set forth a complete operating and financial statement covering the operations of the Authority during the year. The operations of the Authority shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes."

SECTION 8A.4.(e) G.S. 116-209.21 is repealed.

SECTION 8A.4.(f) For the board of directors of the State Education Assistance Authority, subsection (a) of this section applies to the appointment of seats expiring or the appointment to fill vacancies in seats occurring on or after the date this act becomes law. Notwithstanding G.S. 116-203, as amended by this act, upon the next vacancy of a seat for a member who has expertise in finance, the Board of Governors of The University of North Carolina shall appoint the member who has expertise in finance to fill that vacant seat in accordance with G.S. 116-203(b)(1)a.

SECTION 8A.4.(g) This section is effective the date this act becomes law.

LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT

SECTION 8A.5.(a) Program Established. – Of the funds appropriated in this act to the Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority from the State Fiscal Recovery Fund, the Authority shall administer the Longleaf Commitment Grant Program (Program) to award grants to eligible students graduating from high school at the end of the 2021-2022 school year to cover tuition and fees at a community college for up to two years. The goal of the Longleaf Commitment Grant Program is to help students who graduated from a North Carolina high school during the COVID-19 pandemic recover learning and persist through to degree attainment.

SECTION 8A.5.(b) Eligible Students. – A student shall be considered an eligible student to receive a grant under the Program if the student meets all of the following requirements:

(1) Has graduated or is expected to graduate in 2022 from a high school located in this State.

(2) Qualifies as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(3) Completes the Free Application for Federal Student Aid (FAFSA) for the 2022-2023 academic year and, if applicable, renews the FAFSA for the 2023-2024 academic year.

(4) Has an Expected Family Contribution (EFC) below fifteen thousand dollars ($15,000).

(5) Enrolls in the Fall 2022 semester and maintains enrollment in at least six credit hours per semester in curriculum courses at a community college.

SECTION 8A.5.(c) Award Amounts; Administration. – Grants awarded under the Program shall be for a minimum amount of seven hundred dollars ($700.00) per eligible student with a maximum grant of up to two thousand eight hundred dollars ($2,800) per eligible student per year for up to two years, which includes cost of tuition and a fee allowance. The Authority shall reduce the amount of a grant for any student by the amount of grants or scholarships received by that student from other State or federal sources.

The Authority may adopt rules for the administration of the Program. The Authority may use up to one percent (1%) of the funds appropriated for the Program for administrative costs.

SECTION 8A.5.(d) Support Services from Community Colleges. – The Community Colleges System Office shall administer a matching grant program for community colleges to provide student support services under the Program in accordance with Section 6.11 of this act.

SECTION 8A.5.(e) Report. – The Authority shall submit an initial report by September 1, 2023, and a final report by September 1, 2024, to the Joint Legislative Education Oversight Committee on the implementation of the Program. The report shall contain, for each academic year, the amount of grant funds disbursed and the number of eligible students receiving funds.

PART IX. HEALTH AND HUMAN SERVICES

PART IX-A. AGING AND ADULT SERVICES

STATE-COUNTY SPECIAL ASSISTANCE RATES

SECTION 9A.1.(a) For each year of the 2021-2023 fiscal biennium, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred eighty-two dollars ($1,182) per month per resident.

SECTION 9A.1.(b) For each year of the 2021-2023 fiscal biennium, the maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five hundred fifteen dollars ($1,515) per month per resident.

INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS ALLOWANCE

SECTION 9A.2.(a) Effective October 1, 2021, the Department of Health and Human Services, Division of Aging and Adult Services, shall increase the personal needs allowance under the State-County Special Assistance program from forty-six dollars ($46.00) per month per recipient to seventy dollars ($70.00) per month per recipient.

SECTION 9A.2.(b) Effective October 1, 2021, and notwithstanding the increase in the personal needs allowance authorized by subsection (a) of this section or any other provision of law to the contrary, the following limits are applicable for determining financial eligibility for State-County Special Assistance:

(1) The total countable monthly income for individuals residing in adult care home facilities shall not exceed one thousand two hundred twenty-eight dollars ($1,228) per month.

(2) The total countable monthly income for individuals residing in Alzheimer's/Dementia special care units shall not exceed one thousand five hundred sixty-one dollars ($1,561) per month.

REMOVAL OF THE CAP ON THE NUMBER OF ALLOWABLE STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS

SECTION 9A.3. G.S. 108A-47.1(a) reads as rewritten:

"(a) The Department of Health and Human Services may use funds from the existing State-County Special Assistance budget to provide Special Assistance payments to eligible individuals 18 years of age or older in in-home living arrangements. ~~These payments may be made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~ The standard monthly payment to individuals enrolled in the Special Assistance in-home program shall be one hundred percent (100%) of the monthly payment the individual would receive if the individual resided in an adult care home and qualified for Special Assistance, except if a lesser payment amount is appropriate for the individual as determined by the local case manager. The Department shall implement Special Assistance in-home eligibility policies and procedures to assure that in-home program participants are those individuals who need and, but for the in-home program, would seek placement in an adult care home facility. The Department's policies and procedures shall include the use of a functional assessment."

RAPID REHOUSING FOR INDIVIDUALS AND FAMILIES AT RISK OF HOMELESSNESS

SECTION 9A.4. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Aging and Adult Services, the sum of fifteen million dollars ($15,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated for rapid rehousing services to assist individuals and families at risk of homelessness due to the COVID-19 public health emergency with obtaining safe housing. These funds shall be used to supplement and not supplant existing funds for homelessness prevention activities and may be used to provide financial assistance to eligible individuals and families to cover the cost of acute needs such as the following:

(1) Security deposits and rental assistance for a period not to exceed 12 months per individual or family.

(2) Utility deposits and utility assistance for a period not to exceed 12 months per individual or family.

(3) Temporary hotel stays while awaiting more permanent housing.

(4) Housing navigation services.

(5) Case management services related to the rapid attainment of safe housing.

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT

REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS

SECTION 9B.1. Any non-State entity, as defined in G.S. 143C-1-1, that is a recipient of nonrecurring funds allocated in Part IX of this act as a directed grant shall report to

the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division as follows:

(1) By July 1, 2022, on the use of directed grant funds received under Part IX of this act for the 2021-2022 fiscal year.

(2) By July 1, 2023, on the use of directed grant funds received under Part IX of this act for the 2022-2023 fiscal year.

FUNDS FOR THE NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST) SYSTEM

SECTION 9B.2.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of nineteen million nine hundred ninety-four thousand four hundred forty-seven dollars ($19,994,447) in recurring funds for the 2021-2022 fiscal year and the sum of nineteen million nine hundred ninety-four thousand four hundred forty-seven dollars ($19,994,447) in recurring funds for the 2022-2023 fiscal year shall be used to fund operations and maintenance of the NC FAST system, including matching federal funds for this purpose. In addition, the sum of thirty-six million six hundred eight thousand eight hundred seventeen dollars ($36,608,817) in nonrecurring funds for the 2021-2022 fiscal year and the sum of thirty-four million eight hundred ten thousand nine hundred ninety dollars ($34,810,990) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated for the following purposes:

(1) The sum of twenty-three million two hundred sixty-five thousand dollars ($23,265,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of twenty-three million seven hundred seventy-eight thousand twenty-five dollars ($23,778,025) in nonrecurring funds for the 2022-2023 fiscal year shall be used to fund deployment of the child welfare case management component of the NC FAST system, as provided in Section 9I.15 of this act, and to match federal funds to expedite deployment of this functionality.

(2) The sum of thirteen million three hundred forty-three thousand eight hundred seventeen dollars ($13,343,817) in nonrecurring funds for the 2021-2022 fiscal year and the sum of eleven million thirty-two thousand nine hundred sixty-five dollars ($11,032,965) in nonrecurring funds for the 2022-2023 fiscal year shall be used to match federal funds to expedite development and implementation of the following within the NC FAST system: (i) updates and changes with respect to Medicaid Transformation, (ii) infrastructure modernization, (iii) document management, and (iv) independent verification and validation support.

The Department of Health and Human Services, Division of Central Management and Support, shall report any changes in approved federal funding or federal match rates for NC FAST within 30 days after the change to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

SECTION 9B.2.(b) Departmental receipts appropriated in this act in the sum of seventy-eight million eight hundred twenty-seven thousand six hundred twelve dollars ($78,827,612) for the 2021-2022 fiscal year and the sum of seventy-seven million two hundred ninety-one thousand nine hundred thirty-four dollars ($77,291,934) for the 2022-2023 fiscal year shall be used for the purposes described in subsection (a) of this section.

COMMUNITY HEALTH GRANT PROGRAM

SECTION 9B.3.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management, Office of Rural Health, for each year of the 2021-2023 fiscal biennium for the Community Health Grant Program shall be used to continue

to administer the Community Health Grant Program as modified by Section 11A.8 of S.L. 2017-57.

SECTION 9B.3.(b) The Office of Rural Health shall make the final decision about awarding grants under this Program, but no single grant award shall exceed one hundred fifty thousand dollars ($150,000) during the fiscal year. In awarding grants, the Office of Rural Health shall consider the availability of other funds for the applicant; the incidence of poverty in the area served by the applicant or the number of indigent clients served by the applicant; the availability of, or arrangements for, after-hours care; and collaboration between the applicant and a community hospital or other safety net organizations.

SECTION 9B.3.(c) Grant recipients shall not use these funds to do any of the following:

(1) Enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other persons receiving funds for program administration; provided, however, funds may be used to hire or retain health care providers. The use of grant funds for this purpose does not obligate the Department of Health and Human Services to continue to fund compensation beyond the grant period.

(2) Supplant existing funds, including federal funds traditionally received by federally qualified community health centers. However, grant funds may be used to supplement existing programs that serve the purposes described in subsection (a) of this section.

(3) Finance or satisfy any existing debt.

SECTION 9B.3.(d) The Office of Rural Health may use up to two hundred thousand dollars ($200,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium for administrative purposes.

SECTION 9B.3.(e) By September 1 of each year, the Office of Rural Health shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on community health grants that includes at least all of the following information:

(1) The identity and a brief description of each grantee and each program or service offered by the grantee.

(2) The amount of funding awarded to each grantee.

(3) The number of individuals served by each grantee, and for the individuals served, the types of services provided to each.

(4) Any other information requested by the Office of Rural Health as necessary for evaluating the success of the Community Health Grant Program.

SECTION 9B.3.(f) By November 1, 2021, the Office of Rural Health shall report to the Joint Legislative Oversight Committee on Health and Human Services on the implementation status of the following Community Health Grant Program requirements enacted by Section 11A.8 of S.L. 2017-57:

(1) Establishment of a Primary Care Advisory Committee and that Committee's development of an objective and equitable process for grading applications for grants funded under the Community Health Grant Program.

(2) Development of a standardized method for grant recipients to report objective, measurable quality health outcomes.

ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND ACCOUNTABILITY

SECTION 9B.4.(a) The Office of Program Evaluation Reporting and Accountability within the Department of Health and Human Services is eliminated.

SECTION 9B.4.(b) Part 31A of Article 3 of Chapter 143B of the General Statutes is repealed.

VETERANS HEALTH CARE PILOT PROGRAM

SECTION 9B.5.(a) Pilot Program. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, the sum of four hundred thousand dollars ($400,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of three hundred fifty thousand dollars ($350,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used to support the development and implementation of a two-year pilot program to provide health care services to veterans. The Department of Health and Human Services and the Department of Military and Veterans Affairs, in coordination with Community Care of North Carolina and Maxim Healthcare Services, shall develop and implement the pilot program in Cumberland County. The pilot program shall consist of the following initiatives:

(1) A health care initiative to provide to veterans increased access to health care resources through the care coordination efforts of community health workers.

(2) A workforce initiative to recruit and train unemployed and underemployed veterans as community health workers for the health care initiative described in subdivision (1) of this subsection.

SECTION 9B.5.(b) Administrative Costs. – No more than fifteen percent (15%) of the funds allocated for the purposes of this section shall be used for administrative purposes.

SECTION 9B.5.(c) Termination. – The pilot program authorized by this section shall terminate on June 30, 2023.

SECTION 9B.5.(d) Evaluation. – By February 1, 2024, the Department of Health and Human Services shall conduct and submit to the Joint Legislative Oversight Committee on Health and Human Services a comprehensive evaluation of the pilot program authorized by this section. The comprehensive evaluation shall include at least all of the following:

(1) A detailed breakdown of expenditures for the pilot program.

(2) The specific ways in which the health care initiative provided to veterans increased access to health care resources.

(3) The total number of unemployed and underemployed veterans who were recruited and trained as community health workers under the pilot program's workforce initiative.

FUNDS FOR NC DENTAL SOCIETY FOUNDATION'S MISSIONS OF MERCY DENTAL CLINICS

SECTION 9B.6. Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for allocation to the NC Dental Society Foundation for its Missions of Mercy dental clinics shall not be spent for any purpose other than to provide direct services to patients and to purchase necessary dental supplies. None of these funds may be spent for administrative purposes.

FUNDS FOR LOCAL START DENTAL, INC.

SECTION 9B.7. Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for allocation to the nonprofit corporation known as Local Start Dental, Inc., shall not be spent for any purpose other than to (i) provide direct services to patients and (ii) purchase necessary dental supplies, necessary dental equipment, or a combination of these. None of these funds may be spent for administrative purposes.

FUNDS FOR THE STATEWIDE TELEPSYCHIATRY PROGRAM

SECTION 9B.8.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Central

Management and Support, Office of Rural Health, the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a grant to the East Carolina University Center for Telepsychiatry and e-Behavioral Health for the statewide telepsychiatry program established under G.S. 143B-139.4B, known as NC-STeP. These grant funds shall be used to respond to the COVID-19 public health emergency by providing virtual psychiatric assessments and consultations to patients utilizing telepsychiatry, as defined in G.S. 143B-139.4B.

SECTION 9B.8.(b) By July 1, 2022, the East Carolina University Center for Telepsychiatry and e-Behavioral Health shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of the grant funds allocated by subsection (a) of this section.

COMPETITIVE GRANT/NONPROFIT ORGANIZATIONS

SECTION 9B.9.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for each year of the 2021-2023 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit organizations:

(1) Ten million six hundred fifty-three thousand nine hundred eleven dollars ($10,653,911) in recurring funds for each year of the 2021-2023 fiscal biennium.

(2) Two hundred fifty thousand dollars ($250,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium to assist with funding for purposes described in subdivision (e)(4) of this section.

(3) Four million seven hundred seventy-four thousand five hundred twenty-five dollars ($4,774,525) for each year of the 2021-2023 fiscal biennium appropriated in Section 9L.1 of this act in Social Services Block Grant funds.

(4) One million six hundred thousand dollars ($1,600,000) for each year of the 2021-2023 fiscal biennium appropriated in Section 9L.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds.

SECTION 9B.9.(b) The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

(1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis. The Department shall require nonprofits to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.

(2) A requirement that nonprofits match a minimum of fifteen percent (15%) of the total amount of the grant award.

(3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.

(4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:

a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.

b. A system of residential supports for those afflicted with substance abuse addiction.

c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.

d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.
e. A food distribution system for needy individuals.
f. The provision and coordination of services for the homeless.
g. The provision of services for individuals aging out of foster care.
h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.
i. The provision of services and screening for blindness.
j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.
k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.
l. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.
m. A program providing short-term or long-term residential substance abuse services. For purposes of this sub-subdivision, "long-term" means a minimum of 12 months.
n. A program that provides year-round sports training and athletic competition for children and adults with disabilities.

It is the intent of the General Assembly that annually the Secretary evaluate and prioritize the categories of health and wellness initiatives described under this subdivision to determine the best use of these funds in making grant awards, exclusive of direct allocations made by the General Assembly.

(5) A process that ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.
(6) A process that allows grants to be awarded to nonprofits for up to two years.
(7) A requirement that initial disbursement of the grants be awarded no later than 30 days after certification of the State budget for the respective fiscal year.
(8) A requirement that nonprofits awarded grants use no more than fifteen percent (15%) of their total proposed expenditures for administrative costs, unless otherwise required by law.

SECTION 9B.9.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, by September 1 of each year, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

(1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.
(2) The amount of funding awarded to each grantee.
(3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 9B.9.(d) No later than December 1 of each fiscal year, each nonprofit organization receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Central Management and Support a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

(1) The entity's mission, purpose, and governance structure.

(2) A description of the types of programs, services, and activities funded by State appropriations.

(3) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.

(4) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.

(5) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

SECTION 9B.9.(e) For the 2021-2023 fiscal biennium only, from the funds identified in subsection (a) of this section, the Department shall make the following allocations, provided that each nonprofit organization receiving funds pursuant to this subsection shall be required to seek future funding through the competitive grants process in accordance with subsection (b) of this section:

(1) Three hundred fifty thousand dollars ($350,000) in each year of the 2021-2023 fiscal biennium to provide grants to Big Brothers Big Sisters.

(2) One million six hundred twenty-five thousand dollars ($1,625,000) for each year of the 2021-2023 fiscal biennium and one million six hundred thousand dollars ($1,600,000) appropriated in Section 9L.1(a) of this act in Substance Abuse Prevention and Treatment Block Grant funds in each year of the 2021-2023 fiscal biennium to Triangle Residential Options for Substance Abusers, Inc., (TROSA) for the purpose of assisting individuals with substance abuse addiction.

(3) Two million seven hundred fifty thousand dollars ($2,750,000) in each year of the 2021-2023 fiscal biennium to provide grants to Boys & Girls Clubs across the State to implement (i) programs that improve the motivation, performance, and self-esteem of youth and (ii) other initiatives that would be expected to reduce gang participation, school dropout, and teen pregnancy rates.

(4) Five hundred thousand dollars ($500,000) in each year of the 2021-2023 fiscal biennium to Cross Trail Outfitters for purposes of promoting wellness and physical activity for youth 7 to 20 years of age.

PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION

NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR-RATED FACILITIES

SECTION 9C.1.(a) Eligibility. – The Department of Health and Human Services, Division of Child Development and Early Education, shall continue implementing the prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4 years of age on or before August 31 of the program year. In determining eligibility, the Division shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if those children have other designated risk factors. Furthermore, any age-eligible child who is a child of either of the following shall be eligible for the program: (i) an active duty member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was injured or killed while serving on

active duty. Eligibility determinations for NC Pre-K participants may continue through local education agencies and local North Carolina Partnership for Children, Inc., partnerships.

Other than developmental disabilities or other chronic health issues, the Division shall not consider the health of a child as a factor in determining eligibility for participation in the NC Pre-K program.

SECTION 9C.1.(b) Multiyear Contracts. – The Division of Child Development and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed private child care centers providing NC Pre-K classrooms.

SECTION 9C.1.(c) Building Standards. – Notwithstanding G.S. 110-91(4), private child care facilities and public schools operating NC Pre-K classrooms shall meet the building standards for preschool students as provided in G.S. 115C-521.1.

SECTION 9C.1.(d) Programmatic Standards. – Except as provided in subsection (c) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements.

SECTION 9C.1.(e) NC Pre-K Committees. – Local NC Pre-K committees shall use the standard decision-making process developed by the Division of Child Development and Early Education in awarding NC Pre-K classroom slots and student selection.

SECTION 9C.1.(f) Reporting. – The Division of Child Development and Early Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

(1) The number of children participating in the NC Pre-K program by county.

(2) The number of children participating in the NC Pre-K program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.

(3) The expected NC Pre-K expenditures for the programs and the source of the local contributions.

(4) The results of an annual evaluation of the NC Pre-K program.

SECTION 9C.1.(g) Audits. – The administration of the NC Pre-K program by local partnerships shall be subject to the financial and compliance audits authorized under G.S. 143B-168.14(b).

HOLD HARMLESS STAR RATINGS FOR LICENSED CHILD CARE FACILITIES WHEN ERS ASSESSMENTS RESUME/REPORT

SECTION 9C.2.(a) Notwithstanding any other provision of law to the contrary, when the Department of Health and Human Services, Division of Child Development and Early Education (Division), resumes environmental rating scale (ERS) (star rating) assessments, the Division shall not require a licensed child care facility to undergo an ERS assessment if conducting the assessment would cause the child care facility to lose a star rating due to (i) the facility's loss in educators who enabled the facility to meet the star-rating requirements and (ii) its inability to replace those educators, within a reasonable period of time, with individuals having similar levels of education.

SECTION 9C.2.(b) Notwithstanding any other provision of law to the contrary, when ERS assessments resume and the Division of Child Development and Early Education (Division) is awarding quality rating improvement system (QRIS) "education points" to a licensed child care facility toward its star rating, if the percentage of lead teachers in the program required to meet the "rated licensed education requirements" criteria is set at seventy-five percent (75%) for the program to earn those "education points" toward the facility's star rating, the

Division shall lower the seventy-five percent (75%) threshold to fifty percent (50%) of lead teachers through June 30, 2023.

SECTION 9C.2.(c) The Division of Child Development and Early Education shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services by March 30, 2023, and the report shall include the following:

(1) Number of new high school Early Childhood Career and Technical Pathways programs across the State between June 30, 2021, and January 31, 2023.

(2) New community college and university courses that award college credit towards a degree in early childhood based on work experience between June 30, 2021, and January 31, 2023.

(3) New community college and university courses that allow college credits for taking online health, safety, and nutrition training modules between June 30, 2021, and January 31, 2023.

(4) Number of enrollees in the Early Childhood and Infant-Toddler Certificate Programs, number of graduates from the programs with certificates, and the increase in the number of enrollees and graduates from the programs between June 30, 2021, and January 31, 2023.

(5) Number of early childhood educators using T.E.A.C.H. scholarships to pay for college tuition and the increase in the number of early childhood educators using T.E.A.C.H. scholarships to pay for college tuition between June 30, 2021, and January 31, 2023.

(6) Availability of WAGE$ salary supplement program by county, the number of early childhood educators working toward degrees in early childhood education who received salary supplements from WAGE$, and the increase in the number of early childhood educators receiving WAGE$ salary supplements between June 30, 2021, and January 31, 2023.

(7) The number and percentage increase of early childhood educators with associate degrees in early childhood education between June 30, 2021, and January 31, 2023.

(8) The number and percentage increase of early childhood educators with associate degrees between June 30, 2016, and June 30, 2021.

SECTION 9C.2.(d) Subsection (a) of this section is effective when it becomes law and expires six months after the date the Governor signs an executive order rescinding Executive Order No. 116, Declaration of a State of Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19. Subsection (b) of this section is effective when it becomes law and expires June 30, 2023.

RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS

SECTION 9C.3. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to raise the base reimbursement rates for child care centers participating in the North Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over 2020-2021 fiscal year rates for the 2021-2022 fiscal year and by an additional two percent (2%) over the 2021-2022 rates for the 2022-2023 fiscal year. It is the intent of the General Assembly that funds allocated pursuant to this section be used to increase the salaries of teachers working in child care centers as a means to address disparities in teacher salaries among teachers working in child care centers versus those working in public schools or Head Start centers.

CHILD CARE SUBSIDY RATES

SECTION 9C.4.(a) The maximum gross annual income for initial eligibility, adjusted annually, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

AGE	INCOME PERCENTAGE LEVEL
0 – 5	200%
6 – 12	133%

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

SECTION 9C.4.(b) Fees for families who are required to share in the cost of care are established based on ten percent (10%) of gross family income. When care is received at the blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment. Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

SECTION 9C.4.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (f) of this section.

(2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (g) of this section.

(3) No payments shall be made for transportation services charged by child care facilities.

(4) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment. This shall not be determined before a family's annual recertification period.

(5) The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment.

SECTION 9C.4.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

(1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

SECTION 9C.4.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development and Early Education shall also calculate a statewide rate and regional market rate for each rated license level for each age category.

SECTION 9C.4.(f) The Division of Child Development and Early Education shall continue implementing policies that improve the quality of child care for subsidized children, including a policy in which child care subsidies are paid, to the extent possible, for child care in the higher quality centers and homes only. The Division shall define higher quality, and subsidy

funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate number of four- and five-star-rated facilities, the Division shall continue a transition period that allows the facilities to continue to receive subsidy funds while the facilities work on the increased star ratings. The Division may allow exemptions in counties where there is an inadequate number of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

SECTION 9C.4.(g) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. Except as authorized by subsection (f) of this section, no separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

SECTION 9C.4.(h) Payment for subsidized child care services provided with Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 9C.4.(i) Noncitizen families who reside in this State legally shall be eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for child care subsidies only if at least one of the following conditions is met:

(1) The child for whom a child care subsidy is sought is receiving child protective services or foster care services.

(2) The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.

(3) The child for whom a child care subsidy is sought is a citizen of the United States.

SECTION 9C.4.(j) The Department of Health and Human Services, Division of Child Development and Early Education, shall require all county departments of social services to include on any forms used to determine eligibility for child care subsidy whether the family waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

SECTION 9C.4.(k) Department of Defense–certified child care facilities licensed pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that provides for the purchase of care in child care facilities for minor children in needy families, provided that funds allocated from the State-subsidized child care program to Department of Defense–certified child care facilities shall supplement and not supplant funds allocated in accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose Department of Defense–certified child care facilities and who are eligible to receive subsidized child care shall be as set forth in this section.

CHILD CARE ALLOCATION FORMULA

SECTION 9C.5.(a) The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall use the following method when

allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

(1) Funds shall be allocated to a county based upon the projected cost of serving children under age 11 in families with all parents working who earn less than the applicable federal poverty level percentage set forth in Section 9C.4(a) of this act.

(2) The Division may withhold up to two percent (2%) of available funds from the allocation formula for (i) preventing termination of services throughout the fiscal year and (ii) repayment of any federal funds identified by counties as overpayments, including overpayments due to fraud. The Division shall allocate to counties any funds withheld before the end of the fiscal year when the Division determines the funds are not needed for the purposes described in this subdivision. The Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division, which report shall include each of the following:

a. The amount of funds used for preventing termination of services and the repayment of any federal funds.

b. The date the remaining funds were distributed to counties.

c. As a result of funds withheld under this subdivision and after funds have been distributed, any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased.

The Division shall submit a report in each year of the 2021-2023 fiscal biennium 30 days after the funds withheld pursuant to this subdivision are distributed but no later than April 1 of each respective year.

(3) The Division shall set aside four percent (4%) of child care subsidy allocations for vulnerable populations, which include a child identified as having special needs and a child whose application for assistance indicates that the child and the child's family is experiencing homelessness or is in a temporary living situation. A child identified by this subdivision shall be given priority for receiving services until such time as set-aside allocations for vulnerable populations are exhausted.

SECTION 9C.5.(b) The Division may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including North Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service levels within the funds allocated to the counties. A county with a spending coefficient over one hundred percent (100%) shall submit a plan to the Division for managing the county's allocation before receiving any reallocated funds.

SECTION 9C.5.(c) When implementing the formula under subsection (a) of this section, the Division shall include the market rate increase in the formula process rather than calculating the increases outside of the formula process. Additionally, the Department shall do the following:

(1) Deem a county's initial allocation as the county's expenditure in the previous fiscal year or a prorated share of the county's previous fiscal year expenditures if sufficient funds are not available.

(2) Effective immediately following the next new decennial census data release, implement (i) one-third of the change in a county's allocation in the year following the data release, (ii) an additional one-third of the change in a county's allocation beginning two years after the initial change under this

subdivision, and (iii) the final one-third change in a county's allocation beginning the following two years thereafter.

SMART START INITIATIVES

SECTION 9C.6.(a) Policies. – The North Carolina Partnership for Children, Inc., and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s mission of improving child care quality in North Carolina for children from birth to 5 years of age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child care facilities with (i) improving quality, including helping one-, two-, and three-star-rated facilities increase their star ratings, and (ii) implementing prekindergarten programs. State funding for local partnerships shall also be used for evidence-based or evidence-informed programs for children from birth to 5 years of age that do the following:

(1) Increase children's literacy.
(2) Increase the parents' ability to raise healthy, successful children.
(3) Improve children's health.
(4) Assist four- and five-star-rated facilities in improving and maintaining quality.

SECTION 9C.6.(b) Administration. – Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management. The North Carolina Partnership for Children, Inc., shall continue using a single statewide contract management system that incorporates features of the required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local partnerships are required to participate in the contract management system and, directed by the North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency and effectiveness.

SECTION 9C.6.(c) Salaries. – The salary schedule developed and implemented by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for Children, Inc., shall base the schedule on the following criteria:

(1) The population of the area serviced by a local partnership.
(2) The amount of State funds administered.
(3) The amount of total funds administered.
(4) The professional experience of the individual to be compensated.
(5) Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.

The salary schedule shall be used only to determine the maximum amount of State funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit a local partnership from using non-State funds to supplement an individual's salary in excess of the amount set by the salary schedule established under this subsection.

SECTION 9C.6.(d) Match Requirements. – The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the 2021-2023 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local partnerships are required to match, contributions of cash shall be equal to at least thirteen percent (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total match requirement of nineteen percent (19%) for each year of the 2021-2023 fiscal biennium. The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding

fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Division of Employment Security of the Department of Commerce in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

(1) Be verifiable from the contractor's records.
(2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
(3) Not include expenses funded by State funds.
(4) Be supplemental to and not supplant preexisting resources for related program activities.
(5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives.
(6) Be otherwise allowable under federal or State law.
(7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership.
(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the 2021-2023 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report, to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

SECTION 9C.6.(e) Bidding. – The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

(1) For amounts of five thousand dollars ($5,000) or less, the procedures specified by a written policy as developed by the Board of Directors of the North Carolina Partnership for Children, Inc.
(2) For amounts greater than five thousand dollars ($5,000), but less than fifteen thousand dollars ($15,000), three written quotes.
(3) For amounts of fifteen thousand dollars ($15,000) or more, but less than forty thousand dollars ($40,000), a request for proposal process.
(4) For amounts of forty thousand dollars ($40,000) or more, a request for proposal process and advertising in a major newspaper.

SECTION 9C.6.(f) Allocations. – The North Carolina Partnership for Children, Inc., shall not reduce the allocation for counties with less than 35,000 in population below the 2012-2013 funding level.

SECTION 9C.6.(g) Performance-Based Evaluation. – The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 9C.6.(h) Expenditure Restrictions. – Except as provided in subsection (i) of this section, the Department of Health and Human Services and the North Carolina Partnership

for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for the 2021-2023 fiscal biennium shall be administered and distributed in the following manner:

(1) Capital expenditures are prohibited for the 2021-2023 fiscal biennium. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).

(2) Expenditures of State funds for advertising and promotional activities are prohibited for the 2021-2023 fiscal biennium.

For the 2021-2023 fiscal biennium, local partnerships shall not spend any State funds on marketing campaigns, advertising, or any associated materials. Local partnerships may spend any private funds the local partnerships receive on those activities.

SECTION 9C.6.(i) Notwithstanding subsection (h) of this section, the North Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds for fundraising. The report shall include the following:

(1) The amount of funds expended on fundraising.

(2) Any return on fundraising investments.

(3) Any other information deemed relevant.

SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION LIBRARY

SECTION 9C.7.(a) A portion of the funds allocated in this act to the North Carolina Partnership for Children, Inc., from the Department of Health and Human Services, shall continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy program that mails age-appropriate books on a monthly basis to children registered for the program.

SECTION 9C.7.(b) The North Carolina Partnership for Children, Inc., may use up to one percent (1%) of the funds for statewide program management and up to one percent (1%) of the funds for program evaluation. Funds allocated under this section shall not be subject to administrative costs requirements under Section 9C.6(b) of this act, nor shall these funds be subject to the child care services funding requirements under G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under Section 9C.6(d) of this act.

EXEMPT ADDITIONAL SMART START FUNDS FROM CERTAIN REQUIREMENTS

SECTION 9C.8. Additional nonrecurring funds allocated in this act to the North Carolina Partnership for Children, Inc., from the Department of Health and Human Services, in each year of the 2021-2023 fiscal biennium for child care, family support, and health-related activities are not subject to the administrative costs requirements under Section 9C.6(b) of this act, child care services funding requirements under G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or match requirements under Section 9C.6(d) of this act.

GRANTS FOR CHILD CARE FACILITIES AND NC PRE-K CLASSROOMS/ARPA FUNDS

SECTION 9C.9. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Child Development and Early Education (Division), the sum of twenty million dollars ($20,000,000) in nonrecurring funds shall be used to provide grants for child care facilities and North Carolina prekindergarten (NC Pre-K) classrooms in response to the COVID-19 pandemic, particularly those located in

child care deserts and low-performing and high-poverty districts. The Division shall award grants under this section pursuant to criteria established by the Division in accordance with federal law and guidance. These grants shall be one-time awards to assist with new or expanded high-quality child care initiatives as follows:

(1) Start-up costs associated with establishing a new NC Pre-K classroom or child care facility.

(2) Quality improvements for existing NC Pre-K classrooms or child care facilities that increase the classroom or facility's capacity or upgrade its star rating.

(3) Capital improvements or renovations, including adding or upgrading outdoor play and learning environments, or increasing a facility's total capacity.

PART IX-D. HEALTH BENEFITS

CONTINUE MEDICAID ANNUAL REPORT

SECTION 9D.1. The Department of Health and Human Services, Division of Health Benefits (DHB), shall continue the publication of the Medicaid Annual Report and accompanying tables. DHB shall publish the report and tables on its website no later than December 31 following each State fiscal year.

ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS

SECTION 9D.2.(a) The Department of Health and Human Services shall issue Medicaid identification cards to recipients on an annual basis with updates as needed.

SECTION 9D.2.(b) This section expires on the effective date of amendment to rule 10A NCAC 23B .0102, notice of which was published in the North Carolina Register on June 1, 2021.

VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT

SECTION 9D.3. The Department of Health and Human Services, Division of Health Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment.

DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM MODIFICATIONS

SECTION 9D.4. Except for statutory changes or where otherwise specified, the Department of Health and Human Services shall not be required to maintain, after June 30, 2023, any modifications to the Medicaid and NC Health Choice programs required by this Subpart.

ADMINISTRATIVE HEARINGS FUNDING

SECTION 9D.5. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits, for administrative contracts and interagency transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one million dollars ($1,000,000) for the 2021-2022 fiscal year and the sum of one million dollars ($1,000,000) for the 2022-2023 fiscal year to the Office of Administrative Hearings (OAH). These funds shall be allocated by OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. The MOA will facilitate DHHS's ability to draw down federal Medicaid funds to support

this administrative function. Upon receipt of invoices from OAH for covered services rendered in accordance with the MOA, DHHS shall transfer the federal share of Medicaid funds drawn down for this purpose.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 9D.6.(a) The Department of Health and Human Services, Division of Health Benefits, receivables reserved at the end of the 2021-2022 and 2022-2023 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years. The treatment under this section of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

SECTION 9D.6.(b) For the 2021-2022 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred forty-six million seven hundred forty thousand dollars ($146,740,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2022-2023 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred forty-six million seven hundred forty thousand dollars ($146,740,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to the Department of Health and Human Services shall be made from nonfederal resources in the following manner:

(1) The University of North Carolina Hospitals at Chapel Hill shall make the following deposits:
   a. For the 2021-2022 fiscal year, the amount of thirty-one million three hundred five thousand five hundred eighty-four dollars ($31,305,584).
   b. For the 2022-2023 fiscal year, the amount of thirty-one million three hundred five thousand five hundred eighty-four dollars ($31,305,584).

(2) All State-owned and State-operated hospitals, other than the University of North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care shall annually deposit an amount equal to the amount of the payments from the Department of Health and Human Services, Division of Health Benefits, for uncompensated care.

LME/MCO INTERGOVERNMENTAL TRANSFERS

SECTION 9D.7.(a) The local management entities/managed care organizations (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars ($18,028,217) in the 2021-2022 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars ($18,028,217) for the 2022-2023 fiscal year. The due date and frequency of the intergovernmental transfer required by this section shall be determined by DHB. The amount of the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal year shall be as follows:

	2021-2022	**2022-2023**
Alliance Behavioral Healthcare	$2,858,418	$2,856,834
Cardinal Innovations Healthcare	$4,751,262	$4,645,652
Eastpointe	$1,664,172	$1,663,249
Partners Health Management	$2,637,754	$2,749,261
Sandhills Center	$1,879,510	$1,878,469
Trillium Health Resources	$2,656,332	$2,654,860
Vaya Health	$1,580,769	$1,579,892

SECTION 9D.7.(b) In the event that a county other than Cabarrus County or Union County disengages from an LME/MCO and realigns with another LME/MCO during the 2021-2023 fiscal biennium, DHB shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make under subsection (a) of this section, taking into consideration the change in catchment area and covered population, provided that the aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal biennium is achieved.

DSH RECEIPTS FOR USE BY THE MEDICAID PROGRAM

SECTION 9D.8. Of the federal disproportionate share adjustment receipts arising from certified public expenditures for the 2021-2022 fiscal year and the 2022-2023 fiscal year, forty-three million dollars ($43,000,000) in each fiscal year shall not be deposited into the Hospital Uncompensated Care Fund under G.S. 143C-9-9 but rather shall be available to the Department of Health and Human Services, Division of Health Benefits, to be used for the Medicaid program.

WAIVE MEDICAID PROVIDER ENROLLMENT AND REVALIDATION FEES

SECTION 9D.9.(a) Notwithstanding G.S. 108C-2.1, providers revalidating enrollment or enrolling in the North Carolina Medicaid program or the NC Health Choice program shall not be charged the fee of one hundred dollars ($100.00) above the federally required fee for the enrollment or revalidation. Providers shall continue to be required to timely submit all other required application and enrollment or revalidation materials.

SECTION 9D.9.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits, the sum of one million six hundred thousand dollars ($1,600,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of two million six hundred fifty thousand dollars ($2,650,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used to pay administrative costs related to Medicaid and NC Health Choice provider enrollment and revalidation.

SECTION 9D.9.(c) Subsection (a) of this section is effective when it becomes law and applies to enrollment applications or revalidations occurring on and after that date.

SECTION 9D.9.(d) Subsection (a) of this section expires June 30, 2023.

COPAYMENTS FOR MEDICAID SERVICES

SECTION 9D.10.(a) Beginning October 1, 2021, the copayments for Medicaid services shall be increased to four dollars ($4.00). This section does not apply to services provided under sections 1905(a)(1) through 1905(a)(5) and under section 1905(a)(7) of the Social Security Act or to recipients prohibited by federal law from cost-sharing requirements.

SECTION 9D.10.(b) The Department of Health and Human Services, Division of Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare and Medicaid Services to implement this section.

EXPAND COMMUNITY ALTERNATIVES PROGRAM FOR DISABLED ADULTS (CAP/DA) WAIVER SLOTS

SECTION 9D.11. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits (DHB), the sum of six hundred fifty thousand dollars ($650,000) in recurring funds for the 2021-2022 fiscal year and the sum of one million dollars ($1,000,000) in recurring funds for the 2022-2023 fiscal year to be used to increase the number of Community Alternatives Program for Disabled Adults (CAP/DA) waiver slots. A minimum of 114 slots shall be made available October 1, 2021.

EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS

SECTION 9D.12.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Health Benefits (DHB), in this act, the sum of seven million one hundred ten thousand six hundred dollars ($7,110,600) in recurring funds for the 2021-2022 fiscal year and the sum of twenty-five million eight hundred eighty thousand dollars ($25,880,000) in recurring funds for the 2022-2023 fiscal year to be used to increase the number of North Carolina Innovations Waiver slots, as directed by this section.

SECTION 9D.12.(b) DHB shall amend the North Carolina Innovations Waiver to increase the number of slots by 1,000 in the following manner:

(1) Three hundred twenty slots to be made available October 1, 2021, and to be distributed using the allocation formula currently in place as of the effective date of this section.

(2) One hundred slots to be distributed in accordance with subsection (c) of this section and to be made available October 1, 2021, unless the distribution method in subsection (c) of this section requires approval by the Centers for Medicare and Medicaid Services (CMS). If CMS approval is required, then these slots shall be made available October 1, 2021, or the date that CMS grants or denies approval, whichever is later. If CMS approval is required and CMS does not approve the distribution method in subsection (c) of this section, then these slots shall be distributed using the allocation formula currently in place as of the effective date of this section.

(3) Four hundred slots to be made available July 1, 2022, and to be distributed using the allocation formula currently in place as of the effective date of this section.

(4) One hundred eighty slots to be distributed in accordance with subsection (c) of this section and to be made available July 1, 2022, unless the distribution method in subsection (c) of this section requires approval by CMS. If CMS approval is required, then these slots shall be made available July 1, 2022, or the date that CMS grants or denies approval, whichever is later. If CMS approval is required and CMS does not approve the distribution method in subsection (c) of this section, then these slots shall be distributed using the allocation formula currently in place as of the effective date of this section.

SECTION 9D.12.(c) DHB shall distribute the slots identified under subdivisions (2) and (4) of subsection (b) of this section to the local management entities/managed care organizations (LME/MCOs) based on a per capita basis calculated as the number of slots multiplied by the population in each LME/MCO's catchment area divided by the population of the State. Once distributed to each LME/MCO, the additional slots shall be made available to the counties on a per capita basis calculated as the number of slots multiplied by the population of the county divided by the population in the LME/MCO's catchment area. Within each county, the slots shall be filled on a first-come, first-served basis determined by the length of time an individual has been on the waiting list.

SECTION 9D.12.(d) In order to serve the maximum possible number of individuals that are on the State's registry of unmet needs (registry) in the future, DHB is authorized to pursue any amendment or change to the current North Carolina Innovations Waiver or any additional 1915(c) waivers. This includes pursuing a tiered waiver system in which individuals on the registry with lower acuity needs are still served at an appropriate level but in a tier with a lower spending cap than the one allowed by the current waiver. In designing these changes, DHB shall make every effort to allow for a seamless transition between tiers, or between waivers, for individuals whose level of need increases or decreases. DHB shall provide flexibility for LME/MCOs to determine how to best distribute funding in order to serve a greater number of individuals on the registry. Notwithstanding subsection (b) of this section, DHB is authorized to

utilize any funds currently attributed to the North Carolina Innovations Waiver on any waiver under this subsection approved by CMS, so long as the number of individuals served is increased.

CONTINUE MEDICAID COVERAGE FOR PREGNANT WOMEN FOR TWELVE MONTHS POSTPARTUM

SECTION 9D.13.(a) G.S. 108A-54.3A(10) reads as rewritten:

"(10) Pregnant women with incomes equal to or less than one hundred ninety-six percent (196%) of the federal poverty guidelines. ~~Coverage for pregnant women eligible under this subdivision include only services related to pregnancy and to other conditions determined by the Department as conditions that may complicate pregnancy.~~Pregnant women shall remain eligible for coverage for 12 months postpartum."

SECTION 9D.13.(b) If House Bill 383, 2021 Regular Session, becomes law, then G.S. 108A-145.3, as enacted by Section 2 of that act, is amended by adding a new subdivision to read:

"(12a) Medicare Economic Index. – The index published by the Medicare Economic Index Technical Advisory Panel established by the Secretary of the United States Department of Health and Human Services, under the authority in 42 U.S.C. § 217a, and in effect on March 1 of the previous State fiscal year."

SECTION 9D.13.(c) If House Bill 383, 2021 Regular Session, becomes law, then G.S. 108A-146.5, as enacted by Section 2 of that act, reads as rewritten:

"**§ 108A-146.5. Aggregate assessment collection amount.**

The aggregate assessment collection amount is an amount of money that is calculated by adding (i) the managed care component under G.S. 108A-146.7, (ii) the fee-for-service component under G.S. 108A-146.9, (iii) the GME component under G.S. 108A-146.11, (iv) the postpartum coverage component under G.S. 108A-146.12, and ~~(iv)~~ (v) one-fourth of the State's annual Medicaid payment, and then subtracting the intergovernmental transfer adjustment component under G.S. 108A-146.13."

SECTION 9D.13.(d) If House Bill 383, 2021 Regular Session, becomes law, then Part 2 of Article 7B of Chapter 108A of the General Statutes, as enacted by Section 2 of that act, is amended by adding a new section to read:

"**§ 108A-146.12. Postpartum coverage component.**

The postpartum coverage component is twelve million five hundred thousand dollars ($12,500,000) for each quarter of the 2021-2022 State fiscal year. For each subsequent State fiscal year, the postpartum coverage component shall be increased over the prior year's quarterly payment by the Medicare Economic Index."

SECTION 9D.13.(e) This section becomes effective April 1, 2022, and subsections (b), (c), and (d) of this section apply to modernized hospital assessments imposed under Part 2 of Article 7A of Chapter 108A of the General Statutes on or after that date.

SECTION 9D.13.(f) This section shall expire March 31, 2027.

ALLOW A PARENT TO RETAIN MEDICAID ELIGIBILITY WHILE A CHILD IS TEMPORARILY SERVED BY THE FOSTER CARE SYSTEM

SECTION 9D.14.(a) Section 9A of S.L. 2015-245, as amended by Section 2(e1) of S.L. 2016-121, reads as rewritten:

"**SECTION 9A.** Eligibility for Parents of Children in Foster Care. – DHHS is ~~authorized~~ directed to seek approval from CMS through either the 1115 waiver required by subdivision (1) of Section 5 of this act or another federal authority to allow ~~parents~~ a parent to retain Medicaid eligibility ~~while their child is being served temporarily by the foster care program. It is the intent of the General Assembly to expand Medicaid eligibility to cover this population upon implementation of the 1115 waiver, if CMS approves this coverage in the waiver.~~when (i) the

parent has lost custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes, (ii) the child is being served temporarily by the foster care system, regardless of the type of out-of-home placement, and (iii) the parent is making reasonable efforts to comply with a court-ordered plan of reunification, as determined by DHHS."

SECTION 9D.14.(b) G.S. 108A-54.3A is amended by adding a new subdivision to read:

"(2a) A parent who has qualified under subdivisions (1) and (2) of this section shall retain eligibility for Medicaid under this section so long as all of the following criteria are met:

a. The parent has lost legal custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes.

b. A child of the parent is temporarily in the legal custody of State-sponsored foster care or temporarily receiving foster care assistance under Title IV-E of the Social Security Act.

c. The parent is making reasonable efforts to comply with a court-ordered plan of reunification, as determined by the Department.

d. The parent continues to meet the family income requirements under subdivision (1) or (2) of this section."

SECTION 9D.14.(c) Subsection (b) of this section is effective upon the approval by the Centers for Medicare and Medicaid Services (CMS) of the request submitted in accordance with Section 9A of S.L. 2015-245, as amended by Section 2(e1) of S.L. 2016-121 and subsection (a) of this section, and on the effective date of the coverage allowed by CMS. The Secretary of the Department of Health and Human Services shall notify the Revisor of Statutes of the effective date allowed by CMS upon receipt of this approval. If the approval is not granted by CMS prior to June 30, 2023, then this section shall expire on that date.

INCREASE RATES TO ICFS FOR DIRECT CARE WORKER WAGE INCREASES

SECTION 9D.15.(a) It is the intent of the General Assembly to assist in increasing the hourly wages of direct care workers in this State to a minimum of fifteen dollars ($15.00) per hour. To that end, of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits (DHB), the sum of seventeen million five hundred thousand dollars ($17,500,000) in recurring funds for the 2022-2023 fiscal year shall be used to provide a rate increase to intermediate care facilities for individuals with intellectual disabilities (ICF/IIDs), including ICF/IID-level group homes. This rate increase shall be effective July 1, 2022, and upon approval of the Centers for Medicare and Medicaid Services. Any provider receiving a rate increase under this section shall be required to use at least eighty percent (80%) of the funding that results from that rate increase to increase the rate of pay paid to its direct care employees. This wage increase shall be provided in addition to the rate of pay each employee was receiving as of June 30, 2022. DHB shall determine the amount of the rate increase under this section and the definition of direct care worker to be applied.

SECTION 9D.15.(b) Upon implementation of the rate increase under subsection (a) of this section, DHB shall adjust the per member per month (PMPM) capitation amount paid to local management entities/managed care organizations (LME/MCOs) and to prepaid health plans (PHPs), as defined under G.S. 108D-1. These capitation rate adjustments shall include amounts sufficient to implement the same rate increase for providers paid by the LME/MCO or PHP as paid to providers under the Medicaid fee-for-service program, and all LME/MCOs and PHPs shall be required to implement that rate increase. Providers receiving a rate increase under this section shall be subject to the requirements of this section whether paid by an LME/MCO, PHP, or DHB.

SECTION 9D.15.(c) Prior to receiving the rate increase under this section, all ICF/IID providers shall attest and provide verification to DHB, or to the relevant LME/MCO or

PHP, that at least eighty percent (80%) of the funding that results from that rate increase is being used to increase the rate of pay paid to its direct care employees. DHB shall set the standards for documentation that shall be required as verification that the provider used the rate increase in the manner required by this section, and LME/MCOs and PHPs shall use these same standards at a minimum. DHB, LME/MCOs, and PHPs may require verifiable methods of accounting, such as payroll-based journals. Providers receiving a rate increase under this section shall keep documentation of the use of that rate increase and make the documentation available upon request by DHB or by the relevant LME/MCO or PHP.

SECTION 9D.15.(d) In addition to other allowable reasons for recoupment of funds, DHB may recoup part or all of the funds related to the rate increase received by a provider pursuant to this act if DHB determines that the provider did not use at least eighty percent (80%) of the funding that results from that rate increase to increase the rate of pay paid to its direct care employees.

USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID TRANSFORMATION NEEDS

SECTION 9D.16.(a) Claims Run Out. – Funds from the Medicaid Transformation Fund may be transferred to the Department of Health and Human Services, Division of Health Benefits (DHB), for the 2021-2023 fiscal biennium, as needed, for the purpose of paying claims related to services billed under the fee-for-service payment model for recipients who are being, or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be transferred to DHB as the need to pay claims run out arises and need not be transferred in one lump sum. To the extent that any funds are transferred under this subsection, the funds are appropriated for the purpose set forth in this subsection.

SECTION 9D.16.(b) Non-Claims Run Out Medicaid Transformation Needs. – Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one hundred thirty-three million seventy-eight thousand dollars ($133,078,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one hundred nineteen million four thousand dollars ($119,004,000) in nonrecurring funds for the 2022-2023 fiscal year from the Medicaid Transformation Fund may be transferred to DHB for the sole purpose of providing the State share for qualifying needs directly related to Medicaid transformation, as required by S.L. 2015-245, as amended. Funds may be transferred to DHB as qualifying needs arise during the 2021-2023 fiscal biennium and need not be transferred in one lump sum.

For the purposes of this section, the term "qualifying need" shall be limited to the following Medicaid transformation needs and may include contracts and temporary staffing:

(1) Program design.
(2) Beneficiary and provider experience.
(3) Information technology upgrades, operations, and maintenance.
(4) Data management tools.
(5) Program integrity.
(6) Quality review.
(7) Actuarial rate setting functions.
(8) Technical and operational integration.
(9) BH IDD tailored plan health homes.
(10) Legal fees.
(11) Expenses related to the Enhanced Case Management and Other Services Pilot Program, commonly referred to as the "Healthy Opportunities Pilots."

SECTION 9D.16.(c) Requests for Transfer of Funds for Qualifying Need. – A request by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made to OSBM and shall include the amount requested and the specific qualifying need for which the

funds are to be used. None of the funds identified in subsection (b) of this section shall be transferred to DHB until OSBM verifies the following information:

(1) The amount requested is to be used for a qualifying need in the 2021-2023 fiscal biennium.

(2) The amount requested provides a State share that will not result in total requirements that exceed eight hundred million dollars ($800,000,000) in nonrecurring funds for the 2021-2023 fiscal biennium.

SECTION 9D.16.(d) Federal Fund Receipts. – Any federal funds received in any fiscal year by DHB that represent a return of State share already expended on a qualifying need related to the funds received by DHB under this section shall be deposited into the Medicaid Transformation Fund.

CHOICE IN ACCREDITATION FOR LME/MCOS OPERATING BH IDD TAILORED PLANS

SECTION 9D.17.(a) During the initial four-year contract term for Medicaid BH IDD tailored plans, as defined under G.S. 108D-1, the Department of Health and Human Services, Division of Health Benefits (DHB), shall not require, by contract or otherwise, any local management entity/managed care organization (LME/MCO) to be accredited by any one specific accreditation organization. DHB shall require each LME/MCO awarded a BH IDD tailored plan contract to be accredited by a nationally recognized accreditation organization that has been selected by the LME/MCO and approved by DHB. DHB shall create a process by which DHB approves the accreditation organization selected by the LME/MCO.

SECTION 9D.17.(b) No accreditation organization shall be approved by DHB for use by an LME/MCO under this section unless the accreditation organization meets, at a minimum, all of the following criteria:

(1) Prior experience conducting accreditation reviews for managed care organizations in at least five other states within the United States or in at least two regions that correspond to the areas covered by the regional office locations of the United States Department of Health and Human Services.

(2) A review program that includes, at a minimum, standards for the following aspects of operation of the LME/MCO:
   a. Quality assurance.
   b. Provider credentialing.
   c. Utilization review.
   d. Enrollee rights and responsibilities.
   e. Medical records.
   f. Governance of the LME/MCO.
   g. Preventative health services.

(3) Development of accreditation standards that include input from the medical, managed care organization, and health care consumer communities.

(4) Reviews of, and updates to, the standards listed under subdivision (3) of this subsection at regular intervals not exceeding two years.

(5) An internal quality assurance program that ensures the quality and continuity of its review program.

(6) No current involvement in the operation of the LME/MCO or the delivery of health services to any of its enrollees.

(7) No contract or consultations with the LME/MCO within the prior two years for any services other than accreditation.

SECTION 9D.17.(c) All accreditation organizations approved for use by an LME/MCO under this section shall be required to submit their standards for accreditation to DHB every three years to maintain approval for use by the LME/MCO.

EVALUATE DHB NEEDS IN MANAGED CARE ENVIRONMENT

SECTION 9D.18.(a) Evaluation. – The Department of Health and Human Services, Division of Health Benefits (DHB), shall conduct a two-part evaluation of the current staffing and administrative functions for the Medicaid and NC Health Choice programs and how those staffing needs and administrative functions will change as the Medicaid and NC Health Choice programs move further into a managed care service delivery environment. In conducting this evaluation, DHB shall do all of the following:

(1) Identify the changing administrative needs and required staff based upon the introduction of capitated contracts for standard benefit plans and BH IDD tailored benefit plans.

(2) Determine whether any administrative or staffing functions are duplicative of any functions carried out through vendor contracts, by local management entities/managed care organizations (LME/MCOs), or prepaid health plans (PHPs).

SECTION 9D.18.(b) Initial Report. – No later than March 1, 2022, DHB shall report to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division on the evaluation required by subsection (a) of this section as it pertains to the implementation of capitated contracts for standard benefit plans for PHPs. The report shall include planned staffing and administrative changes, including any changes to contractual agreements with vendors, to align more appropriately with a managed care delivery environment for the Medicaid and NC Health Choice programs. The report shall also include a detailed time line for making changes within DHB as managed care continues.

SECTION 9D.18.(c) Final Report. – No later than March 1, 2024, DHB shall report to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division on the evaluation required by subsection (a) of this section as it pertains to the implementation of capitated contracts for standard benefit plans operated by PHPs and the implementation of BH IDD tailored plans. The report shall include the staffing and administrative changes that have been made since the initial report required under subsection (b) of this section. The report shall also include any additional planned staffing and administrative changes and any planned changes to contractual agreements with vendors to continue to align DHB's functions more appropriately with a managed care delivery environment for the Medicaid and NC Health Choice programs. The report shall also include an updated detailed time line for making these changes within DHB, as well as an assessment of whether the goals of the time line submitted in the initial report were met.

REIMBURSE DME PRESCRIBED BY PODIATRISTS

SECTION 9D.19. No later than January 1, 2022, the Department of Health and Human Services, Division of Health Benefits, shall update the following Medicaid clinical coverage policies to provide Medicaid and NC Health Choice coverage for orthotic devices, prosthetic devices, and other durable medical equipment when there is a documented medical necessity for the equipment and the equipment is prescribed by a beneficiary's treating podiatrist acting within that podiatrist's scope of practice:

(1) Clinical Coverage Policy 5A-1: Physical Rehabilitation Equipment and Supplies.

(2) Clinical Coverage Policy 5B: Orthotics and Prosthetics.

SEND NOTICE/MEDICAID ELIGIBILITY REDETERMINATIONS DURING PUBLIC HEALTH EMERGENCY

SECTION 9D.20.(a) Section 6(a) of S.L. 2020-88 reads as rewritten:

"**SECTION 6.(a)** County departments of social services shall do all of the following:

(1) Resume Medicaid eligibility redeterminations for beneficiaries whose annual or other periodic renewal of Medicaid eligibility is due on or after September 1, 2020.
(2) Resume requesting post-eligibility verification information for Medicaid applications received on or after September 1, 2020.
(3) Make a good-faith effort to redetermine Medicaid eligibility for Medicaid beneficiaries who were due for an annual or other periodic renewal of Medicaid eligibility prior to September 1, 2020, but for whom recertification did not occur.
(4) Make a good-faith effort to request post-eligibility verification information for Medicaid applications received prior to September 1, 2020, for which post-eligibility verifications have not been requested.
(5) For individuals determined to be ineligible for Medicaid during the period in which the termination of benefits would result in the State being ineligible for the increased Medicaid funding under Section 6008 of P.L. 116-127, at the time of determination of ineligibility, provide the beneficiary with the following information:
a. The results of the eligibility determination.
b. Notice that the individual's enrollment in Medicaid will end after the month in which the public health emergency ends.
c. Notice that the individual may and should report any changes in circumstances while that individual remains enrolled and that the county department of social services shall redetermine that individual's Medicaid eligibility based on the reported changes."

SECTION 9D.20.(b) This section is effective when it becomes law.

CHARTER SCHOOLS MEDICAID REIMBURSEMENT

SECTION 9D.21. G.S. 115C-218.105 is amended by adding a new subsection to read:

"(g) Notwithstanding G.S. 115C-218.15(b) and solely with respect to the North Carolina Medicaid program, a charter school that is approved by the State as a public school pursuant to this Article shall be deemed a local government entity that is responsible, or assumes responsibility, either directly or indirectly through an agency or other political subdivision, for the payment of the nonfederal share for reimbursable medical services, if any, provided by the charter school. The nonfederal share shall consist exclusively of public funds. For purposes of this subsection, "reimbursable medical services" means services, including administrative activities related to those services, that are medically necessary and for which federal payment is available under the North Carolina Medicaid Program established under Part 6 of Article 2 of Chapter 108A of the General Statutes. For the purposes of this subsection, "nonfederal share" means the share of expenditures for the reimbursable medical services that draws down federal financial participation."

PART IX-E. HEALTH SERVICE REGULATION

MODIFICATION OF CERTIFICATE OF NEED LAWS

SECTION 9E.1.(a) G.S. 131E-176 reads as rewritten:

"**§ 131E-176. Definitions.**

As used in this Article, unless the context clearly requires otherwise, the following terms have the meanings specified:

…

(7a) "Diagnostic center" means a freestanding facility, program, or provider, including but not limited to, physicians' offices, clinical laboratories, radiology centers, and mobile diagnostic programs, in which the total cost of all the medical diagnostic equipment utilized by the facility which cost ten thousand dollars ($10,000) or more exceeds ~~five hundred thousand dollars ($500,000).~~ one million five hundred thousand dollars ($1,500,000). In determining whether the medical diagnostic equipment in a diagnostic center costs more than ~~five hundred thousand dollars ($500,000),~~ one million five hundred thousand dollars ($1,500,000), the costs of the equipment, studies, surveys, designs, plans, working drawings, specifications, construction, installation, and other activities essential to acquiring and making operational the equipment shall be included. The capital expenditure for the equipment shall be deemed to be the fair market value of the equipment or the cost of the equipment, whichever is greater. Beginning September 30, 2022, and on September 30 each year thereafter, the cost threshold amount in this subdivision shall be adjusted using the Medical Care Index component of the Consumer Price Index published by the U.S. Department of Labor for the 12-month period preceding the previous September 1.

…

(14o) "Major medical equipment" means a single unit or single system of components with related functions which is used to provide medical and other health services and which costs more than ~~seven hundred fifty thousand dollars ($750,000).~~ two million dollars ($2,000,000). In determining whether the major medical equipment costs more than ~~seven hundred fifty thousand dollars ($750,000),~~ two million dollars ($2,000,000), the costs of the equipment, studies, surveys, designs, plans, working drawings, specifications, construction, installation, and other activities essential to acquiring and making operational the major medical equipment shall be included. The capital expenditure for the equipment shall be deemed to be the fair market value of the equipment or the cost of the equipment, whichever is greater. Major medical equipment does not include replacement equipment as defined in this section. Beginning September 30, 2022, and on September 30 each year thereafter, the cost threshold amount in this subdivision shall be adjusted using the Medical Care Index component of the Consumer Price Index published by the U.S. Department of Labor for the 12-month period preceding the previous September 1.

…

(16) "New institutional health services" means any of the following:

…

b. Except as otherwise provided in G.S. 131E-184(e), the obligation by any person of a capital expenditure exceeding ~~two~~ four million dollars ~~($2,000,000)~~ ($4,000,000) to develop or expand a health service or a health service facility, or which relates to the provision of a health service. The cost of any studies, surveys, designs, plans, working drawings, specifications, and other activities, including staff effort and consulting and other services, essential to the acquisition, improvement, expansion, or replacement of any plant or equipment with respect to which an expenditure is made shall be included in determining if the expenditure exceeds ~~two~~ four million dollars ~~($2,000,000).~~($4,000,000). Beginning September 30, 2022, and on September 30 each year thereafter, the amount in this sub-subdivision

shall be adjusted using the Medical Care Index component of the Consumer Price Index published by the U.S. Department of Labor for the 12-month period preceding the previous September 1.

…."

SECTION 9E.1.(b) G.S. 131E-189 is amended by adding the following new subsections to read:

"(d) Notwithstanding subsection (a), (b), or (c) of this section, a certificate of need issued by the Department for the construction of a health service facility on or after October 1, 2021, expires if the holder of the certificate of need fails to execute or commit to a contract for design services for the project authorized by the certificate of need within the following time frames:

(1) For a project that costs over fifty million dollars ($50,000,000), the holder of the certificate of need shall execute or commit to a contract for design services for the project authorized by the certificate of need within four years after the date the Department's decision to approve the certificate of need for that project becomes final.

(2) For a project that costs fifty million dollars ($50,000,000) or less, the holder of the certificate of need shall execute or commit to a contract for design services for the project authorized by the certificate of need within two years after the date the Department's decision to approve the certificate of need for that project becomes final.

(e) Notwithstanding subsection (a), (b), or (c) of this section, a certificate of need issued by the Department for the construction of a health service facility prior to October 1, 2021, expires if the holder of the certificate of need fails to execute or commit to a contract for design services for the project authorized by the certificate of need within the following time frames:

(1) For a project that costs over fifty million dollars ($50,000,000), the holder of the certificate of need shall execute or commit to a contract for design services for the project authorized by the certificate of need by October 1, 2025.

(2) For a project that costs fifty million dollars ($50,000,000) or less, the holder of the certificate of need shall execute or commit to a contract for design services for the project authorized by the certificate of need by October 1, 2023.

(f) Notwithstanding subsections (d) and (e) of this section, certificates of need that (i) are issued for the construction of a health service facility prior to October 1, 2021, and (ii) have a specific deadline to execute or commit to a contract for design services for the project authorized by the certificate of need will not expire unless the holder fails to execute or commit to a contract for design services by the deadline specified in the certificate of need.

(g) In the event the holder of a certificate of need is unable to execute or commit to a contract for design services for the project due to developments beyond the control of the holder of the certificate of need or for other good cause, the time for performance shall be extended by a period equal to the period during which performance of the obligation has been delayed or failed to be performed."

SECTION 9E.1.(c) This section becomes effective October 1, 2021.

IMPACT OF PRIOR VIOLATIONS ON ADULT CARE HOME LICENSURE

SECTION 9E.2.(a) G.S. 131D-2.4(c) reads as rewritten:

"(c) Prior Violations. – No new license shall be issued for any adult care home to an applicant for licensure under any of the following circumstances for the period of time indicated:

…

(3) Is the owner, principal, or affiliate of an adult care home and is responsible for the operation of the facility that had its license downgraded to provisional status or had its admissions suspended as a result of violations under this

Article, Chapter 122C, or Article 7 of Chapter 110 of the General Statutes until ~~six~~ the earlier of the following:

a. Six months from the date of restoration from provisional to full licensure, termination of the provisional license, or lifting or termination of the suspension of admissions, as applicable.

b. Until the home has substantially complied with the correction plan established pursuant to G.S. 131D-34 and substantial compliance has been certified by the Department.

…

An applicant for new licensure may appeal a denial of certification of substantial compliance under ~~subdivision (2) of~~ this subsection by filing with the Department a request for review by the Secretary within 10 days of the date of denial of the certification. Within 10 days of receipt of the request for review, the Secretary shall issue to the applicant a written determination that either denies certification of substantial compliance or certifies substantial compliance. ~~The decision of the Secretary is final.~~Any applicant for licensure who wishes to contest a determination that denies certification of substantial compliance is entitled to an administrative hearing, as provided in Chapter 150B of the General Statutes."

SECTION 9E.2.(b) G.S. 131D-2.7(d)(1) reads as rewritten:

"(1) In addition to the administrative penalties described in this Article, the Secretary may suspend the admission of any new residents to an adult care home where the conditions of the adult care home are detrimental to the health or safety of the residents. This suspension ~~shall be for the period determined by the Secretary and~~ shall remain in effect until the ~~Secretary is satisfied that conditions or circumstances merit removing the suspension.~~home has substantially complied with the correction plan established pursuant to G.S. 131D-34 and substantial compliance has been certified by the Department."

SECTION 9E.2.(c) This section becomes effective October 1, 2021, and applies to adult care home licensure applications, licensure actions, and suspensions of admission that occur on or after that date.

ACCESS TO PATIENT DATA UNDER THE MEDICAL CARE DATA ACT

SECTION 9E.3. G.S. 131E-214.3 is amended by adding a new subsection to read:

"(c1) The State shall make available, at no charge, to any person or organization under contract with the Department of Health and Human Services (Department) to provide medical care quality improvement services the same reports of compiled patient data prepared for release or dissemination by a statewide data processor to the Department. Any person or organization that receives patient data pursuant to this subsection is prohibited from using the patient data for any purpose other than to fulfill its performance under the contract with the Department."

PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE ABUSE SERVICES

USE OF OPIOID SETTLEMENT FUNDS

SECTION 9F.1.(a) The Opioid Abatement Fund (Fund) is established as an interest-bearing special fund. All funds received by the State as a beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v. McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake County, shall be deposited into the Fund pursuant to G.S. 114-2.4A. Moneys in the Fund shall be used to (i) cover the costs incurred by the State in investigating and pursuing the claims in this case and (ii) abate and remediate the harms caused to North Carolina and its citizens by the opioid

epidemic, as specified in subdivisions (1) through (4) of this subsection and in accordance with subsequent acts of the General Assembly appropriating these funds and specifying limitations and directions for the use of these funds:

(1) To expand employment and transportation supports through innovative pilot programs in industries in North Carolina that suffered the greatest job losses during the COVID-19 pandemic and are most relied upon by individuals recovering from opioid use disorders to reenter the workforce, such as the food service industry, the hotel and lodging industry, and the entertainment industry. These funds may be used to support all of the following:
   a. Employment support services for individuals in recovery from opioid use disorder, such as job application support and placement with partnering employers, with emphasis on supporting innovative pilot programs to develop a more robust workforce in rural areas of the State.
   b. Training and development funds to encourage a consortium of public and private employers, workforce development boards, and vocational services providers to develop workplace recovery friendly ecosystems.
   c. Transportation support services to enable individuals recovering from opioid use disorder to travel to their places of treatment and their places of employment.

(2) To support individuals with opioid use disorder who are involved in the criminal justice system through programs and initiatives designed to accomplish any one or more of the following:
   a. Establishment or expansion of existing prearrest and postarrest diversion programs. This includes prearrest diversion, postarrest diversion, and court-based diversion through treatment or recovery courts.
   b. Establishment, expansion, or sustainment of medication-assisted treatment programs that provide to individuals who are incarcerated any medication approved by the United States Food and Drug Administration for opioid use disorder. Programs authorized under this sub-subdivision that are funded in whole or in part by the Opioid Abatement Fund shall be made available to individuals who were already participating in a medication-assisted treatment program prior to being incarcerated, as well as to individuals who initiate medication-assisted treatment during their incarceration to address an opioid use disorder.
   c. Creation or expansion of reentry programs to connect individuals exiting incarceration with harm reduction, treatment, and recovery supports.

(3) To expand evidence-based treatment supports and to improve connections to care, especially for individuals hospitalized for overdose who are uninsured or underinsured, through the following activities or initiatives:
   a. Evidence-based addiction treatment, including medication-assisted treatment provided by inpatient or outpatient opioid treatment programs.
   b. Expanded access to cost-effective, low-cost, or no-cost medication-assisted treatment in community-based settings.
   c. Expanded care management services, including the use of peer support specialists and care navigators in local health departments, detention facilities, local departments of social services, and community-based

settings. Any funding provided pursuant to this sub-subdivision shall be used to provide care management services involving outreach to, engagement with, and coordination for individuals to assist them with accessing opioid use disorder treatment.

(4) To develop evidence-based supportive housing services, such as Housing First, that are inclusive of individuals with substance use disorders. Qualifying services that may be funded under this subdivision include the following:

a. Providing a move-in deposit, rental or utility assistance, or all of these for individuals with substance use disorders who are in recovery or transitioning from residential treatment or incarceration.

b. Providing community training sessions on tenancy rights and responsibilities.

c. Establishing relationships with landlords to encourage the elimination of preconditions for housing and to reduce potential incidences of evictions due to substance misuse.

d. Providing other housing related supports such as tents, sleeping bags, or other supplies for outdoor living.

e. Funding or otherwise supporting recovery supported housing that accepts individuals who are utilizing any medication approved by the United States Food and Drug Administration for the treatment of opioid use disorder.

SECTION 9F.1.(b) Funds deposited into the Opioid Abatement Fund do not constitute an "appropriation made by law" as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 9F.1.(c) All funds received by the State as a beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v. McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake County, and deposited into the Opioid Abatement Fund shall remain unspent until appropriated by an act of the General Assembly.

SECTION 9F.1.(d) This section is effective when it becomes law.

CONTRACT TO IMPLEMENT ELECTRONIC HEALTH RECORDS AT STATE PSYCHIATRIC HOSPITALS

SECTION 9F.2. By October 1, 2021, the Department of Health and Human Services, in coordination with the Department of Information Technology, is directed to execute a contract that provides for the following:

(1) The implementation, by January 1, 2022, of a standard, uniform platform for electronic health records that most closely resembles the electronic health records platform utilized by The University of North Carolina System within each of the State psychiatric hospitals under the jurisdiction of the Secretary of the Department of Health and Human Services pursuant to G.S. 122C-181.

(2) Training of the State's psychiatric hospitals' staff on the use of the electronic health records system.

SINGLE-STREAM FUNDING FOR DMH/DD/SAS COMMUNITY SERVICES

SECTION 9F.3.(a) For the purpose of mitigating cash flow problems that many local management entities/managed care organizations (LME/MCOs) experience at the beginning of each fiscal year relative to single-stream funding, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base budget allocation at the beginning of the fiscal year and subtract the amount of that distribution

from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year after July, the DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal year.

SECTION 9F.3.(b) During each year of the 2021-2023 fiscal biennium, DMH/DD/SAS shall ensure that LME/MCOs fund, in total, at least ninety percent (90%) of the level of single-stream services provided across the State during the 2014-2015 fiscal year. No LME/MCO shall reduce funding for home and community-based services or services paid for with single-stream funding that support the 2012 settlement agreement entered into between the United States Department of Justice and the State of North Carolina to ensure that the State will willingly meet the requirements of the Americans with Disabilities Act of 1990, section 504 of the Rehabilitation Act of 1973, and the United States Supreme Court decision in Olmstead v. L.C., 527 U.S. 581 (1999). This subsection shall not be construed to require a LME/MCO to authorize or maintain the same level of services for any specific individual whose services were paid for with single-stream funding. This subsection shall not be construed to create a private right of action for any person or entity against the State of North Carolina or the Department of Health and Human Services or any of its divisions, agents, or contractors and shall not be used as authority in any contested case brought pursuant to Chapter 108C of the General Statutes or Chapter 108D of the General Statutes.

SECTION 9F.3.(c) If, on or after June 1, 2021, the Office of State Budget and Management (OSBM) certifies a Medicaid and NC Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for the 2020-2021 fiscal year, then the Department of Health and Human Services, Division of Health Benefits (DHB), may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars ($30,000,000), whichever is less, to be used for single-stream funding.

SECTION 9F.3.(d) Subsection (c) of this section is effective when it becomes law or on June 30, 2021, whichever is earlier.

LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

SECTION 9F.4.(a) Use of Funds. – Funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall continue to be used for the purchase of local inpatient psychiatric beds or bed days. The Department of Health and Human Services (DHHS) shall continue to implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated to LME/MCOs for community-based mental health, developmental disabilities, and substance abuse services may be used to purchase additional local inpatient psychiatric beds or bed days.

SECTION 9F.4.(b) Distribution and Management of Beds or Bed Days. – DHHS shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, except that DHHS may use up to ten percent (10%) of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the purchase of local inpatient psychiatric beds or bed days to pay for facility-based crisis services and nonhospital detoxification services for individuals in need of these services, regardless of whether the individuals are medically indigent. For the purposes of this subsection, "medically indigent" shall mean uninsured persons who (i) are financially unable

to obtain private insurance coverage, as determined by DHHS, and (ii) are not eligible for government-funded health coverage such as Medicare or Medicaid.

In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are distributed across the State and according to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with higher acuity levels are distributed across the State and according to greatest need based on hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local hospitals for the management of these beds or bed days. DHHS shall work to ensure that these contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days, including the determination of the specific local hospital or State psychiatric hospital to which an individual should be admitted pursuant to an involuntary commitment order.

SECTION 9F.4.(c) Funds to be Held in Statewide Reserve. – Funds appropriated in this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims for payment to DHHS within 15 working days after receipt of a clean claim from the hospital and shall pay the hospital within 30 working days after receipt of payment from DHHS.

SECTION 9F.4.(d) Ineffective LME/MCO Management of Beds or Bed Days. – If DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

SECTION 9F.4.(e) Reporting by LME/MCOs. – LME/MCOs shall be required to report to DHHS regarding the utilization of these beds or bed days.

SECTION 9F.4.(f) Reporting by DHHS. – By no later than December 1, 2022, and by no later than December 1, 2023, DHHS shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on all of the following:

(1) A uniform system for beds or bed days purchased during the preceding fiscal year from (i) existing State appropriations and (ii) local funds.

(2) An explanation of the process used by DHHS to ensure that, except as otherwise provided in subsection (a) of this section, local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, along with the number of medically indigent individuals served by the purchase of these beds or bed days.

(3) The amount of funds used to pay for facility-based crisis services, along with the number of individuals who received these services and the outcomes for each individual.

(4) The amount of funds used to pay for nonhospital detoxification services, along with the number of individuals who received these services and the outcomes for each individual.

(5) Other DHHS initiatives funded by State appropriations to reduce State psychiatric hospital use.

FUNDS FOR OVERDOSE MEDICATIONS

SECTION 9F.5. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred thousand dollars ($100,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists, as defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

(1) Seventy-five thousand dollars ($75,000) in recurring funds for each year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to the North Carolina Harm Reduction Coalition to serve individuals at risk of experiencing an opioid-related drug overdose or to the friends and family members of an at-risk individual.

(2) Twenty-five thousand dollars ($25,000) in recurring funds for each year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to North Carolina law enforcement agencies.

YOUTH TOBACCO ENFORCEMENT FUNDING

SECTION 9F.6. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of three hundred thousand dollars ($300,000) in recurring funds for each year of the 2021-2023 fiscal biennium shall be transferred to the Alcohol Law Enforcement Division of the Department of Public Safety. The Alcohol Law Enforcement Division shall allocate these funds for the performance of statewide compliance checks to enforce G.S. 14-313, the State's youth tobacco access law.

RESUME FUNDING FOR THE ADULT AND PEDIATRIC TRAUMATIC BRAIN INJURY PILOT PROGRAM

SECTION 9F.7.(a) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall resume the adult and pediatric traumatic brain injury pilot program (TBI pilot program) authorized under Section 11F.9 of S.L. 2017-57, as amended by Section 3.3 of S.L. 2017-212.

SECTION 9F.7.(b) Of the funds appropriated to DMH/DD/SAS in this act, the sum of six hundred thousand dollars ($600,000) in nonrecurring funds for the 2021-2022 fiscal year to be used to pay the contracted vendor for currently unfunded costs accrued by that vendor's continuation of the TBI pilot program during the 2019-2021 biennium. Of the funds appropriated to DMH/DD/SAS in this act, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds for the 2021-2022 fiscal year and three hundred thousand dollars ($300,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used for the TBI pilot program.

SECTION 9F.7.(c) No later than April 1, 2022, DMH/DD/SAS shall submit a report on the TBI pilot program to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. At a minimum, the report shall include all of the following:

(1) The number and outcome of patients served at each program site, broken down by patient age and county of origin.

(2) A breakdown of expenditures at each program site by type of service.

(3) An estimate of the cost to expand the program incrementally and statewide.

(4) An estimate of any potential savings of State funds associated with expansion of the program.

(5) If expansion of the TBI pilot program is recommended, a time line and plan for expanding the program.

FUNDS FOR STUDENT ATHLETE CONCUSSION AND TRAUMATIC BRAIN INJURY PREVENTION AND CARE

SECTION 9F.8. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, one hundred thousand dollars ($100,000) in nonrecurring funds for the 2021-2022 fiscal year and one hundred thousand dollars ($100,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated to Mt. Olive Family Medicine Center, Inc., to be used to support its Concussion Clinic and provide concussion education, baseline testing, and postconcussion assessment and care to schools and adolescent athletes in eastern North Carolina.

USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR NEW LICENSED INPATIENT BEHAVIORAL HEALTH BEDS

SECTION 9F.9.(a) Funds for the Purchase of Additional Beds. – It is the intent of the General Assembly to increase inpatient behavioral health bed capacity in rural areas of the State with the highest need. To that end, of the funds appropriated in this act from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of four million two hundred sixty-one thousand four hundred forty-four dollars ($4,261,444) in nonrecurring funds for the 2021-2022 fiscal year shall be used to pay for any renovation or building costs associated with (i) the construction of new licensed inpatient behavioral health beds, (ii) the conversion of existing inpatient acute care beds into licensed inpatient behavioral health beds, or (iii) a combination of these options as follows:

(1) Two million five hundred fifty thousand dollars ($2,550,000) in nonrecurring funds shall be used to pay for the construction of new licensed inpatient behavioral health beds at Good Hope Hospital in Harnett County.

(2) One million seven hundred eleven thousand four hundred forty-four dollars ($1,711,444) in nonrecurring funds shall be used to create a new behavioral health unit in Betsy Johnson Hospital, a part of Harnett County Health Systems, in Dunn, North Carolina. A minimum of 12 of the beds in the new unit shall be reserved for children under the age of 18.

SECTION 9F.9.(b) Certificate of Need Exemption for Certain Facilities. – Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General Statutes, or any other provision of law to the contrary, each facility that receives funds allocated under subsection (a) of this section is exempt from certificate of need review for the establishment or expansion of behavioral health services at the facility at which the constructed or converted beds will be brought into operation, including any combination of the following:

(1) The establishment or expansion of outpatient therapy services or substance use disorder treatment services, or both.

(2) The replacement or relocation of a behavioral health facility, defined as a psychiatric facility, a facility-based crisis center, or any facility that is primarily engaged in providing services for the diagnosis and treatment of behavioral health issues.

(3) Changes in inpatient behavioral health bed capacity.

SECTION 9F.9.(c) Applicability of Licensure Laws. – The establishment or expansion of behavioral health services, including any of the items described in subdivisions (1) through (3) of subsection (b) of this section, are subject to existing licensure laws and requirements.

DOROTHEA DIX HOSPITAL PROPERTY FUNDS REMAIN AVAILABLE FOR PROJECTS

SECTION 9F.10. Any funds allocated under Section 12F.4 of S.L. 2016-94, Section 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of S.L. 2018-5, or Section 9F.9 of this act to the Department of Health and Human Services, Division of Mental Health, Developmental

Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund that are not expended or encumbered as of June 30, 2022, shall remain in the Dorothea Dix Hospital Property Fund until those funds are expended or encumbered for the purposes specified under Section 12F.4 of S.L. 2016-94, Section 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of S.L. 2018-5, and Section 9F.9 of this act, as applicable.

BEHAVIORAL HEALTH URGENT CARE PILOT PROGRAM

SECTION 9F.11.(a) BHUC Pilot Program. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated to RI International for the Dix Crisis Intervention Center (Dix Crisis Center) in Onslow County to be used for a behavioral health urgent care (BHUC) pilot program. The purpose of the BHUC pilot program is to serve individuals experiencing a mental health crisis episode anticipated to require a length of stay not to exceed 23 hours, while ensuring continuity of care for individuals who ultimately require a longer length of stay to fully address the crisis episode. The BHUC pilot program period shall end June 30, 2023.

SECTION 9F.11.(b) Service Definition. – Dix Crisis Center and Trillium Health Resources shall act in good faith to continue their contractual relationship. Trillium Health Resources, the local management entity/managed care organization (LME/MCO) for Onslow County, shall develop, and seek approval from the Department of Health and Human Services, Division of Health Benefits (DHB), for, a Medicaid "in lieu of" or other alternative service definition to ensure that services received by individuals under the BHUC pilot program are eligible to be reimbursed through the North Carolina Medicaid program. The State-funded behavioral health urgent care service definition shall be used as a model for the Medicaid service definition.

SECTION 9F.11.(c) Standard Benefit Plan Coverage. – Effective upon approval and on the date determined by DHB of the "in lieu of" or other alternative Medicaid service definition required by subsection (b) of this section, G.S. 108D-35 reads as rewritten:

"**§ 108D-35. Services covered by PHPs.**

Capitated PHP contracts shall cover all Medicaid and NC Health Choice services, including physical health services, prescription drugs, long-term services and supports, and behavioral health services for NC Health Choice recipients, except as otherwise provided in this section. The capitated contracts required by this section shall not cover:

(1) Medicaid services covered by the local management entities/managed care organizations (LME/MCOs) under the combined 1915(b) and (c) waivers shall not be covered under a standard benefit plan, except that all capitated PHP contracts shall cover the following services: ~~inpatient~~

a. Inpatient behavioral health ~~services, outpatient~~ services.

b. Outpatient behavioral health emergency room ~~services, outpatient~~ services.

c. Outpatient behavioral health services provided by direct-enrolled ~~providers, mobile~~ providers.

d. Mobile crisis management ~~services, facility-based~~ services.

e. Facility-based crisis services for children and ~~adolescents, professional~~ adolescents.

f. Professional treatment services in a facility-based crisis ~~program, outpatient~~ program.

g. Outpatient opioid treatment ~~services, ambulatory~~ services.

h. Ambulatory detoxification ~~services, nonhospital~~ services.

i. Nonhospital medical detoxification ~~services, partial hospitalization, medically~~ services.
j. Partial hospitalization.
k. Medically supervised or alcohol and drug abuse treatment center detoxification crisis ~~stabilization, research-based~~ stabilization.
l. Research-based intensive behavioral health ~~treatment, diagnostic~~ treatment.
m. Diagnostic assessment ~~services, and~~ services.
n. Early and Periodic Screening, Diagnosis, and Treatment services.
o. Behavioral health urgent care services.

In accordance with this subdivision, 1915(b)(3) services shall not be covered under a standard benefit plan.

…."

SECTION 9F.11.(d) Notification of Approval. – The Secretary of the Department of Health and Human Services shall notify the Revisor of Statutes of the approval and effective date of the "in lieu of" or other alternative Medicaid service definition by DHB, as required by subsection (b) of this section. If no approval has been given on or before June 30, 2023, then subsection (c) of this section shall expire on July 1, 2023.

SECTION 9F.11.(e) Additional Access to BHUC Services. – Dix Crisis Center shall make good-faith efforts to contract with commercial insurance carriers operating in this State, Tri-Care, and any other health benefit plan to the extent that the plan offers coverage for BHUC services.

SECTION 9F.11.(f) Dix Crisis Center Reporting. – By August 1, 2023, Dix Crisis Center shall submit to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), a written report of all BHUC services provided under the BHUC pilot program authorized by this section. The report shall include at least all of the following information:

(1) In aggregate, the number of individuals receiving behavioral health care services, the average length of stay in the BHUC unit, and the average number of repeat crisis episodes experienced by individuals receiving services at the Dix Crisis Center.
(2) A comparison of the average length of stay and average number of repeat crisis episodes experienced by individuals served by the BHUC unit and the facility-based crisis unit at Dix Crisis Center.
(3) The level of BHUC unit occupancy during the BHUC pilot program.
(4) Additional objective outcome measures that demonstrate the impact and effectiveness of the BHUC pilot program, including the number of individuals presenting to a hospital emergency room with a behavioral health crisis and time spent by county and municipal law enforcement in responding to behavioral health crises.
(5) A detailed budget and list of expenditures funded by State appropriations.

SECTION 9F.11.(g) DHHS Reporting. – By October 1, 2023, DMH/DD/SAS shall report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Committee on Medicaid and NC Health Choice, and the Fiscal Research Division on the BHUC pilot program authorized by this section. The report shall include, at a minimum, the information described in subdivisions (1) through (5) of subsection (f) of this section.

SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES

SECTION 9F.12.(a) As used in this section, "group home" means any facility that (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves

minors or adults whose primary diagnosis is mental illness or a developmental disability but may also have other diagnoses.

SECTION 9F.12.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium shall be used to provide temporary, short-term financial assistance in the form of a monthly payment to group homes on behalf of each resident who meets all of the following criteria:

(1) Was eligible for Medicaid-covered personal care services (PCS) prior to January 1, 2013, but was determined to be ineligible for PCS on or after January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of S.L. 2012-145 and Section 70 of S.L. 2012-194.

(2) Has continuously resided in a group home since December 31, 2012.

SECTION 9F.12.(c) These monthly payments shall be subject to all of the following requirements and limitations:

(1) The amount of the monthly payments authorized by this section shall not exceed four hundred sixty-four dollars and thirty cents ($464.30) per month for each resident who meets all criteria specified in subsection (b) of this section.

(2) A group home that receives the monthly payments authorized by this section shall not, under any circumstances, use these payments for any purpose other than providing, as necessary, supervision and medication management for a resident who meets all criteria specified in subsection (b) of this section.

(3) The Department shall make monthly payments authorized by this section to a group home on behalf of each resident who meets all criteria specified in subsection (b) of this section only for the period commencing July 1, 2021, and ending June 30, 2023, or upon depletion of the one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group homes, for each year of the 2021-2023 fiscal biennium for the purpose of this section, whichever is earlier.

(4) The Department shall make monthly payments authorized by this section only to the extent sufficient funds are available from the one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group homes, for each year of the 2021-2023 fiscal biennium for the purpose of this section.

(5) The Department shall not make monthly payments authorized by this section to a group home on behalf of a resident during the pendency of an appeal by or on behalf of the resident under G.S. 108A-70.9A.

(6) The Department shall terminate all monthly payments pursuant to this section on June 30, 2023, or upon depletion of the one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group homes, for each year of the 2021-2023 fiscal biennium for the purpose of this section, whichever is earlier.

(7) Each group home that receives the monthly payments authorized by this section shall submit to the Department a list of all funding sources for the operational costs of the group home for the preceding two years, in accordance with the schedule and format prescribed by the Department.

SECTION 9F.12.(d) The Department shall use an existing mechanism to administer these funds in the least restrictive manner that ensures compliance with this section and timely and accurate payments to group homes. The Department shall not, under any circumstances, use any portion of the one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group homes, for each year of the 2021-2023 fiscal biennium for any other purpose than the purpose specified in this section.

SECTION 9F.12.(e) Nothing in this section shall be construed as an obligation by the General Assembly to appropriate funds for the purpose of this section, or as an entitlement by any group home, resident of a group home, or other person to receive temporary, short-term financial assistance under this section.

TEMPORARY ADDITIONAL FUNDING ASSISTANCE FOR INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES

SECTION 9F.13. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of twelve million six hundred thousand dollars ($12,600,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to distribute a one-time payment to each local management entity/managed care organization (LME/MCO) for the purposes of providing temporary additional funding assistance for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) services on a per diem basis.

PART IX-G. PUBLIC HEALTH

LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO IMPROVE MATERNAL AND CHILD HEALTH

SECTION 9G.1.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium to award competitive grants to local health departments for the improvement of maternal and child health shall be used to continue administering a competitive grant process for local health departments based on maternal and infant health indicators and the county's detailed proposal to invest in evidence-based programs to achieve the following goals:

(1) Improve North Carolina's birth outcomes.
(2) Improve the overall health status of children in this State from birth to age 5.
(3) Lower the State's infant mortality rate.

SECTION 9G.1.(b) The plan for administering the competitive grant process shall include at least all of the following components:

(1) A request for application (RFA) process to allow local health departments to apply for and receive State funds on a competitive basis. The Department shall require local health departments to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.
(2) A requirement that the Secretary prioritize grant awards to those local health departments that are able to leverage non-State funds in addition to the grant award.
(3) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for maternal and child health initiatives.
(4) Allows grants to be awarded to local health departments for up to two years.

SECTION 9G.1.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

(1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.
(2) The amount of funding awarded to each grantee.
(3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 9G.1.(d) No later than December 1 of each fiscal year, each local health department receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Public Health a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

(1) A description of the types of programs, services, and activities funded by State appropriations.
(2) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
(3) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities based on the evaluation protocols developed by the Division, in collaboration with the University of North Carolina Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L. 2015-241, and reported to the Joint Legislative Oversight Committee on Health and Human Services on April 1, 2016.
(4) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

LIMITATION ON USE OF STATE FUNDS

SECTION 9G.2. The limitation on the use of State funds as stated in Section 12E.13 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and Human Services for each fiscal year of the 2021-2023 fiscal biennium.

REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG ASSISTANCE PROGRAM

SECTION 9G.3. Upon a determination by the Department of Health and Human Services, Division of Public Health, that, in six months or less, it will no longer be feasible to operate the health insurance premium assistance program implemented within the North Carolina AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves savings to the State, the Department shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services notifying the Committee of this determination along with supporting documentation and a proposed course of action with respect to health insurance premium assistance program participants.

CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS

SECTION 9G.4.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Carolina Pregnancy Care Fellowship, a nonprofit corporation, no more than fifteen percent (15%) of the

funds allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for administrative purposes. The balance of these funds shall be used for direct services.

SECTION 9G.4.(b) Carolina Pregnancy Care Fellowship shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of the funds appropriated in this act as follows:

(1) By July 1, 2022, on the use of funds received for the 2021-2022 fiscal year, including the use of any funds awarded as subgrants.

(2) By July 1, 2023, on the use of funds received for the 2022-2023 fiscal year, including the use of any funds awarded as subgrants.

MOUNTAIN AREA PREGNANCY SERVICES FUNDS

SECTION 9G.5. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Mountain Area Pregnancy Services, a nonprofit corporation, no more than fifteen percent (15%) of the funds allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for administrative purposes. The balance of these funds shall be used for direct services.

STATEWIDE EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM

SECTION 9G.6.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of one million two hundred thousand dollars ($1,200,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one million two hundred thousand dollars ($1,200,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, to extend and expand the pilot program authorized by Section 11E.13(b) of S.L. 2017-57, as provided in subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes only.

SECTION 9G.6.(b) The Human Coalition shall use funds allocated pursuant to subsection (a) of this section to expand the continuum of care pilot program authorized by Section 11E.13(b) of S.L. 2017-57 to a statewide program. The purpose of the statewide continuum of care program is to (i) encourage healthy childbirth, (ii) support childbirth as an alternative to abortion, (iii) promote family formation, (iv) assist in establishing successful parenting techniques, and (v) increase the economic self-sufficiency of families. The statewide continuum of care program shall consist of existing locations of the pilot program authorized by Section 11E.13(b) of S.L. 2017-57 and other locations around the State to be determined by the Human Coalition. All providers rendering services under the statewide program for which they are compensated with funds allocated pursuant to subsection (a) of this section shall be physically located in the State of North Carolina. The statewide continuum of care program shall provide direct services, supports, social services case management, and referrals to biological parents of unborn children and biological or adoptive parents of children under the age of 2 and shall consist of at least all of the following components:

(1) Outreach to at-risk populations eligible for the program.

(2) The use of licensed nurses to perform the following functions:

a. Assessment and evaluation of needs related to pregnancy or parenting.

b. Provision of medically accurate, pregnancy-related medical information to program participants.

(3) The use of licensed social workers, or other individuals of equivalent experience, to perform the following functions:

a. Development of a care plan, resources, and supports for program participants to address identified needs.

b. Referrals to appropriate local resources, including State and federal benefits programs and local charitable organizations.

c. Assistance in applying for State and federal benefits programs.
d. Assistance in accomplishing elements of the care plan.

SECTION 9G.6.(c) In order to be eligible to receive services under the statewide continuum of care program, an individual shall, at the time of initial contact with the program, be (i) a resident of North Carolina and (ii) a biological parent of an unborn child or a biological or adoptive parent of a child under the age of 2. Participants of the pilot program authorized under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible to continue to receive continuum of care program services for a period of six months from the date of termination of pregnancy.

SECTION 9G.6.(d) The Human Coalition may use up to ten percent (10%) of the funds allocated for each year of the 2021-2023 fiscal biennium for administrative purposes.

SECTION 9G.6.(e) By December 1, 2021, and every six months thereafter, the Human Coalition shall report to the Department of Health and Human Services on the status and operation of the continuum of care program authorized by subsection (b) of this section. The report shall include at least all of the following:

(1) A detailed breakdown of expenditures for the program.
(2) The number of individuals served by the program, and for the individuals served, the types of services provided to each.
(3) Any other information requested by the Department of Health and Human Services as necessary for evaluating the success of the program.

SECTION 9G.6.(f) By April 1, 2023, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the status and operation of the continuum of care program.

CONFORMING CHANGES RELATED TO THE TRANSFER OF THE WELL CONTRACTORS CERTIFICATION COMMISSION FROM THE DEPARTMENT OF ENVIRONMENTAL QUALITY TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION 9G.7.(a) G.S. 87-98.2 reads as rewritten:

"**§ 87-98.2. Definitions.**

The definitions in G.S. 87-85 and the following definitions apply in this Article:

(1) Commission. – The Well Contractors Certification ~~Commission, as established by G.S. 143B-301.11.~~Commission established in Article 7B of this Chapter.
(2) Department. – The Department of ~~Environmental Quality.~~Health and Human Services.
(3) Person. – A natural person.
(4) Secretary. – The Secretary of ~~Environmental Quality.~~Health and Human Services.
(5) Well contractor. – A person in trade or business who undertakes to perform a well contractor activity or who undertakes to personally supervise or personally manage the performance of a well contractor activity on the person's own behalf or for any person, firm, or corporation.
(6) Well contractor activity. – The construction, installation, repair, alteration, or abandonment of any well."

SECTION 9G.7.(b) Part 9A of Article 7 of Chapter 143B of the General Statutes (G.S. 143B-301.10 through G.S. 143B-301.12) is recodified as Article 7B of Chapter 87 of the General Statutes (G.S. 87-99 through G.S. 87-99.2) and reads as rewritten:

"Article 7B.

"Well Contractors Certification Commission.

"**§ 87-99. Definitions.**

~~The~~ Unless the context clearly requires otherwise, the definitions in G.S. 87-85 and G.S. 87-98.2 apply in this Part.

"**§ 87-99.1. Creation, powers, and duties of the Commission.**

(a) Creation and Duties. – ~~The~~ There is established within the Department of Health and Human Services, Division of Public Health, the Well Contractors Certification ~~Commission is created within the Department.~~ Commission. The Commission shall:

(1) Adopt rules with respect to the certification of well contractors as provided by Article 7A of Chapter 87 of the General Statutes.

(2) Exercise quasi-judicial powers in accordance with the provisions of Chapter 150B of the General Statutes. The Commission shall make the final agency decision on any matter involving the certification of well contractors pursuant to Article 7A of Chapter 87 of the General Statutes and on civil penalties assessed for violations of that Article or rules adopted pursuant to that Article.

(3) Adopt rules as may be required to secure a federal grant-in-aid for a program concerned with the certification of well contractors. This subdivision is to be liberally construed in order that the State and its citizens may benefit from federal grants-in-aid.

(b) Delegation. – The Commission may, by rule, delegate to the Secretary of Health and Human Services any of its powers, other than the power to adopt rules.

"**§ 87-99.2. Membership of Commission.**

(a) Appointments. – The Commission shall consist of seven members appointed as follows:

(1) One member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives who, at the time of appointment, is (i) engaged in well contractor activities, (ii) certified as a well contractor under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily in the construction, installation, repair, alteration, or abandonment of domestic water supply wells, and (iv) a resident of a county that is located east of or is traversed by Interstate 95.

(2) One member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives who, at the time of appointment, is (i) engaged in well contractor activities, (ii) certified as a well contractor under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily in the construction, installation, repair, alteration, or abandonment of domestic water supply wells, and (iv) a resident of a county that is located wholly west of Interstate 95.

(3) One member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate who, at the time of appointment, is (i) engaged in well contractor activities, (ii) certified as a well contractor under Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily in the construction, installation, repair, alteration, or abandonment of industrial, municipal, or other large capacity water supply wells.

(4) One member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate who, at the time of appointment, is (i) engaged in well contractor activities, (ii) certified as a well contractor under Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily in the construction, installation, repair, alteration, or abandonment of nonwater supply wells, such as monitoring or recovery wells.

(5) One member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives who, at the time of appointment,

is (i) employed by a local county health department and (ii) actively engaged in well inspection and permitting.

(6) One member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate who, at the time of appointment, is (i) employed by a local county health department and (ii) actively engaged in well inspection and permitting.

(7) One member appointed by the Governor who is (i) appointed from the public at large, (ii) not engaged in well contractor activities, and (iii) not an employee of a firm or corporation engaged in well contractor activities or a State or county governmental agency.

(b) Additional Qualifications. – Appointment of members to fill positions (1), (2), (3), and (4) shall be made from among all those persons who are recommended for appointment to the Commission by any person who is engaged in well contractor activities and who is certified as a well contractor under Article 7A of Chapter 87 of the General Statutes. No person shall be appointed to the Commission who is a resident of, or has a principal place of business in, the same county as another member of the Commission.

(c) Terms. – Appointments to the Commission shall be for terms of three years. The terms of members appointed to fill positions (1), (2), and (7) shall expire on 30 June of years evenly divisible by three. The terms of members appointed to fill positions (3) and (4) shall expire on 30 June of years that follow by one year those years that are evenly divisible by three. The terms of members appointed to fill positions (5) and (6) shall expire on 30 June of years that precede by one year those years that are evenly divisible by three. Members shall serve until their successors are appointed and qualified. No member shall serve more than two consecutive terms.

(d) Officers. – The Commission shall elect a Chair and a Vice-Chair from among its members. These officers shall serve from the time of their election until 30 June of the following year, or until a successor is elected.

(e) Vacancies. – An appointment to fill a vacancy on the Commission created by the resignation, dismissal, disability, or death of a member shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be filled as provided in G.S. 120-122.

(f) Removal. – The Governor may remove any member of the Commission from office for misfeasance, malfeasance, or nonfeasance, as provided in G.S. 143B-13.

(g) Compensation. – The members of the Commission shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(h) Quorum. – A majority of the membership of the Commission constitutes a quorum for the transaction of business.

(i) Services. – All clerical and other services required by the Commission shall be supplied by the Secretary.

"**§§ 87-99.3 through 87-99.9:** Reserved for future codification purposes."

SECTION 9G.7.(c) G.S. 93B-1(3) reads as rewritten:

"(3) State agency licensing board. – Any State agency staffed by full-time State employees, which as part of their regular functions issue licenses. This section does not apply to the North Carolina Criminal Justice Education and Training Standards Commission, the North Carolina Sheriffs' Education and Training Standards Commission, and the North Carolina Department of Revenue. The following is a nonexclusive list of State agency licensing boards and the profession or occupation for which the board, agency, or officer may issue licenses:

…

~~b. The Department of Environmental Quality.~~

~~1. Well Contractors Certification Commission.~~

~~I. Well Contractor. Article 7A of Chapter 87 of the General Statutes.~~

c. The Department of Health and Human Services.

1. North Carolina Medical Care Commission.

I. Ambulance Attendant, Emergency Medical Technician. Article 7 of Chapter 131E of the General Statutes.

2. Well Contractors Certification Commission.

I. Well Contractor. Article 7A of Chapter 87 of the General Statutes.

…."

SECTION 9G.7.(d) G.S. 143B-138.1(d) is amended by adding a new subdivision to read:

"(7) Well Contractors Certification Commission."

LEAD AND ASBESTOS REMEDIATION IN PUBLIC SCHOOL UNITS AND CHILD CARE FACILITIES

SECTION 9G.8.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Public Health, the sum of one hundred fifty million dollars ($150,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as follows for lead and asbestos remediation and abatement programs to benefit public school units and child care facilities:

(1) Thirty-two million eight hundred twelve thousand five hundred dollars ($32,812,500) in nonrecurring funds shall be used to fund a program for the testing and remediation of lead levels in drinking water at public school units and child care facilities. To the extent feasible and practical, testing conducted in public school units shall follow the same model for testing conducted in child care facilities. In addition, the program shall include at least the following components:

a. Development of a statewide database containing the results of testing for lead in drinking water at public school units that is similar to the existing database containing the results of testing for lead in drinking water at child care facilities that will allow for easier tracking of these test results and the status of remediation actions.

b. A mechanism for providing funding for the replacement of service lines, pipes, and fixtures, as needed, or for the installation of filters at affected faucets within public school units and child care facilities that test positive for lead in drinking water.

(2) One hundred seventeen million one hundred eighty-seven thousand five hundred dollars ($117,187,500) in nonrecurring funds shall be used to fund a program for lead paint abatement and asbestos abatement in public school units and child care facilities. The program shall include at least the following components:

a. Development of a statewide database containing reports of public school unit and child care facility inspections for lead paint and asbestos conducted pursuant to federal or State law.

b. A mechanism for providing funding for lead paint abatement, asbestos abatement, or both, in public school units and child care facilities; provided, however, that the following conditions are met:

1. An inspector or management planner determines that action must be taken in response to an inspection report. As used in

this section, the terms "inspector" and "management planner" have the same meaning as in 10A NCAC 41C .0601.

2. Lead paint, asbestos, or both, are detected as part of an inspection or as part of a capital, renovation, or repair project and a determination is made that remediation is required. Capital projects may include HVAC, window, or other ventilation projects related to COVID-19 mitigation, or other capital, renovation, or repair projects undertaken during calendar years 2021 through 2024.

SECTION 9G.8.(b) The Department of Health and Human Services, Division of Public Health (DPH), shall serve as the lead agency responsible for administering the programs authorized by subsection (a) of this section. In serving in this capacity, the DPH shall collaborate with (i) the Department of Public Instruction regarding administration of these programs for the benefit of public school units and charter schools and (ii) its Division of Child Development and Early Education regarding administration of these programs for the benefit of child care facilities. The DPH shall transfer funds to the Department of Public Instruction and to the Division of Child Development and Early Education as necessary to accomplish the goals of these programs in an efficient and cost-effective manner.

SECTION 9G.8.(c) Beginning on February 1, 2022, and annually thereafter until all funds appropriated in this act for the purposes of this section have been expended or until the completion of all remediation and abatement activities authorized by this section, whichever is later, the Department of Health and Human Services, Division of Public Health, and the Department of Public Instruction shall report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division on the following lead and asbestos remediation and abatement activities authorized by this section, broken down by county:

(1) The number of public school units and child care facilities tested for lead in drinking water, for lead paint or asbestos in the buildings or facilities, or a combination of these.

(2) The number of public school units and child care facilities determined to be in need of remediation for lead in drinking water, or for lead paint or asbestos abatement, or a combination of these.

(3) The number of public school units and child care facilities that have requested assistance from the Department of Health and Human Services or the Department of Public Instruction with remediation for lead in drinking water, for lead paint or asbestos abatement, or for a combination of these.

(4) The number of remediation or abatement projects completed under the programs authorized by subsection (a) of this section and the total amount of funds expended for each project, broken down by each category of remediation and abatement.

PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]

PART IX-I. SOCIAL SERVICES

TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT STATE-COUNTY SPECIAL ASSISTANCE

SECTION 9I.1.(a) The following definitions apply in this section:

(1) Facility licensed to accept State-County Special Assistance payments or facility. – Any residential care facility that is (i) licensed by the Department

of Health and Human Services and (ii) authorized to accept State-County Special Assistance payments from its residents.

(2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

SECTION 9I.1.(b) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Social Services, the sum of twenty-six million eight hundred eighty thousand dollars ($26,880,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated for facilities licensed to accept State-County Special Assistance. The Division of Social Services shall expend up to thirteen million four hundred forty thousand dollars ($13,440,000) of these allocated funds during the 2021-2022 fiscal year and any remaining funds during the 2022-2023 fiscal year to provide temporary financial assistance in the form of a monthly payment to these facilities to offset the increased costs of serving residents who are recipients of State-County Special Assistance during the public health emergency. For the period commencing July 1, 2021, and ending when the funds allocated under this section are depleted or on the date federal law requires these funds to be fully expended, whichever is earlier, the amount of the monthly payment authorized by this section shall be equal to seventy dollars ($70.00) per month for each resident of the facility as of the first day of the month who is a recipient of State-County Special Assistance. The DSS shall not make monthly payments authorized by this section to a facility on behalf of a resident whose eligibility determination for State-County Special Assistance is pending. The DSS shall terminate all monthly payments pursuant to this subsection when the funds allocated under this section are depleted or on the date federal law requires these funds to be fully expended, whichever is earlier. The counties are not responsible for paying any portion of these monthly payments. Nothing in this section shall be construed as an obligation by the General Assembly to appropriate funds for the purpose of this section or as an entitlement by any facility, resident of a facility, or other person to receive financial assistance under this section.

TANF BENEFIT IMPLEMENTATION

SECTION 9I.2.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2019, through September 30, 2022. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services.

SECTION 9I.2.(b) The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

SECTION 9I.2.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2021. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2022.

SECTION 9I.2.(d) For each year of the 2021-2023 fiscal biennium, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the 2020-2021 fiscal year, provided that remaining funds allocated for Work First Family Assistance and Work First Diversion Assistance are sufficient for payments made by the Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

SECTION 9I.2.(e) In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the 2021-2022 fiscal year or the 2022-2023 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and

Work First Diversion Assistance payments to be made on behalf of Standard Counties, the Department is authorized to deallocate funds, of those allocated to Electing Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of State Budget and Management. If the Department adjusts the allocation set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE ENHANCEMENTS, AND REPORT

SECTION 9I.3.(a) Notwithstanding the provisions of G.S. 143B-150.6, the Intensive Family Preservation Services (IFPS) Program shall provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The Program shall be implemented statewide on a regional basis. The IFPS shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

SECTION 9I.3.(b) The Department of Health and Human Services shall require that any program or entity that receives State, federal, or other funding for the purpose of IFPS shall provide information and data that allows for the following:

(1) An established follow-up system with a minimum of six months of follow-up services.

(2) Detailed information on the specific interventions applied, including utilization indicators and performance measurement.

(3) Cost-benefit data.

(4) Data on long-term benefits associated with IFPS. This data shall be obtained by tracking families through the intervention process.

(5) The number of families remaining intact and the associated interventions while in IFPS and 12 months thereafter.

(6) The number and percentage, by race, of children who received IFPS compared to the ratio of their distribution in the general population involved with Child Protective Services.

SECTION 9I.3.(c) The Department shall continue implementing a performance-based funding protocol and shall only provide funding to those programs and entities providing the required information specified in subsection (b) of this section. The amount of funding shall be based on the individual performance of each program.

SECTION 9I.3.(d) The Department shall submit an annual report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by December 1 of each year that provides the information and data collected pursuant to subsection (b) of this section.

CHILD CARING INSTITUTIONS

SECTION 9I.4. Until the Social Services Commission adopts rules setting standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the maximum reimbursement for child caring institutions shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services, Office of the Controller. In determining the maximum reimbursement, the State shall include county and IV-E reimbursements.

USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM

SECTION 9I.5. Of the funds available for the provision of foster care services, the Department of Health and Human Services, Division of Social Services, may continue to provide for the financial support of children who are deemed to be (i) in a permanent family placement setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency. No additional expenses shall be incurred beyond the funds budgeted for foster care for the Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include provisions for extending guardianship services for individuals and youth who exited foster care through the Guardianship Assistance Program after 16 years of age or who have attained the age of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if the individual is (i) completing secondary education or a program leading to an equivalent credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii) participating in a program or activity designed to promote, or remove barriers to, employment, (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or employment requirements of this section due to a medical condition or disability. The Guardianship Assistance Program rates shall reimburse the legal guardian for room and board and be set at the same rate as the foster care room and board rates in accordance with rates established under G.S. 108A-49.1.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)

SECTION 9I.6.(a) Funds appropriated in this act from the General Fund to the Department of Health and Human Services for the child welfare postsecondary support program shall be used to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 1087*ll* for the educational needs of foster youth aging out of the foster care system, youth who exit foster care to a permanent home through the Guardianship Assistance Program (GAP), or special needs children adopted from foster care after age 12. These funds shall be allocated by the State Education Assistance Authority.

SECTION 9I.6.(b) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars ($50,000) for each year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

SECTION 9I.6.(c) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, the sum of three hundred thirty-nine thousand four hundred ninety-three dollars ($339,493) for each year of the 2021-2023 fiscal biennium shall be used to contract with an entity to administer the child welfare postsecondary support program described under subsection (a) of this section, which administration shall include the performance of case management services.

SECTION 9I.6.(d) Funds appropriated in this act to the Department of Health and Human Services for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in this State.

FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS

SECTION 9I.7.(a) Centralized Services. – The North Carolina Child Support Services Section (NCCSS) of the Department of Health and Human Services, Division of Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it receives from the federal government to enhance centralized child support services. To accomplish this requirement, NCCSS shall do the following:

(1) In consultation with representatives from county child support services programs, identify how federal incentive funding could improve centralized services.

(2) Use federal incentive funds to improve the effectiveness of the State's centralized child support services by supplementing and not supplanting State expenditures for those services.

(3) Continue to develop and implement rules that explain the State process for calculating and distributing federal incentive funding to county child support services programs.

SECTION 9I.7.(b) County Child Support Services Programs. – NCCSS shall allocate no less than eighty-five percent (85%) of the annual federal incentive payments it receives from the federal government to county child support services programs to improve effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall do the following:

(1) In consultation with representatives from county child support services programs, examine the current methodology for distributing federal incentive funding to the county programs and determine whether an alternative formula would be appropriate. NCCSS shall use its current formula for distributing federal incentive funding until an alternative formula is adopted.

(2) Upon adopting an alternative formula, develop a process to phase in the alternative formula for distributing federal incentive funding over a four-year period.

SECTION 9I.7.(c) Reporting by County Child Support Services Programs. – NCCSS shall continue implementing guidelines that identify appropriate uses for federal incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county child support services programs to comply with each of the following:

(1) Submit an annual plan describing how federal incentive funding would improve program effectiveness and efficiency as a condition of receiving federal incentive funding.

(2) Report annually on the following: (i) how federal incentive funding has improved program effectiveness and efficiency and been reinvested into their programs, (ii) provide documentation that the funds were spent according to their annual plans, and (iii) explain any deviations from their plans.

SECTION 9I.7.(d) Reporting by NCCSS. – NCCSS shall submit a report on federal child support incentive funding to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1 of each year. The report shall describe how federal incentive funds enhanced centralized child support services to benefit county child support services programs and improved the effectiveness and efficiency of county child support services programs. The report shall further include any changes to the State process the NCCSS used in calculating and distributing federal incentive funding to county child support services programs and any recommendations for further changes.

SUCCESSFUL TRANSITION/FOSTER CARE YOUTH

SECTION 9I.8.(a) The Foster Care Transitional Living Initiative Fund shall continue to fund and support transitional living services that demonstrate positive outcomes for youth, attract significant private sector funding, and lead to the development of evidence-based programs to serve the at-risk population described in this section. The Fund shall continue to support a demonstration project with services provided by Youth Villages to (i) improve outcomes for youth ages 17-21 years who transition from foster care through implementation of outcome-based Transitional Living Services, (ii) identify cost-savings in social services and juvenile and adult correction services associated with the provision of Transitional Living Services to youth aging out of foster care, and (iii) take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. In

continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall support the following strategies:

(1) Transitional Living Services, which is an outcome-based program that follows the Youth Villages Transitional Living Model. Outcomes on more than 7,000 participants have been tracked since the program's inception. The program has been evaluated through an independent randomized controlled trial. Results indicate that the Youth Villages Transitional Living Model had positive impacts in a variety of areas, including housing stability, earnings, economic hardship, mental health, and intimate partner violence in comparison to the control population.

(2) Public-Private Partnership, which is a commitment by private-sector funding partners to match at least twenty-five percent (25%) of the funds appropriated to the Foster Care Transitional Living Initiative Fund for the 2021-2023 fiscal biennium for the purposes of providing Transitional Living Services through the Youth Villages Transitional Living Model to youth aging out of foster care.

(3) Impact Measurement and Evaluation, which are services funded through private partners to provide independent measurement and evaluation of the impact the Youth Villages Transitional Living Model has on the youth served, the foster care system, and on other programs and services provided by the State which are utilized by former foster care youth.

(4) Advancement of Evidence-Based Process, which is the implementation and ongoing evaluation of the Youth Villages Transitional Living Model for the purposes of establishing the first evidence-based transitional living program in the nation. To establish the evidence-based program, additional randomized controlled trials may be conducted to advance the model.

SECTION 9I.8.(b) No more than fifteen percent (15%) of the total State funds appropriated in this act for the Foster Care Transitional Living Initiative Fund in accordance with this section shall be used for administrative costs.

PERMANENCY INNOVATION INITIATIVE

SECTION 9I.9.(a) G.S. 131D-10.9B reads as rewritten:

"**§ 131D-10.9B. Permanency Innovation Initiative Fund.**

(a) There is created the Permanency Innovation Initiative Fund that will support a ~~demonstration~~ project with services provided by Children's Home Society of North Carolina to (i) improve permanency outcomes for children living in foster care through reunification with parents, providing placement or guardianship with other relatives, or adoption, (ii) improve engagement with biological relatives of children in or at risk of entering foster care, and (iii) reduce costs associated with maintaining children in foster care. In implementing these goals, the Permanency Innovation Initiative Fund shall support the following strategies:

…

(a1) No more than fifteen percent (15%) of the State funds appropriated for this program shall be used for administrative costs.

…."

SECTION 9I.9.(b) Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for each year of the 2021-2023 fiscal biennium for the Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available federal matching funds.

REPORT ON CERTAIN SNAP AND TANF EXPENDITURES

SECTION 9I.10.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (Division), for each year of the 2021-2023 fiscal biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor costs to generate the data regarding expenditures of those programs. The vendor shall generate data to be submitted to the Division that includes, at a minimum, each of the following:

(1) The dollar amount and number of transactions accessed or expended out-of-state, by state, for both SNAP benefits and TANF benefits.

(2) The amount of benefits expended out-of-state, by state, from active cases for both SNAP and TANF.

(3) The dollar amount and number of transactions of benefits accessed or expended in this State, by types of retailers or institutions, for both SNAP and TANF.

SECTION 9I.10.(b) Upon receiving the expenditures data for SNAP and TANF from the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the Division shall submit a report on its analysis of the data by June 30 and December 31 of each year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The Division shall post its report required by this subsection on its website and otherwise make the data available by June 30 and December 31 of each year. In the first report required by this section, the Division shall report how this data is used to investigate fraud and abuse in both SNAP and TANF. The Division shall also report on other types of data and how that data is utilized in the detection of fraud and abuse.

SECTION 9I.10.(c) The Division shall maintain the confidentiality of information not public under Chapter 132 of the General Statutes. The Division shall properly redact any information subject to reporting under this section to prevent identification of individual recipients of SNAP or TANF benefits.

INCREASE FOSTER CARE AND ADOPTION ASSISTANCE RATES

SECTION 9I.11. Effective October 1, 2021, G.S. 108A-49.1 reads as rewritten:

"**§ 108A-49.1. Foster care and adoption assistance payment rates.**

(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

(1) ~~$475.00~~ $514.00 per child per month for children from birth through five years of age.

(2) ~~$581.00~~ $654.00 per child per month for children six through 12 years of age.

(3) ~~$634.00~~ $698.00 per child per month for children at least 13 but less than 21 years of age.

(b) The maximum rates for the State adoption assistance program are established consistent with the foster care rates as follows:

(1) ~~$475.00~~ $514.00 per child per month for children from birth through five years of age.

(2) ~~$581.00~~ $654.00 per child per month for children six through 12 years of age.

(3) ~~$634.00~~ $698.00 per child per month for children at least 13 but less than 21 years of age.

…."

CHILD WELFARE/BEHAVIORAL HEALTH PILOT PROJECT

SECTION 9I.12.(a) From funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for the 2021-2022 fiscal year, the Division of Social Services, in collaboration with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall establish a two-year child welfare and behavioral health

pilot project that will provide easier access to comprehensive health services for children in foster care by (i) creating better continuity of care, (ii) providing an alternative to therapeutic foster care, and (iii) ensuring care and services are available without disruption to a child's foster care placement while accessing services needed to treat the child's trauma. Four counties shall participate in the pilot project, which shall include Davie, Forsyth, Rockingham, and Stokes.

SECTION 9I.12.(b) The purpose of the pilot project is to establish a trauma-informed integrated health foster care model to facilitate partnerships between county departments of social services and local management entities/managed care organizations (LME/MCOs) regarding children placed in foster care that will do each of the following:

(1) Address safety and health needs of children with the application of trauma-informed tools.
(2) Address appropriate preventive and medical care for children placed in foster care.
(3) Address other social determinants of health, specifically those related to education and social development.
(4) Meet the goals of Medicaid Transformation, Child Welfare Reform, and the federal Families First Prevention Services Act (Family First Act).
(5) Provide for collaboration across agencies, including private behavioral health providers, health systems, and agencies of social determinants of health.
(6) Allow for the development of alternative funding models and service definitions.
(7) Allow for behavioral health services in family foster homes augmented with mental health services.
(8) Allow for wraparound services for the child to support a singular, unified goal of children in foster care having a single placement.
(9) Assign dedicated care coordination to each county social services agency.

SECTION 9I.12.(c) The Division of Social Services and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall submit a progress report on the pilot project established under this section to the Joint Legislative Oversight Committee on Health and Human Services (Committee) by April 1, 2022, and submit a final report to the Committee by October 1, 2023, that, at a minimum, includes each of the following:

(1) The average cost of providing alternatives to therapeutic foster care.
(2) An outline of enhanced services offered and developed during the pilot project, including barriers and challenges.
(3) The outcomes achieved from the pilot project.
(4) A plan outlining the potential for replication across other counties, including cost-modeling recommendations.

REGIONAL SUPERVISION AND SUPPORT OF CHILD WELFARE SERVICES

SECTION 9I.13.(a) In accordance with the plan submitted by the Social Services Regional Supervision and Collaboration Working Group (SSWG) in its report on March 31, 2019, to the Joint Legislative Oversight Committee on Health and Human Services as required by S.L. 2017-41 (Rylan's Law), the Department of Health and Human Services (Department) shall establish seven regions for regional supervision of child welfare and social services and begin providing oversight and support within those regions through State regional staff and the central office team by March 1, 2022. To that end, the Department shall continue, pursuant to existing authority, with (i) redeploying positions identified in the report to support regionalization and all managerial staff needed to support regionalization in the central office and (ii) repurposing corresponding operating expenses. The Department shall pursue procurement of physical offices within each of the seven regions beginning in March 2023 and shall prioritize staffing to improve the child welfare system. The Department shall move towards full implementation of a regional

model, with offices, by March 1, 2024. The Department shall use existing funds to provide staff to improve regional supervision and support of child welfare services pursuant to the plan as described in this subsection.

SECTION 9I.13.(b) The Department of Health and Human Services, Division of Social Services (Division), and the North Carolina Association of Regional Councils of Governments (Councils of Governments) shall explore entering into a memorandum of agreement to (i) utilize Councils of Governments' physical office space and office-related needs for Division staff and (ii) facilitate cooperation between regions and evaluate the estimated costs by region for the office space and sample agreements between the Division and the Councils of Governments.

SECTION 9I.13.(c) The Division of Social Services shall submit a report to the chairs of the Senate Appropriations Committee on Health and Human Services and the House Appropriations Committee on Health and Human Services by January 1, 2022, on the estimated costs, by region, for office space and sample agreements as described in subsection (b) of this section.

ALLOW SIBLINGS OVER 10 YEARS OF AGE BUT UNDER 18 YEARS OF AGE TO PARTICIPATE IN ECKERD KIDS AND CARING FOR CHILDREN'S ANGEL WATCH PROGRAM

SECTION 9I.14. The Department of Health and Human Services, Division of Social Services, shall use funds provided in this act for each year of the 2021-2023 fiscal biennium to provide continued support of the Eckerd Kids and Caring for Children's Angel Watch program, a foster care program for children who are ages 0 to 10 years of age who are not in the custody of a county department of social services and whose families are temporarily unable to care for them due to a crisis. These funds shall also be used to allow the sibling of a child in the Eckerd Kids and Caring for Children's Angel Watch program who is older than 10 years of age but under 18 years of age to participate in the program. No more than fifteen percent (15%) of the State funds appropriated for this program shall be used for administrative costs.

DEPLOY CHILD WELFARE COMPONENT OF NC FAST

SECTION 9I.15.(a) Funds allocated in Section 9B.2 of this act shall be used by the Department of Health and Human Services, Division of Social Services (Division), to resume deployment of the North Carolina Families Accessing Services through Technology (NC FAST) system as it relates to case management functionality for child welfare. The Division shall deploy the child welfare case management component of the NC FAST system statewide before July 1, 2022, as recommended in the Department of Health and Human Services' "Child Welfare Request for Information and Child Welfare Case Management Legislative Report," dated September 14, 2020, and the Program Evaluation Division's Report, "NC FAST Child Welfare Case Management Software Demonstrates Adequate Functionality but Poor Usability," dated June 12, 2020.

SECTION 9I.15.(b) The Division of Social Services (Division) shall release a request for proposal (RFP) for at least one significant augmentation to the child welfare component of the NC FAST system before October 1, 2021. The Division shall enter into a contract to augment and enhance the child welfare case management component of the NC FAST system before January 1, 2022. The contract shall align with the recommendations developed by the Executive Advisory Committee within the Department, with consideration given to software currently deployed by county departments of social services.

PART IX-J. VOCATIONAL REHABILITATION SERVICES

USE OF EXISTING POSITIONS/BENEFITS COUNSELING

SECTION 9J.1. The Department of Health and Human Services, Division of Vocational Rehabilitation (Division), shall convert existing vacant positions from within the Division into full-time, permanent benefits counselors to assist individuals with disabilities in their employment efforts and understanding of available support services.

PART IX-K. HHS MISCELLANEOUS

MEDICAL BILLING TRANSPARENCY

SECTION 9K.1.(a) Article 3 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"**§ 58-3-295. Contract requirements for limitations on billing by in-network health services facilities.**

(a) The following definitions apply in this section:

(1) Health care provider. – Any individual licensed, registered, or certified under Chapter 90 of the General Statutes, or under the laws of another state, to provide health care services in the ordinary care of business or practice, as a profession, or in an approved education or training program in any of the following:

a. Anesthesia or anesthesiology.

b. Emergency services, as defined in G.S. 58-3-190(g).

c. Pathology.

d. Radiology.

e. Rendering assistance to a physician performing any of the services listed in this subdivision.

(2) Health services facility. – As defined in G.S. 131E-176(9b) and including any office location.

(3) Out-of-network provider. – A health care provider that has not entered into a contract or agreement with an insurer to participate in one of the insurer's provider networks for the provision of health care services at a pre-negotiated rate.

(b) All contracts or agreements for participation as an in-network health services facility between an insurer offering health benefit plans in this State and a health services facility at which there are out-of-network providers who may be part of the provision of services to an insured while receiving care at the health services facility shall require that an in-network health services facility shall give at least 72 hours' advanced written notification to an insured that has scheduled an appointment at that health services facility of any out-of-network provider who will be part of the provision of the insured's health care services. If there is not at least 72 hours between the scheduling of the appointment and the appointment, then the in-network health services facility shall give the written notice to the insured on the day the appointment is scheduled. In the case of emergency services, the health services facility shall give written notice to the insured as soon as reasonably possible. The written notice required by this subsection shall include all of the following:

(1) All of the health care providers that will be rendering services to the insured that are not participating as in-network health care providers in the applicable insurer's network.

(2) The estimated cost to the insured of the services being rendered by the out-of-network providers identified in subdivision (1) of this subsection.

(c) If any provision of this section conflicts with the federal Consolidated Appropriations Act, 2021, P.L. 116-260, and any amendments to that act or regulations promulgated pursuant to that act, then the provisions of P.L. 116-260 will be applied."

SECTION 9K.1.(b) This section becomes effective January 1, 2022, and applies to contracts entered into, amended, or renewed on or after that date.

ALLOW EMPLOYERS TO OFFER EPO BENEFIT PLANS

SECTION 9K.2.(a) Article 50 of Chapter 58 of the General Statutes is amended by adding two new sections to read:

"**§ 58-50-56.1. Exclusive provider organizations, exclusive provider benefit plans.**

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

(1) Exclusive provider benefit plan. – A health benefit plan offered by an insurer in which insureds must receive covered services from health care providers who are under a contract with the insurer and under which there is no requirement of coverage for care received from a health care provider who is not under contract with the insurer, except for emergency services as required by G.S. 58-3-190 and medically necessary covered services as required by G.S. 58-3-200(d).

(2) Exclusive provider organization or EPO. – An insurer holding contracts with providers to be used by or offered to insurers offering exclusive provider benefit plans.

(3) Insurer. – An insurer or service corporation subject to this Chapter.

(4) Participating provider. – A health care provider who has agreed to accept special reimbursement or other terms for health care services from an insurer for health care services; however, a participating provider is not a health care provider participating in any prepaid health service or capitation arrangement implemented or administered by the Department of Health and Human Services or its representatives.

(b) Insurers may enter into contracts for an exclusive provider organization with licensed health care providers of all kinds without regard to specialty of services or limitation to a specific type of practice. A contract for an exclusive provider organization that is not disapproved by the Commissioner within 90 days of its filing by the insurer shall be deemed to be approved.

(c) Any provision of a contract between an insurer offering an exclusive provider benefit plan and a health care provider that restricts the provider's right to enter into provider contracts with other persons is prohibited, is void ab initio, and is not enforceable. The existence of that restriction does not invalidate any other provision of the contract.

(d) Every insurer offering an exclusive provider benefit plan and contracting with an EPO shall require by contract that the EPO provide all of the participating providers with whom it holds contracts information about the insurer and the insurer's exclusive provider benefit plans. This information shall include for each insurer and participating provider benefit plan the benefit designs and incentives that are used to encourage insureds to use participating providers.

(e) The Commissioner's rules adopted and applicable for preferred provider organizations related to provider accessibility for the insured group, adequacy of providers, availability of services at reasonable times, and financial solvency shall apply for exclusive provider organizations.

(f) Each insurer offering an exclusive provider benefit plan shall provide the Commissioner with summary data about the financial reimbursements offered to health care providers. All such insurers shall annually disclose the following information:

(1) The name by which the exclusive provider benefit plan is known and its business address.

(2) The name, address, and nature of any separate organization that administers any preferred provider benefit plan for the insurer.

(3) The terms of the agreements entered into by the insurer with providers in an exclusive provider organization.

(4) Any other information necessary to determine compliance with this section, rules adopted under this section, or other requirements applicable to preferred provider benefit plans.

(g) Each insurer shall include a clear statement in any application and any benefit booklets for exclusive provider benefit plans that out-of-network coverage for insureds in the exclusive provider benefit plan only applies for (i) emergency services and (ii) medically necessary covered services when an in-network provider is not reasonably available.

(h) Any provisions of this Chapter that apply to preferred provider benefit plans or preferred provider organizations as of July 1, 2021, shall also apply to exclusive provider benefit plans or exclusive provider organizations.

"**§ 58-50-56.2. Exclusive provider organization continuity of care.**

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

(1) Ongoing special condition. – One of the following conditions:

a. An acute illness that is serious enough to require medical care or treatment to avoid a reasonable possibility of death or permanent harm.

b. A chronic illness, disease, or condition that is life-threatening, degenerative, or disabling and that requires medical care or treatment over a prolonged period of time.

c. Pregnancy from the start of the second trimester.

d. A terminal illness for which an individual has a medical prognosis of a life expectancy of six months or less.

(2) Terminated or termination. – The expiration or nonrenewal of a contract. The term does not include an ending of the contract by an insurer for failure to meet applicable quality standards or for fraud.

(b) Termination of a Provider. – If (i) a contract between an insurer and a health care provider offering an exclusive provider benefit plan is terminated by the provider or by the insurer, or benefits or coverage provided by the insurer are terminated because of a change in the terms of provider participation in an insurer's exclusive provider benefit plan and (ii) an insured is undergoing treatment from the provider for an ongoing special condition on the date of termination, then the following shall apply:

(1) Upon termination of the contract by the insurer or upon receipt by the insurer of written notification of termination by the provider, the insurer shall notify the insured on a timely basis of the termination and of the insured's right to elect continuation of coverage of treatment by the provider. This subdivision shall apply only if the insured has a claim with the insurer for services provided by the terminated provider or the insured is otherwise known by the insurer to be a patient of the terminated provider.

(2) Subject to subsection (h) of this section, the insurer shall permit an insured to elect to continue to be covered with respect to the treatment by the terminated provider for the ongoing special condition during a transitional period, as provided under this section.

(c) Newly Covered Insured. – Each exclusive provider benefit plan offered by an insurer shall provide transition coverage to individuals who (i) are newly covered under an exclusive provider benefit plan because the individual's employer has changed benefit plans and (ii) are undergoing treatment from a provider for an ongoing special condition. On the date of enrollment, an insurer shall notify the newly covered insured of (i) the right to elect continuation of coverage of treatment by a provider that is not contracted with the exclusive provider benefit plan and (ii) the method and time line by which the insured should contact the insurer. Subject to subsection (h) of this section, the insurer shall permit the newly covered insured to elect to continue to be covered with respect to the treatment by the provider of the ongoing special condition during a transitional period, as provided under this section.

(d) Transitional Period: In General. – Except as otherwise provided in this section, the length of a transitional period provided under this subsection shall be determined by the treating health care provider, so long as it does not exceed 90 days after the date of the notice to the individual described in subdivision (b)(1) of this section or the date of enrollment in a new plan described in subsection (c) of this section.

(e) Transitional Period: Scheduled Surgery, Organ Transplantation, or Inpatient Care. – If surgery, organ transplantation, or other inpatient care was scheduled for an individual, or if the individual was on an established waiting list for surgery, organ transplantation, or other inpatient care, before the date of the notice required under subdivision (b)(1) of this section or the date of enrollment described in subsection (c) of this section, then the transitional period under this subsection with respect to the surgery, transplantation, or other inpatient care shall extend through the date of discharge of the individual after completion of the surgery, transplantation, or other inpatient care, and through post discharge follow-up care related to the surgery, transplantation, or other inpatient care occurring within 90 days after the date of discharge.

(f) Transitional Period: Pregnancy. – If an individual has entered the second trimester of pregnancy on or before the date of the notice required under subdivision (b)(1) of this section or the date of enrollment in a new plan described in subsection (c) of this section, and the provider was treating the pregnancy before the date of the notice or the date of enrollment in the plan, then the transitional period with respect to the provider's treatment of the pregnancy shall extend through the provision of 60 days of postpartum care.

(g) Transitional Period: Terminal Illness. – If an individual was determined to be terminally ill at the time of a provider's termination of participation under subsection (b) of this section or at the time of enrollment in the plan under subsection (c) of this section, and the provider was treating the terminal illness before the date of the termination or enrollment in the plan, then the transitional period shall extend for the remainder of the individual's life with respect to care directly related to the treatment of the terminal illness or its medical manifestations.

(h) Permissible Terms and Conditions. – An insurer may condition coverage of continued treatment by a provider under subsection (b) or subsection (c) of this section upon the following terms and conditions:

(1) When care is provided pursuant to subsection (b) of this section, the provider agrees to accept reimbursement from the insurer and, with respect to cost-sharing, from the insured involved at the rates applicable before the start of the transitional period as payment in full.

(2) When care is provided pursuant to subsection (c) of this section, the provider agrees to accept the prevailing rate based on contracts the insurer has with the same or similar providers in the same or similar geographic area or the PPO or other rate agreed to by the provider and insurer, if applicable, plus the applicable copayment from the newly covered insured, as reimbursement in full from the insurer and the insured for all covered services.

(3) The provider agrees to comply with the quality assurance programs of the insurer responsible for payment under this subsection and to provide to the insurer necessary medical information related to the care provided. The insurer's quality assurance programs shall not override the professional or ethical responsibility of the provider or interfere with the provider's ability to provide information or assistance to the insured.

(4) The provider agrees to adhere to the insurer's established policies and procedures for participating providers, including procedures regarding referrals and obtaining prior authorization, providing services pursuant to a treatment plan approved by the insurer, and member hold harmless provisions.

(5) The receipt of notification from the insured within 45 days of the date of the notice described in subdivision (b)(1) of this section or the new enrollment

described in subsection (c) of this section that the insured elects to continue receiving treatment by the provider.

(6) The provider agrees to discontinue providing services at the end of the transition period and to assist the insured in an orderly transition to a network provider. Nothing in this section shall prohibit the insured from continuing to receive services from the provider at the insured's expense.

(i) Construction. – Nothing in this section shall be construed to do any of the following:

(1) Require the coverage of benefits that would not have been covered if the provider involved remained a participating provider or, in the case of a newly covered insured, require the coverage of benefits not provided under the policy in which the newly covered insured is enrolled.

(2) Require an insurer to offer a transitional period when the insurer terminates a provider's contract for reasons relating to quality of care or fraud. Refusal by an insurer to offer a transitional period under these circumstances is not subject to the grievance review provisions of G.S. 58-50-62.

(3) Prohibit an insurer from extending any transitional period beyond that specified in this section.

(4) Prohibit an insurer from terminating the continuing services of a provider when the insurer has determined that the provider's continued provision of services may result in, or is resulting in, a serious danger to the health or safety of the insured. A termination for these reasons shall be in accordance with the contract provisions that the provider would otherwise be subject to if the provider's contract were still in effect.

(j) Disclosure of Right to Transitional Period. – Each insurer shall include a clear description of an insured's rights under this section in its evidence of coverage and summary plan description."

SECTION 9K.2.(b) The Department of Insurance may adopt temporary rules to implement this section.

SECTION 9K.2.(c) This section becomes effective October 1, 2021, and applies to insurance contracts issued, renewed, or amended on or after that date.

PART IX-L. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 9L.1.(a) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	FY 2021-2022	FY 2022-2023
Local Program Expenditures		
Division of Social Services		
01. Work First Family Assistance	$35,549,914	$35,549,914
02. Work First County Block Grants	80,093,566	80,093,566
03. Work First Electing Counties	2,378,213	2,378,213

04. Adoption Services – Special Children Adoption Fund	4,197,750	4,001,676
05. Child Protective Services – Child Welfare Workers for Local DSS	11,583,264	11,387,190
06. Child Welfare Program Improvement Plan	775,176	775,176
07. Child Welfare Collaborative	400,000	400,000
08. Child Welfare Initiatives	1,400,000	1,400,000
Division of Child Development and Early Education		
09. Subsidized Child Care Program	45,813,694	45,813,694
10. Swap-Child Care Subsidy	12,600,000	12,600,000
11. NC Pre-K Services	68,300,000	68,300,000
Division of Public Health		
12. Teen Pregnancy Prevention Initiatives	3,450,000	3,450,000
DHHS Administration		
13. Division of Social Services	2,482,260	2,482,260
14. Office of the Secretary	34,042	34,042
15. Eligibility Systems – Operations and Maintenance	792,978	713,662
16. NC FAST Implementation	443,940	836,088
17. Division of Social Services – Workforce Innovation & Opportunity Act (WIOA)	93,216	93,216
18. Division of Social Services TANF Modernization	2,000,000	2,000,000
Transfers to Other Block Grants		
Division of Child Development and Early Education		
19. Transfer to the Child Care and Development Fund	21,773,001	21,773,001
Division of Social Services		
20. Transfer to Social Services Block Grant for Child Protective Services –		

Training	285,612	285,612
21. Transfer to Social Services Block Grant for Child Protective Services	5,040,000	5,040,000
22. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	13,097,783	13,097,783
23. Transfer to Social Services Block Grant – Foster Care Services	3,422,219	3,422,219
24. Transfer to Social Services Block Grant – Child Advocacy Centers	1,582,000	1,582,000
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	**$317,588,628**	**$317,509,312**
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS		
Local Program Expenditures		
Division of Child Development and Early Education		
01. Subsidized Child Care	$30,043,764	$30,043,764
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS	**$30,043,764**	**$30,043,764**
SOCIAL SERVICES BLOCK GRANT		
Local Program Expenditures		
Divisions of Social Services and Aging and Adult Services		
01. County Departments of Social Services	$19,905,849	$19,905,849
02. County Departments of Social Services (Nonrecurring)	1,300,000	1,300,000
03. County Departments of Social Services (Transfer From TANF)	$13,097,783	$13,097,783
04. EBCI Tribal Public Health and Human Services	244,740	244,740
05. Child Protective Services (Transfer From TANF)	5,040,000	5,040,000
06. State In-Home Services Fund	1,943,950	1,943,950

07. Adult Protective Services	2,138,404	2,138,404
08. State Adult Day Care Fund	1,994,084	1,994,084
09. Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program	901,868	901,868
10. Special Children Adoption Incentive Fund	462,600	462,600
11. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)	285,612	285,612
12. Home and Community Care Block Grant (HCCBG)	2,696,888	2,696,888
13. Child Advocacy Centers (Transfer from TANF $1,582,000)	1,582,000	1,582,000
14. Guardianship – Division of Social Services	1,802,671	1,802,671
15. Foster Care Services (Transfer From TANF)	3,422,219	3,422,219
Division of Central Management and Support		
16. DHHS Competitive Block Grants for Nonprofits	4,774,525	4,774,525
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
17. Mental Health Services – Adult and Child/Developmental Disabilities Program/ Substance Abuse Services – Adult	4,149,595	4,149,595
DHHS Program Expenditures		
Division of Services for the Blind		
18. Independent Living Program	3,603,793	3,603,793
Division of Health Service Regulation		
19. Adult Care Licensure Program	557,598	557,598
20. Mental Health Licensure and Certification Program	266,158	266,158
Division of Aging and Adult Services		

21. Guardianship	3,825,443	3,825,443
DHHS Administration		
22. Division of Aging and Adult Services	715,422	715,422
23. Division of Social Services	1,019,764	1,019,764
24. Office of the Secretary/Controller's Office	636,920	636,920
25. Legislative Increases/Fringe Benefits	293,655	293,655
26. Division of Child Development and Early Education	13,878	13,878
27. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	27,446	27,446
28. Division of Health Service Regulation	133,620	133,620
29. Division of Services for the Blind and Services for the Deaf and Hard of Hearing	127,010	127,010
TOTAL SOCIAL SERVICES BLOCK GRANT	**$76,963,495**	**$76,963,495**
LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
Local Program Expenditures		
Division of Social Services		
01. Low-Income Energy Assistance Program (LIEAP)	$49,582,017	$49,257,600
02. Crisis Intervention Program (CIP)	32,980,981	32,764,751
Local Administration		
Division of Social Services		
03. County DSS Administration	6,769,114	6,724,735
DHHS Administration		
Division of Central Management and Support		
04. Division of Social Services	10,000	10,000
05. Office of the Secretary/DIRM (Accountable Results for Community Action (AR4CA) Replacement System)	50,000	166,750

06. Office of the Secretary/DIRM	278,954	278,954
07. Office of the Secretary/Controller's Office	18,378	18,378
08. NC FAST Development	650,388	1,224,912
09. NC FAST Operations and Maintenance	1,571,780	1,414,567
Transfers to Other State Agencies		
Department of Environmental Quality		
10. Weatherization Program	8,751,347	8,693,972
11. Heating Air Repair and Replacement Program (HARRP)	5,830,717	5,792,490
12. Local Residential Energy Efficiency Service Providers – Weatherization	527,190	523,733
13. Local Residential Energy Efficiency Service Providers – HARRP	284,682	282,816
14. DEQ – Weatherization Administration	527,190	523,733
15. DEQ – HARRP Administration	284,682	282,816
Department of Administration		
16. N.C. Commission on Indian Affairs	87,736	87,736
TOTAL LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT	**$108,205,156**	**$108,047,943**
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
Local Program Expenditures		
Division of Child Development and Early Education		
01. Child Care Services	$241,041,643	$240,907,680
02. Smart Start Subsidy	7,392,654	7,392,654
03. Transfer from TANF Block Grant for Child Care Subsidies	21,773,001	21,773,001
04. Quality and Availability Initiatives (TEACH Program $3,800,000)	51,808,870	52,143,470

DHHS Administration		
Division of Child Development and Early Education		
05. DCDEE Administrative Expenses	9,376,286	9,376,286
06. Direct Deposit for Child Care Payments	5,000	5,000
Division of Social Services		
07. Local Subsidized Child Care Services Support	18,780,355	18,780,355
Division of Central Management and Support		
08. NC FAST Operations and Maintenance	1,201,697	1,201,697
09. DHHS Central Administration – DIRM Technical Services	979,762	979,762
10. DHHS Central Administration	7,346	7,346
Division of Public Health		
11. Child Care Health Consultation Contracts	62,205	62,205
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	**$352,428,819**	**$352,629,456**
MENTAL HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01. Mental Health Services – Child	$5,460,328	$4,432,011
02. Mental Health Services – Adult/Child	26,858,142	17,126,399
03. Mental Health Services – First Psychotic Symptom Treatment	4,205,369	2,615,497
DHHS Administration		
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
04. Crisis Services	1,569,298	1,307,749
05. Adult/Child Mental Health Services	350,150	350,150
06. Administration	323,120	323,120
TOTAL MENTAL HEALTH SERVICES		

BLOCK GRANT	**$38,766,407**	**$26,154,926**
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
Local Program Expenditures		
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
01. Substance Abuse – IV Drug	$2,550,915	$2,550,915
02. Substance Abuse Prevention	16,594,705	10,999,983
03. Substance Abuse Services – Treatment for Children/Adults (First Step Farm of WNC, Inc. $100,000)	60,846,746	38,467,860
04. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery	1,085,000	1,085,000
05. Crisis Solutions Initiatives – Community Paramedic Mobile Crisis Management	20,000	20,000
DHHS Program Expenditures		
Division of Central Management and Support		
06. Competitive Grants	1,600,000	1,600,000
DHHS Administration		
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
07. Administration	1,320,452	1,320,452
08. Controlled Substance Reporting System Enhancement	427,655	427,655
09. Veterans Initiatives	250,000	250,000
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	**$84,695,473**	**$56,721,865**
MATERNAL AND CHILD HEALTH BLOCK GRANT		
Local Program Expenditures		
Division of Public Health		
01. Women's and Children's Health Services (Safe Sleep Campaign $45,000; Sickle Cell Centers $100,000; Prevent Blindness $575,000;		

March of Dimes $350,000; Teen Pregnancy Prevention Initiatives $650,000; 17P Project $52,000; Nurse-Family Partnership $950,000; Perinatal & Neonatal Outreach Coordinator Contracts $440,000; Mountain Area Pregnancy Services $50,000)	$14,778,973	$14,778,973
02. Oral Health	48,227	48,227
03. Evidence-Based Programs in Counties With Highest Infant Mortality Rates	1,575,000	1,575,000
DHHS Program Expenditures		
04. Children's Health Services	1,427,323	1,427,323
05. Women's Health – Maternal Health	169,864	169,864
06. Women's and Children's Health – Perinatal Strategic Plan Support Position	73,920	73,920
07. State Center for Health Statistics	158,583	158,583
08. Health Promotion – Injury and Violence Prevention	87,271	87,271
DHHS Administration		
09. Division of Public Health Administration	552,571	552,571
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT	**$18,871,732**	**$18,871,732**
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01. Physical Activity and Prevention	$3,030,116	$3,081,442
02. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	160,000	160,000
DHHS Program Expenditures		
Division of Public Health		
03. HIV/STD Prevention and Community Planning	137,648	137,648
04. Oral Health Preventive Services	150,000	150,000

05. Laboratory Services – Testing, Training, and Consultation	21,000	21,000
06. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	53,206	53,206
07. Performance Improvement and Accountability	592,123	592,123
08. State Center for Health Statistics	82,505	82,505
DHHS Administration		
Division of Public Health		
09. Division of Public Health	65,000	65,000
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	**$4,291,598**	**$4,342,924**
COMMUNITY SERVICES BLOCK GRANT		
01. Community Action Agencies	$20,916,673	$20,916,673
02. Limited Purpose Agencies/Discretionary Funding	616,599	355,321
03. Office of Economic Opportunity	1,004,543	1,004,543
04. Office of the Secretary/DIRM (Accountable Results for Community Action (AR4CA) Replacement System)	327,944	589,222
05. Office of Economic Opportunity – Workforce Investment Opportunities Act (WIOA)	60,000	60,000
TOTAL COMMUNITY SERVICES BLOCK GRANT	**$22,925,759**	**$22,925,759**

GENERAL PROVISIONS

SECTION 9L.1.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

(1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.

(2) A delineation of the proposed State and local administrative expenditures.

(3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.

(4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.

(5) A projection of current year expenditures by program or activity.

(6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

(7) The required amount of maintenance of effort and the amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

SECTION 9L.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall develop a plan to adjust the Block Grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2021-2022 and 2022-2023, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star rated facilities for 4 year old children and shall not be used to supplant State funds.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

SECTION 9L.1.(d) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the schedule enacted for State fiscal years 2021-2022 and 2022-2023 or until a new schedule is enacted by the General Assembly.

SECTION 9L.1.(e) All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section. Additionally, if budgeted allocations are decreased, the Office of State Budget and Management shall not approve any reduction of funds designated for subrecipients in subsection (a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget and Management shall consult with the Joint Legislative Oversight Committee on Health and Human Services for review prior to implementing any changes. In consulting, the report shall include an itemized listing of affected programs, including associated changes in budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

SECTION 9L.1.(f) Except as otherwise provided, the Department of Health and Human Services shall have flexibility to transfer funding between the Temporary Assistance for

Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so long as the total allocation for the line items within those Block Grants remains the same.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

SECTION 9L.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six dollars ($80,093,566) for each year of the 2021-2023 fiscal biennium appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, shall be used for Work First County Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds among the State-level services based on current year actual expenditures. The Division shall also have the authority to realign appropriated funds from Work First Family Assistance for electing counties to the Work First County Block Grant for electing counties based on current year expenditures so long as the electing counties meet Maintenance of Effort requirements.

SECTION 9L.1.(h) The sum of eleven million five hundred eighty-three thousand two hundred sixty-four dollars ($11,583,264) for the 2021-2022 fiscal year and the sum of eleven million three hundred eighty-seven thousand one hundred ninety dollars ($11,387,190) for the 2022-2023 fiscal year appropriated in this act to the Department of Health and Human Services, Division of Social Services, in TANF funds for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

Counties shall maintain their level of expenditures in local funds for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total expenditures from State and local funds for fiscal years 2021-2022 and 2022-2023 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

SECTION 9L.1.(i) The sum of four million one hundred ninety-seven thousand seven hundred fifty dollars ($4,197,750) for the 2021-2022 fiscal year and the sum of four million one thousand six hundred seventy-six dollars ($4,001,676) for the 2022-2023 fiscal year appropriated in this act in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 9L.1.(j) The sum of one million four hundred thousand dollars ($1,400,000) appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2021-2023 fiscal biennium shall be used for child welfare initiatives to (i) enhance the skills of social workers to improve the outcomes for families and children involved in child welfare and (ii) enhance the provision of services to families in their homes in the least restrictive setting.

SECTION 9L.1.(k) Of the three million four hundred fifty thousand dollars ($3,450,000) allocated in this act in TANF funds to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars ($500,000) in each year of the 2021-2023 fiscal biennium shall be used to provide services for youth in foster care or the juvenile justice system.

SOCIAL SERVICES BLOCK GRANT

SECTION 9L.1.(*l*) The sum of nineteen million nine hundred five thousand eight hundred forty-nine dollars ($19,905,849) for each year of the 2021-2023 fiscal biennium and the sum of one million three hundred thousand dollars ($1,300,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, and the sum of thirteen million ninety-seven thousand seven hundred eighty-three dollars ($13,097,783) for each year of the 2021-2023 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be used for county Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds, as well as State Social Services Block Grant funds, among the State-level services based on current year actual expenditures.

SECTION 9L.1.(m) The sum of two hundred eighty-five thousand six hundred twelve dollars ($285,612) appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2021-2023 fiscal biennium shall be used to support various child welfare training projects as follows:

(1) Provide a regional training center in southeastern North Carolina.
(2) Provide training for residential child caring facilities.
(3) Provide for various other child welfare training initiatives.

SECTION 9L.1.(n) The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

SECTION 9L.1.(o) Social Services Block Grant funds appropriated for the Special Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

SECTION 9L.1.(p) The sum of five million forty thousand dollars ($5,040,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2021-2023 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of Social Services. The Division shall allocate these funds to local departments of social services to replace the loss of Child Protective Services State funds that are currently used by county governments to pay for Child Protective Services staff at the local level. These funds shall be used to maintain the number of Child Protective Services workers throughout the State. These Social Services Block Grant funds shall be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

SECTION 9L.1.(q) The sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars ($4,774,525) for each year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS competitive Block Grants pursuant to Section 9B.9 of this act. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 9L.1.(r) The sum of one million five hundred eighty-two thousand dollars ($1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2021-2023 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 9L.1.(s) The sum of three million eight hundred twenty-five thousand four hundred forty-three dollars ($3,825,443) for each fiscal year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used

for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds allocated in this section to support existing corporate guardianship contracts during the 2021-2022 and 2022-2023 fiscal years.

SECTION 9L.1.(t) Of the funds appropriated in the Social Services Block Grant to the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred ninety-three thousand forty-one dollars ($893,041) shall be used to increase the number of Adult Protective Services workers where these funds can be the most effective. These funds shall be used to pay for salaries and related expenses and shall not be used to supplant any other source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

SECTION 9L.1.(u) The Division of Social Services shall have the authority to realign appropriated funds between the State-level services Low Income Energy Assistance Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services to ensure needs are effectively met without exceeding the total amount appropriated for these State-level service items. Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services. Additional funds received shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services.

SECTION 9L.1.(v) The sum of forty-nine million five hundred eighty-two thousand seventeen dollars ($49,582,017) for the 2021-2022 fiscal year and the sum of forty-nine million two hundred fifty-seven thousand six hundred dollars ($49,257,600) for the 2022-2023 fiscal year appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with income up to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60 year old household members no later than August 1 of each year. The outreach plan shall comply with the following:

(1) Ensure that eligible households are made aware of the available assistance, with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging and Adult Services.

(2) Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.

(3) Be approved by the local board of social services or human services board prior to submission.

SECTION 9L.1.(w) The Department of Health and Human Services shall develop and implement a centralized system to collect, track, analyze, monitor, and disseminate performance, outputs, and outcome data for the Community Services Block Grant Program and the Department of Environmental Quality (DEQ) Weatherization Assistance Program to replace the current software solution, Accountable Results for Community Action (AR4CA). The project

shall not proceed until the business case has been approved by the Office of State Budget and Management and the State Chief Information Officer in the Enterprise Project Management Office's Touchdown System. Upon approval, amounts not to exceed fifty thousand dollars ($50,000) in Low Income Energy Assistance funds may be budgeted for transfer to Budget Code 24410 for information technology projects for the 2021-2022 fiscal year.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 9L.1.(x) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 9L.1.(y) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

MENTAL HEALTH SERVICES BLOCK GRANT

SECTION 9L.1.(z) The sum of four million two hundred five thousand three hundred sixty-nine dollars ($4,205,369) for the 2021-2022 fiscal year and the sum of two million six hundred fifteen thousand four hundred ninety-seven dollars ($2,615,497) for the 2022-2023 fiscal year appropriated in this act in the Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, is allocated for Mental Health Services – First Psychotic Symptom Treatment.

SECTION 9L.1.(aa) Of the funds allocated in the Mental Health Services Block Grant to the Department of Health and Humans Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2021-2023 fiscal biennium, the sum of three hundred fifty thousand one hundred fifty dollars ($350,150) shall be used to establish three positions and cover operating costs. Two of these positions shall be used for recovering peer advocates to focus on recovery oriented care, and the third position shall focus on developing pilot programs and implementing policy to improve services to transition aged youth with significant behavioral health needs.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 9L.1.(bb) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2021-2022 fiscal year or the 2022-2023 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program consistent with G.S. 115C-81.30. The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 9L.1.(cc) The sum of one million five hundred seventy-five thousand dollars ($1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium shall be used for evidence-based programs in counties with the highest infant mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the number of women served, and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to the House of Representatives Appropriations Committee on Health and Human Services, the

Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31 of each year.

SECTION 9L.1.(dd) The sum of seventy-three thousand nine hundred twenty dollars ($73,920) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, Women and Children's Health Section, for each fiscal year of the 2021-2023 fiscal biennium shall not be used to supplant existing State or federal funds. This allocation shall be used for a Public Health Program Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic Plan and provide staff support for the stakeholder work group.

SECTION 9L.1.(ee) The sum of one hundred thousand dollars ($100,000) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for community-based sickle cell centers shall not be used to supplant existing State or federal funds.

SECTION 9L.1.(ff) No more than fifteen percent (15%) of the funds allocated for the designated subrecipients in subsection (a) of this section under Item 01 of the Maternal and Child Health Block Grant shall be used for administrative costs, unless otherwise required by federal law.

APPROPRIATION OF CERTAIN FEDERAL BLOCK GRANT FUNDS FOR DHHS UNDER THE AMERICAN RESCUE PLAN ACT

SECTION 9L.2.(a) Of the funds appropriated in this act from federal Low Income Home Energy Assistance Program Block Grant funds received pursuant to ARPA to the Department of Health and Human Services, Division of Social Services, the sum of eighty-six million nine hundred seventy thousand four hundred sixty dollars ($86,970,460) in nonrecurring funds shall be used for energy assistance in accordance with federal requirements in response to the COVID-19 pandemic.

SECTION 9L.2.(b) Of the funds appropriated in this act from federal Child Care and Development Block Grant funds received pursuant to ARPA to the Department of Health and Human Services, Division of Child Development and Early Education, the sum of five hundred two million seven hundred seventy-seven thousand seven hundred eighty-nine dollars ($502,777,789) in nonrecurring funds shall be used for the following in response to the COVID-19 pandemic:

(1) To reduce the waitlist for children eligible for subsidized child care who are in foster care.

(2) After addressing the waitlist under subdivision (1) of this subsection, to work towards reducing the remainder of the waitlist for children eligible for subsidized child care.

(3) To continue to cover all copays for families eligible for subsidized child care through the end of the 2021 calendar year.

(4) If funds provided under this subsection are used for staff bonuses, to award staff bonuses on an increasing scale based on the number of months the teacher or staff person has worked at the child care facility, with the maximum bonus being provided to a teacher or staff person who has worked at least 12 months at the teacher or staff person's current child care facility.

SECTION 9L.2.(c) Of the funds appropriated in this act from federal Community Mental Health Services Block Grant funds received pursuant to ARPA to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of forty-one million five hundred thirty-five thousand two hundred forty-six dollars ($41,535,246) in nonrecurring funds shall be used for mental health services and supports in response to the COVID-19 pandemic.

SECTION 9L.2.(d) Of the funds appropriated in this act from federal Substance Abuse Prevention and Treatment Block Grant funds received pursuant to ARPA to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of thirty-six million four hundred twenty thousand six hundred fifty-one dollars ($36,420,651) in nonrecurring funds shall be used to provide substance abuse prevention and treatment services across the State to those in need due to the COVID-19 pandemic. From funds appropriated under this subsection, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall allocate funds as follows:

(1) Ten million six hundred thousand dollars ($10,600,000) to the Department of Public Safety (DPS) for the following:

a. Four million six hundred thousand dollars ($4,600,000) to provide two years of funding to expand the Reentry Medication Assisted Treatment (MAT) pilot program to the other nine minimum security prisons in this State that are designated reentry facilities. DPS shall collaborate with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services on expansion of the pilot program under this subdivision, as needed.

b. Six million dollars ($6,000,000) to expand the MAT Community Supervision pilot program, a program for individuals recently released from prison and on probation. DPS, in collaboration with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall select five counties to participate in the expanded pilot program that represent tier one or tier two counties with the highest need. For purposes of this sub-subdivision, tier one and tier two counties shall have the same designations as those established by the N.C. Department of Commerce's 2021 County Tier Designations.

DPS and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall report on the results of both pilot programs described in this subdivision to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Justice and Public Safety by November 1, 2023.

(2) One million dollars ($1,000,000) to the Brunswick Christian Recovery Center, a nonprofit organization in Brunswick County that assists individuals suffering from active addiction.

(3) Funds allocated in subdivisions (1) and (2) of this subsection are provided as one-time, nonrecurring allocations for the purposes described in those subdivisions.

PART X. AGRICULTURE AND CONSUMER SERVICES

TOBACCO TRUST FUND ADMINISTRATIVE EXPENSES

SECTION 10.1. G.S. 143-717(i) reads as rewritten:

"(i) Limit on Operating and Administrative Expenses. – All administrative expenses of the Commission shall be paid from the Fund. No more than ~~three hundred fifty thousand dollars ($350,000)~~ three hundred seventy-five thousand dollars ($375,000) may be used each fiscal year for administrative and operating expenses of the Commission and its staff, provided that the Commission may annually adjust the administrative expense cap imposed by this subsection, so long as that any cap increase does not exceed the amount necessary to provide for statewide salary and benefit adjustments enacted by the General Assembly."

FEE AUTHORITY FOR STATE PHYTOSANITARY CERTIFICATE

SECTION 10.2.(a) G.S. 106-420 reads as rewritten:

"**§ 106-420. Authority of Board of Agriculture to adopt regulations.**

The Board of Agriculture is hereby authorized to adopt reasonable regulations to implement and carry out the purposes of this Article as to eradicate, repress and prevent the spread of plant pests (i) within the State, (ii) from within the State to points outside the State, and (iii) from outside the State to points within the State. The Board of Agriculture shall adopt regulations for eradicating such plant pests as it may deem capable of being economically eradicated, for repressing such as cannot be economically eradicated, and for preventing their spread within the State. Regulations may provide for quarantine of areas. It may also adopt reasonable regulations for preventing the introduction of dangerous plant pests from without the State, and for governing common carriers in transporting plants, articles or things liable to harbor such pests into, from and within the State. The Board is authorized, in order to control plant pests, to adopt regulations governing the inspection, certification and movement of nursery stock, (i) into the State from outside the State, (ii) within the State, and (iii) from within the State to points outside the State. The Board is further authorized to prescribe and collect a schedule of fees to be collected for its nursery inspection, nursery dealer certification, narcissus bulb inspection, plant pest inspection, phytosanitary certification, and plant pest certification activities."

SECTION 10.2.(b) G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

…

(26) The Board of Agriculture in the Department of Agriculture and Consumer Services with respect to the following:

…

d. Fees for State phytosanitary certificates.

…."

HEMLOCK RESTORATION REPORT

SECTION 10.3. The North Carolina Forest Service shall report on the hemlock restoration initiatives funded by this act. The report shall include the following with respect to each hemlock restoration initiative funded during the 2021-2023 fiscal biennium:

(1) Identification of goals and outcomes for the initiative.

(2) A description of the measures used or data collected to evaluate the efficiency and effectiveness of the initiative in reaching its desired goals and outcomes.

(3) The performance of each initiative with respect to the identified goals and outcomes.

The Forest Service shall provide its report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division no later than October 1 following the completion of each fiscal year in the 2021-2023 fiscal biennium.

TIMBER SALES/RETENTION AND USE OF PROCEEDS

SECTION 10.4.(a) G.S. 146-30(d)(6) reads as rewritten:

"(6) The following provisions apply with respect to land owned by or under the supervision and control of the Department of Agriculture and Consumer Services:

a. The net proceeds derived from the sale of land ~~or timber from land owned by or under the supervision and control of the Department of Agriculture and Consumer Services~~ shall be deposited with the State Treasurer in a capital improvement account to the credit of the

Department of Agriculture and Consumer Services, to be used for such specific capital improvement projects or other purposes as are provided by transfer of funds from those accounts in ~~the Capital Improvement Appropriations Act.~~an act of the General Assembly.

b. The net proceeds derived from the sale of timber and other products of land shall be deposited in accounts at the Department of Agriculture and Consumer Services to be used for operational expenses of the Department incurred for restoration and stewardship of the land."

SECTION 10.4.(b) G.S. 106-6.3 reads as rewritten:

"**§ 106-6.3. Create special revenue fund for research stations.**

The Research Stations Fund is established as a special revenue fund within the Department of Agriculture and Consumer Services, Division of Research Stations. This Fund shall consist of receipts from the sale of timber and other commodities produced on the Department's research stations and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance exceeding one million dollars ($1,000,000) in this Fund at the end of any fiscal year shall revert to the General Fund. The Department shall use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in research stations operated by the Department's Research Stations Division."

GO GLOBAL NC PROGRAM

SECTION 10.5. Funds appropriated in this act to the Department of Agriculture and Consumer Services for international marketing may be used by the Department to rebrand the Department's international marketing section as Go Global NC.

FOOD BANK AND FOOD ASSISTANCE PROGRAM FUNDS

SECTION 10.6. Funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for support of North Carolina food banks shall be allocated as follows:

(1) Forty million dollars ($40,000,000) to distribute to North Carolina food banks. These funds may be used for the purchase and distribution of food, infrastructure and equipment, capacity-building for the food banks and their partner agencies, benefits counseling, partnerships with community workforce development organizations, and any other use consistent with the rules implementing the State Fiscal Recovery Fund.

(2) Ten million dollars ($10,000,000) to Golden LEAF, a nonprofit corporation, to be allocated for the following purposes:

a. Eight million dollars ($8,000,000) to provide grants to nonprofit organizations to assist those organizations in becoming partner agencies to any North Carolina food bank. Golden LEAF shall coordinate with Feeding the Carolinas in determining eligible activities, eligible recipients, maximum grant amounts, and other grant program details.

b. Two million dollars ($2,000,000) to provide grants to nonprofit organizations that are not North Carolina food bank partner agencies for school-based weekend food assistance programs for students.

Golden LEAF may use up to three percent (3%) of funds allocated by this subdivision for administrative expenses.

MEAT AND SEAFOOD PROCESSING GRANTS

SECTION 10.7.(a) Findings. – The General Assembly finds that the COVID-19 pandemic of 2020-2021 resulted in serious and substantial impacts on the food supply chain and

revealed bottlenecks and lack of capacity among the small and independent meat processors who serve small livestock producers. These bottlenecks and lack of capacity have a substantial negative impact on the ability of these small livestock producers to have their livestock slaughtered and processed. In addition, seafood processors lack capacity to meet increased and altered consumer demand for seafood products due to supply chain disruptions and other long-term changes in the market for seafood and seafood products. The General Assembly further finds that financial assistance to these processors for expansion, facility improvements, and workforce development is necessary to reduce disruptions in the supply chain for fresh meat and seafood and to help small producers get their products to market.

SECTION 10.7.(b) Use of Funds and Limitation. – The funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for grants to meat and seafood processors shall be used to provide grants as specified in this section to reduce or prevent impacts on the supply chain for fresh meat in the State and to improve the resiliency of the fresh meat and seafood supply chain to future disruptions. No more than thirty-five percent (35%) of the funds allocated in this section may be used for grants to seafood processors.

SECTION 10.7.(c) Grant Types and Criteria. – The Department shall develop policies and procedures for the disbursement of the grants authorized by this section that include, at a minimum, the following:

(1) The Department may provide three categories of grants:

a. Capacity enhancement grant. – This grant is available to an eligible meat or seafood processing facility that is experiencing slowdowns in production or has limited capacity to accommodate increased demand for meat or seafood processing. A capacity enhancement grant may be used for expansion of an existing eligible facility and for fixtures or equipment at an existing eligible facility that will expand animal throughput, processing capacity, the amount or type of products produced, or processing speed. A grant under this sub-subdivision may not exceed five hundred thousand dollars ($500,000).

b. Workforce development grant. – This grant is available to an eligible meat or seafood processing facility that is experiencing slowdowns in production or has limited capacity to accommodate increased demand for meat or seafood processing due to workforce limitations or reductions due to a pandemic or other natural disaster. A workforce development grant may be used for educational and workforce training provided either by the facility or by an accredited institution of higher education. A grant under this sub-subdivision may not exceed one hundred thousand dollars ($100,000).

c. Planning grant. – This grant is available to a nonprofit entity or institution of higher education to complete feasibility or siting studies for a new eligible meat processing facility. No more than five percent (5%) of funds allocated by this section may be used for grants under this sub-subdivision.

(2) Eligible facility. – For purposes of this section, an eligible meat or seafood processing facility is a food processing facility that meets both of the following requirements:

a. The plant contracts with independent livestock producers or seafood harvesters to process animals or seafood.

b. The United States Department of Agriculture (USDA) contracts with Department inspectors to conduct federal inspection activities authorized by the Talmadge-Aiken Act of 1962 (7 U.S.C. § 1633) at

the plant, the plant is otherwise regulated by the USDA or the United States Food and Drug Administration, or the plant is a State-inspected facility.

(3) Prioritization. – The Department may prioritize projects that will create additional jobs.

(4) Cost-sharing. – Recipients shall provide matching funds for a grant under this section in the amount of one dollar ($1.00) from nongrant sources for every two dollars ($2.00) provided by the grant.

(5) Clawback. – If fixtures or equipment purchased with grant funds provided under this Article are disposed of during a period of time as the Department may specify following the date the fixtures or equipment funded by this act is placed in service, the grant recipient shall repay to the Department a proportionate share of the grant funding received as the Department may specify. As used in this subdivision, the term "disposed of" means disposed of, taken out of service, or moved out of State.

SWINE AND DAIRY ASSISTANCE PROGRAM

SECTION 10.8.(a) The General Assembly makes the following findings:

(1) The impact of COVID-19 on the global supply chain has been widespread across industries, especially within our country's food supply chain.

(2) Beginning around March of 2020, at least two swine integrators decided to end operations resulting in the loss of contracts and income for many family farmers. Dairy producers and processors in the State lost more than half of their market with COVID-19 related shutdowns of the school systems and food service industries, and these markets may never fully recover.

(3) It is projected that significant numbers of swine farms have lost contracts and dairies have been forced out of business due to the COVID-19 pandemic.

(4) The continuous and future pressures on the food supply chain will remain an issue for North Carolina's number one industry, agriculture, as a result of COVID-19.

(5) The most effective program for administration of financial assistance to the swine and dairy industries is a three-fold approach based on verifiable documentation from producers as specified in this section.

SECTION 10.8.(b) Allocation of Funds. – The funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for emergency support of swine and dairy producers shall be allocated by the Department to provide financial assistance as specified in subsection (e) of this section to compensate eligible swine and dairy producers for losses incurred as a result of termination of contracts or ceased production due to the COVID-19 pandemic. These funds may only be used for purposes consistent with the rules implementing the Coronavirus State Fiscal Recovery Fund established under the American Rescue Plan Act. The Department may also use the funds allocated by this subsection for agricultural marketing as described in subsection (g) of this section.

SECTION 10.8.(c) Definitions. – The following definitions shall apply in this section:

(1) Dairy producer. – A Grade A milk producer who can demonstrate to the satisfaction of the Department that the producer is or was in compliance with federal Grade A milk regulations during the time period specified in sub-subdivision (2)a. of subsection (d) of this section.

(2) Department. – The Department of Agriculture and Consumer Services.

(3) Swine integrator. – A person, other than a grower, who provides 250 or more animals to a swine farm and who either has an ownership interest in the

animals or otherwise establishes management and production standards for the permit holder for the maintenance, care, and raising of the animals. An ownership interest includes a right or option to purchase the animals.

(4) Swine producer. – A person who holds or held a permit for an animal waste management system under Part 1A of Article 21 of Chapter 143 of the General Statutes during the time period specified in sub-subdivision (1)a. of subsection (d) of this section.

SECTION 10.8.(d) Eligibility Requirements. – A swine or dairy producer must provide to the Department the following information in order to demonstrate the producer's eligibility for financial assistance pursuant to this section:

(1) For swine producers, all of the following:
   a. A contract termination letter from a swine integrator or other documentation of contract termination between March 1, 2020, and June 30, 2022.
   b. Proof that the swine operation is permitted by the State.
   c. Any other information deemed appropriate by the Department.

(2) For dairy producers, all of the following:
   a. Milk production records, showing ceased production during any time between March 1, 2020, and June 30, 2022.
   b. Proof that the dairy operation was permitted as a Grade A milk producer by the Food and Drug Protection Division of the Department during the time that production was ceased as documented under sub-subdivision a. of this subdivision.
   c. Any other information deemed appropriate by the Department.

SECTION 10.8.(e) Financial Assistance Procedures. – The Department shall award financial assistance based on the following procedures:

(1) The Department shall award a one-time financial assistance relief payment of thirty-one thousand five hundred dollars ($31,500) to each eligible applicant.

(2) In addition to the financial assistance awarded under subdivision (1) of this subsection, the Department shall award either, but not both, of the following to a qualifying eligible applicant:
   a. Financial assistance to be administered as follows:
      1. A cost share for closure of swine lagoons for swine operations that will not secure a contract with another swine integrator and will cease swine production, or for closure of dairy waste structures associated with dairy operations that will cease milk production. These cost shares shall be limited to ninety percent (90%) of the lagoon closure cost, not to exceed one hundred thousand dollars ($100,000) per operation.
      2. If an applicant who receives a cost share pursuant to this sub-subdivision demonstrates a need for additional water supply for agricultural uses, then the applicant may request an additional cost share to convert the decommissioned lagoon to an agricultural water supply pond. These cost shares shall be limited to ninety percent (90%) of the actual cost, not to exceed thirty thousand dollars ($30,000) per operation.
   b. Financial assistance to swine producers for a fixed dollar amount per head space for producers who are able to secure a production contract with another swine integrator but must invest in upgrades to existing barns or completely rebuild animal housing. The maximum award under this sub-subdivision for renovations shall be ten dollars ($10.00)

per head space for renovation to animal housing or twenty dollars ($20.00) per head space for rebuilt animal housing, but no award under this sub-subdivision may exceed ninety percent (90%) of the actual cost of the renovation or construction. A swine producer shall produce documentation of a new contract or letter of intent with a swine integrator to establish eligibility for this financial assistance.

(3) In determining the amount of financial assistance awarded to applicants pursuant to this section and in reviewing and approving funded activities, the Department shall comply with applicable federal rules and guidance governing the State Fiscal Recovery Fund. If the Department determines that a person who received financial assistance provided inaccurate information to the Department, then the recipient shall refund the entire amount of the financial assistance. If the recipient does not refund the appropriate amount, the North Carolina Department of Revenue shall utilize the provisions of G.S. 105-242 to collect the money from the recipient.

(4) Applicants for financial assistance awarded pursuant to this subsection shall submit the eligibility documents required by subsection (d) of this section no later than June 30, 2023.

(5) All swine or dairy producers who receive financial assistance pursuant to this section shall provide a signed affidavit, under penalty of perjury, certifying that each fact of the loss presented by the producer is accurate.

(6) The Department may audit the financial and other records of each recipient of funds in order to ensure that the funds are used in accordance with the provisions of this program. The Department may require any documentation or proof it deems necessary to efficiently administer this program, including the ownership structure of each entity and the social security numbers of each applicant. The Department may require the submission of dated, signed, and continuous records.

SECTION 10.8.(f) Administrative Costs. – The Department may use up to five percent (5%) of the total funds allocated in this section for technical and administrative support.

SECTION 10.8.(g) Agricultural Marketing. – Funds allocated in subsection (b) of this section may also be used for marketing of North Carolina agriculture with an emphasis on reinforcing confidence in the supply chain and responding to COVID-19 related shifts in demand and consumption patterns for North Carolina agricultural products.

PART XI. COMMERCE

COMMUNITY DEVELOPMENT BLOCK GRANTS

SECTION 11.1.(a) Of the funds appropriated in this act for federal block grant funds, the following allocations are made for the fiscal years ending June 30, 2022, and June 30, 2023, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

1.	State Administration	$1,560,286
2.	Neighborhood Revitalization	15,419,796
3.	Economic Development	21,696,109
4.	Infrastructure	5,000,000

5. Rural Community Development	5,000,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2020 Program Year	**$48,676,191**
2021 Program Year	**$48,676,191**

SECTION 11.1.(b) If federal funds are reduced below the amounts specified in this section after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 11.1.(c) Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 11.1.(d) The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds either of the following conditions exist:

(1) If a reallocation is required because of an emergency that poses an imminent threat to public health or public safety, then the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

(2) If the State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made, then the Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

SECTION 11.1.(e) By September 1, 2021, and September 1, 2022, the Department of Commerce shall report to the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the Joint Legislative Economic Development and Global Engagement Oversight Committee; and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

(1) A discussion of each of the categories of funding, including information on the statewide need in each category.

(2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.

(3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

SECTION 11.1.(f) Funds allocated to the Economic Development Category in subsection (a) of this section shall be made available as grants for eligible activities listed in this subsection. The funds available for grants under this Category may be used for all of the following, subject to the national objectives and eligible activities allowed under guidance issued by the United States Department of Housing and Urban Development:

(1) Acquisition of real property.

(2) Demolition and rehabilitation of buildings and improvements.
(3) Removal of material and architectural barriers.
(4) Public improvements, including parks, streets, sidewalks, and water and sewer lines.
(5) Loans and grants to public or private nonprofit entities for construction and rehabilitation activities.
(6) Assistance to private, for-profit entities for economic development.
(7) Technical assistance to public or nonprofit entities for neighborhood revitalization or economic development activities.
(8) Assistance to for-profit and nonprofit entities to facilitate economic development activities.

SECTION 11.1.(g) Funds allocated to the Neighborhood Revitalization Category in subsection (a) of this section shall be made available as grants for eligible activities listed in this subsection. The funds available for grants under this Category may be used for all of the following, subject to the national objectives and eligible activities allowed under guidance issued by the United States Department of Housing and Urban Development:

(1) Essential repairs to prevent abandonment and deterioration of housing in low- and moderate-income neighborhoods.
(2) Demolition and rehabilitation of buildings and improvements.
(3) Public improvements, including parks, streets, sidewalks, and water and sewer lines.

SECTION 11.1.(h) Funds allocated for the Rural Community Development Category in subsection (a) of this section shall be made available as grants for eligible activities listed in this subsection. These funds shall provide grants that support community development and comprehensive growth projects to be awarded by the North Carolina Department of Commerce. The Rural Community Development Category will provide grants to units of local government in development tier one and development tier two areas, as defined in G.S. 143B-437.08, and rural census tracts, as defined in G.S. 143B-472.127(a)(2), of development tier three areas to support projects that promote broad-based community development activities, increased local investment and economic growth, and stronger and more viable rural neighborhoods. In awarding grants under this section, preference shall be given to projects in development tier one areas, as defined in G.S. 143B-437.08. The funds available for grants under this category may be used for all of the following, subject to the national objectives and eligible activities allowed under guidance issued by the United States Department of Housing and Urban Development:

(1) Essential repairs to prevent abandonment and deterioration of housing in low- and moderate-income neighborhoods.
(2) Public improvements, including parks, streets, sidewalks, and water and sewer lines.
(3) Public facilities, including neighborhood and community facilities and facilities for individuals with special needs.
(4) Public services, including employment, crime prevention, and energy conservation.
(5) Assistance to private, for-profit entities for economic development.
(6) Technical assistance to public or nonprofit entities for neighborhood revitalization or economic development activities.
(7) Assistance to for-profit and nonprofit entities to facilitate economic development activities.

SECTION 11.1.(i) For purposes of this section, eligible activities under the category of infrastructure in subsection (a) of this section shall be defined as provided in the HUD State Administered Community Development Block Grant definition of the term "infrastructure."

Notwithstanding the provisions of subsection (d) of this section, funds allocated to the Infrastructure Category in subsection (a) of this section shall not be reallocated to any other category.

SECTION 11.1.(j) Throughout each year, deobligated funds arise in the various funding categories and program years of the Community Development Block Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii) projects being required to repay funds. Surplus federal administrative funds in the CDBG program may vary from year to year based upon the amount of State-appropriated funds allocated and the amount of eligible in-kind funds identified.

SECTION 11.1.(k) To allow the Department of Commerce and the Department of Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as they are identified throughout the program year, the following shall apply to the use of deobligated CDBG funds and surplus federal administrative funds:

(1) All surplus federal administrative funds shall be divided equally between the Departments of Commerce and Environmental Quality and shall be used as provided in subdivisions (2) and (3) of this subsection.

(2) All deobligated funds allocated to the Department of Commerce and any surplus federal administrative funds, as provided for in subdivision (1) of this subsection, may be used by the Department for all of the following:

a. To issue grants in the CDBG Economic Development or Neighborhood Revitalization Program Category.

b. For providing training and guidance to local governments relative to the CDBG program, its management, and administrative requirements.

c. For any other purpose consistent with the Department's administration of the CDBG program if an equal amount of State matching funds is available.

(3) All deobligated funds allocated to the Department of Environmental Quality and any surplus federal administrative funds, as provided for in subdivision (1) of this subsection, may be used by the Department for all of the following:

a. To issue grants in the CDBG infrastructure program category.

b. For any other purpose consistent with the Department's administration of the CDBG program if an equal amount of State matching funds is available.

COMMERCE NONPROFITS/REPORTING REQUIREMENTS

SECTION 11.2.(a) The entities listed in subsection (b) of this section shall do the following for each year that State funds are expended:

(1) By September 1 of each year, and more frequently as requested, report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.

(2) Provide to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research

Division a copy of the entity's annual audited financial statement within 30 days of issuance of the statement.

SECTION 11.2.(b) The following entities shall comply with the requirements of subsection (a) of this section:

(1) North Carolina Biotechnology Center.
(2) High Point Market Authority.
(3) RTI International.

NC BIOTECHNOLOGY CENTER

SECTION 11.3.(a) Recurring funds appropriated in this act to the Department of Commerce for the North Carolina Biotechnology Center (Center) for each fiscal year in the 2021-2023 biennium shall be allocated for the following purposes in the following proportions:

(1) Job creation: AgBiotech Initiative, economic and industrial development, and related activities: twenty-one percent (21%) of the funding.
(2) Science and commercialization: science and technology development, Centers of Innovation, business and technology development, education and training, and related activities: sixty-five percent (65%) of the funding.
(3) Center operations: administration, professional and technical assistance and oversight, corporate communications, human resource management, financial and grant administration, legal, and accounting: fourteen percent (14%) of the funding.

SECTION 11.3.(b) The nonrecurring funds appropriated in this act to the Department of Commerce for the Center for each fiscal year in the 2021-2023 biennium may be used for the following purposes:

(1) Expand the NC BIONEER Venture Challenge start-up competition statewide.
(2) Expand NCBiotech grant and loan program funding.
(3) Train new workers statewide to meet biomanufacturing job growth.
(4) Recruit new life sciences companies to the State.
(5) Five hundred thousand dollars ($500,000) of the nonrecurring funds in each fiscal year of the biennium shall be used to support funding for early stage loans to North Carolina agricultural technology companies.

SECTION 11.3.(c) The Center shall not use any of the nonrecurring funds allocated in subsection (b) of this section for administrative costs and shall report on the expenditure of those funds each year pursuant to Section 11.2 of this act.

SECTION 11.3.(d) The Center shall prioritize funding and distribution of loans over funding and distribution of grants.

SECTION 11.3.(e) Up to ten percent (10%) of the sum of each of the allocations in subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this section if, in the judgment of Center management, the reallocation will advance the mission of the Center.

SHELLFISH GROWERS LOAN PROGRAM

SECTION 11.4.(a) Of the funds appropriated in this act to the Department of Commerce, the sum of one million dollars ($1,000,000) in nonrecurring funds is allocated to the North Carolina Rural Center, Inc., a nonprofit corporation, for the Shellfish Growers Loan Program created in subsection (b) of this section.

SECTION 11.4.(b) Article 16 of Chapter 113 of the General Statutes is amended by adding a new section to read:

"**§ 113-211. Shellfish Growers Loan Program.**

(a) Definitions. – For purposes of this section, the following definitions apply:

(1) Department. – The Department of Commerce.

(2) Governmental crop insurance. – Insurance coverage through the United States Department of Agriculture Noninsured Crop Disaster Assistance Program.

(3) Prime rate. – The interest rate that a commercial bank holds out as its lowest rate for a loan with less than a 36-month term to its most creditworthy borrowers.

(4) Qualifying business. – A business entity or resident subject to taxation under Part 2 of Article 4 of Subchapter I of Chapter 105 of the General Statutes that will use the loan proceeds for the establishment or expansion of shellfish aquaculture businesses, including equipment and supplies for intensive shellfish aquaculture operations, water column leasing, and bottom culture leasing.

(5) Qualifying lender. – A nonprofit corporation or community development financial institution chosen by the Rural Center that engages in lending to small businesses.

(b) Program. – There is established the Shellfish Growers Loan Program to be administered by the North Carolina Rural Center, Inc., a nonprofit corporation. The program shall provide a revolving source of low-interest working capital and equipment loans to emerging and existing small shellfish growers in this State. Funds credited to the program are available in perpetuity and must be used only to provide loans to eligible businesses as allowed in this section.

(c) The following shall apply to the program and loans made under the program:

(1) A loan provided under the program shall have a fixed interest rate that is equal to the prime rate plus two and one-quarter percent (2.25%) and shall be amortized over the term of the loan.

(2) A working capital loan shall have a term of at least 12 months and shall not exceed 24 months.

(3) An equipment loan shall have a term of at least 12 months and shall not exceed 60 months.

(4) A loan provided under the program may not exceed more than fifty thousand dollars ($50,000) per qualifying business.

(5) There shall be no penalty for prepayment of the loan by a qualifying business.

(6) The qualifying lender may retain an amount equal to the interest collected under subdivision (1) of this subsection and may assess an origination fee not to exceed two percent (2%) of the principal amount of the loan.

(7) Loans are made pursuant to an agreement with a qualifying business that includes at least the following:

a. A provision requiring a qualifying business to certify in writing that it will use the loan proceeds for the establishment or expansion of shellfish aquaculture businesses, including equipment and supplies for intensive shellfish aquaculture operations, water column leasing, and bottom culture leasing.

b. A provision establishing the method for determining compliance with the program.

c. A provision requiring the loan is secured through a Uniform Commercial Code financing statement.

d. A provision requiring recapture of loan funds if a business fails to comply with the requirements of the program. The qualifying lender shall recapture loan funds only if the lender determines there is a reasonable expectation that the recovery of funds will exceed the cost of recovery.

e. A provision requiring proof that the qualifying business possesses current governmental crop insurance to protect from disasters.

f. A provision allowing for losses from disasters in excess of governmental crop insurance coverage on loans made to the qualifying business to be covered by the program funds up to the remaining unpaid principal loaned to the qualifying business but not repaid at the time of the loss.

(d) Information. – The qualifying lender shall make available on their website and in the loan application for qualifying businesses information regarding governmental crop insurance for shellfish aquaculture growers through the United States Department of Agriculture.

(e) Reporting. – On September 1, 2021, and annually thereafter, the Department shall report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research Division. The Department shall consult with the Rural Center and may consult the North Carolina Coastal Federation in compiling information for the report. Qualifying lenders shall supply information to the Rural Center to compile information for the report. The duty to report pursuant to this section shall continue for the duration of the program, until the funds appropriated for the program are depleted. Each report shall contain, at a minimum, all of the following:

(1) The number, average size, and location of qualifying businesses that received loans under the prior fiscal year of the report.
(2) The average loan amount.
(3) The total amount loaned to date.
(4) The total amount of loans repaid to date.
(5) The total amount of loans defaulted on to date.
(6) The total amount of loans defaulted that have been recaptured."

STATE SMALL BUSINESS CREDIT INITIATIVE FUNDS

SECTION 11.5. Of the funds appropriated in this act from the State Small Business Credit Initiative funds received pursuant to ARPA to the Department of Commerce, the sum of one hundred twenty million four hundred sixty-one thousand nine hundred twenty-seven dollars ($120,461,927) in nonrecurring funds shall be used to provide a grant to the North Carolina Rural Center, Inc., a nonprofit corporation, to be used in accordance with the State Small Business Credit Initiative Act of 2010, P.L. 111-240, as amended by section 3301 of ARPA.

MODIFY FILM GRANT

SECTION 11.6.(a) G.S. 143B-437.02A reads as rewritten:

"**§ 143B-437.02A. The Film and Entertainment Grant Fund.**

(a) Creation and Purpose of Fund. – There is created in the Department of Commerce a special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide funds to encourage the production of motion pictures, television shows, movies for television, productions intended for on-line distribution, and commercials and to develop the filmmaking industry within the State. The Department of Commerce shall adopt guidelines providing for the administration of the program. Those guidelines may provide for the Secretary to award the grant proceeds over a period of time, not to exceed three years. Those guidelines shall include the following provisions, which shall apply to each grant from the account:

(1) The funds are reserved for a production on which the production company has qualifying expenses of at least the following:
a. For a feature-length film:

1. ~~Three million dollars ($3,000,000),~~ One million five hundred thousand dollars ($1,500,000), if for theatrical viewing.
2. ~~One million dollars ($1,000,000),~~ Five hundred thousand dollars ($500,000), if a movie for television.

b. For a television series, ~~one million dollars ($1,000,000)~~ five hundred thousand dollars ($500,000) per episode.

c. For a commercial for theatrical or television viewing or on-line distribution, two hundred fifty thousand dollars ($250,000).

(2) The funds are not used to provide a grant in excess of any of the following:

…

b. An amount more than seven million dollars ($7,000,000) for a feature-length film, more than ~~twelve~~ fifteen million dollars ~~($12,000,000)~~ ($15,000,000) for a single season of a television series, or two hundred fifty thousand dollars ($250,000) for a commercial for theatrical or television viewing or on-line distribution.

…."

SECTION 11.6.(b) This section becomes effective July 1, 2021, and applies to grants made on or after that date.

ONE NC SMALL BUSINESS PROGRAM CHANGES

SECTION 11.7.(a) G.S. 143B-437.80 reads as rewritten:

"**§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.**

(a) Program. – There is established the North Carolina SBIR/STTR Incentive Program to be administered by the North Carolina Board of Science, Technology, and Innovation. In order to foster job creation and economic development ~~in~~ throughout the State, the Board may provide grants to eligible businesses to offset costs associated with applying ~~to the United States Small Business Administration~~ for federal Small Business Innovative Research (SBIR) grants or Small Business Technology Transfer Research (STTR) grants. The grants shall be paid from the One North Carolina Small Business Account established in G.S. 143B-437.71.

…

(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to reimburse a business for ~~up to fifty percent (50%)~~ a percentage of the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of ~~three~~ twelve thousand dollars ~~($3,000).~~ ($12,000). The maximum percentage for reimbursement is seventy-five percent (75%) for an eligible business located in a development tier one or two area, as defined in G.S. 143B-437.08, and is fifty percent (50%) for any other eligible business. A business may receive only ~~one grant~~ two grants under this section per year. ~~A business may receive only one grant under this section with respect to each federal proposal submission.~~ Costs that may be reimbursed include costs incurred directly related to preparation and submission of the grant such as word processing services, proposal consulting fees, project-related supplies, literature searches, rental of space or equipment related to the proposal ~~preparation~~ preparation, educational programs, and salaries of individuals involved with the preparation of the proposals. Costs that shall not be reimbursed include travel expenses, large equipment purchases, facility or leasehold improvements, and legal fees.

…

(e) Education and Outreach. – The North Carolina Board of Science, Technology, and Innovation may use up to ten percent (10%) of funds appropriated for grants under this section to provide education and outreach, including training, materials, and location and other associated costs, to aid in the awareness and successful completion of SBIR/STTR Phase I proposals."

SECTION 11.7.(b) G.S. 143B-437.81 reads as rewritten:

"**§ 143B-437.81. North Carolina SBIR/STTR Matching Funds Program.**

…

(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to match the funds received by a business through a SBIR/STTR Phase I proposal up to a maximum of ~~one~~ two hundred thousand dollars ~~($100,000).~~ ($200,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR Phase I award and application for funds under this section. Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by the business of the Phase II application to the funding agency and acceptance of the Phase I report by the funding agency. ~~A business may receive only one grant under this section per year.~~ A business may receive only one grant under this section with respect to each federal proposal ~~submission.~~ award. Over its lifetime, a business may receive a maximum of five awards under this section.

…."

TIER THREE ONE NC ALLOTMENT

SECTION 11.8.(a) G.S. 143B-437.71 reads as rewritten:

"**§ 143B-437.71. One North Carolina Fund established as a special revenue fund.**

(a) Establishment. – The One North Carolina Fund is established as a special revenue fund in the Department of Commerce.

(b) Purposes. – Moneys in the One North Carolina Fund may only be allocated pursuant to this subsection. Moneys may be allocated to local governments for use in connection with securing commitments for the recruitment, expansion, or retention of new and existing businesses and to the One North Carolina Small Business Account created pursuant to subsection (c) of this section in an amount not to exceed three million dollars ($3,000,000). Moneys in the One North Carolina Fund allocated to local governments shall be used for the following purposes only:

(1) Installation or purchase of equipment.

(2) Structural repairs, improvements, or renovations to existing buildings to be used for expansion.

(3) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for existing buildings.

(4) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for new or proposed buildings to be used for manufacturing and industrial operations.

(5) Any other purposes specifically provided by an act of the General Assembly.

(b1) Awards. – The amounts committed in Governor's Letters issued in a single fiscal ~~biennium~~ year may not exceed ~~twenty-eight~~ seventeen million dollars ~~($28,000,000).~~($17,000,000). Of the amount authorized in this subsection, three million dollars ($3,000,000) is reserved for agreements with local governments located in development tier three areas, as defined in G.S. 143B-437.08, with total employment of 115,000 or less, using the data specified in G.S. 143B-437.52(c)(3).

(c) There is created in the One North Carolina Fund a special account, the One North Carolina Small Business Account, to be used for the North Carolina SBIR/STTR Incentive Program and the North Carolina SBIR/STTR Matching Funds Program, as specified in Part 2I of Article 10 of Chapter 143B of the General Statutes."

SECTION 11.8.(b) This section becomes effective July 1, 2021.

RURAL READY SITES REPORT CHANGE

SECTION 11.9. Section 15.7A(d) of S.L. 2017-57 reads as rewritten:

"**SECTION 15.7A.(d)** Report. – The Department of Commerce shall submit a report detailing its use of State funds appropriated by this section. The report shall be submitted to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic

Resources, the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee, the chairs of the House of Representatives Appropriations on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations on Agriculture, Natural, and Economic Resources, and the Fiscal Research Division by September 1, ~~2017,~~ 2021, and by September 1 of each subsequent year ~~State funds are received, and more frequently as requested.~~ until all funding appropriated by this section is expended and eligible projects are completed. The Department shall report on each existing eligible project, including any new agreements entered into and the amount of funds utilized or encumbered for each. The report shall include the information required by this section for the most recently ended fiscal year. The report shall include all of the following:

(1) For projects that are not completed:
  a. The name of the project.
  b. Total amount of funds awarded for each project.
  c. Amount expended to date for each project.
  d. A summary and description of each project.
  e. An expected date of completion for each project.
  f. An anticipated number of jobs created by each project.
  g. The current status of the project, including any issues resulting in a delay.

(2) For projects that are completed:
  a. Whether the site of the project is occupied.
  b. How many jobs were created by the project."

SITE DEVELOPMENT REVOLVING LOAN FUND

SECTION 11.10.(a) Part 22 of Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-472.127A. Site Development Revolving Loan Fund.**

(a) Purpose. – The purpose of this section is to (i) provide a means for meeting the need of local government units to have infrastructure adaptable to and facilitating the recruitment of industries so as to promote the creation of new jobs and to strengthen and diversify the tax base and revenue sources in the State and (ii) govern the use of State funds appropriated to the Authority for site development projects and the use of revenue received by the Authority from the repayment of loans made with such funds.

(b) Fund Established. – The Site Development Revolving Loan Fund is established as a special revenue fund. The Fund receives State funds for site development. Revenue credited to the account is available in perpetuity and must be used only to provide loans to local government units as allowed in this section. The Authority is directed to establish accounts within the Fund to administer loans for site development projects for local government units. The Authority, in consultation with the Economic Investment Committee, shall determine the form of a loan that is appropriate for a project application by a local government unit.

(c) Prioritization. – The factors for priority in this section apply to a loan from the Fund. The Rural Infrastructure Authority must consider the following items when evaluating applications:

(1) Whether a loan is needed for the local government unit to complete the site development project.
(2) The anticipated economic impact of full utilization of the site, including increased employment opportunities and the effect on the tax base of the local government unit.
(3) The costs of the project when compared to the benefits of the project.
(4) The degree to which the local government unit has available funds to or has the ability to generate available funds to, and has historically used such funds

to, invest in an attempt to recruit economic development projects and opportunities, including investments in developing expertise or employing expertise in economic development efforts.

(5) The types of industries for which the project is suitable for use.

(6) The likelihood of utilization of the site and recoupment of the loan.

(7) Whether one or more loans have been previously provided pursuant to this Part for the economic development of the applicant local government unit.

(8) The likelihood that utilization of the site will induce additional economic investment in the area.

(9) The ranking of the county pursuant to G.S. 143B-437.08 in which the local government unit is located.

(10) Whether the local government unit has demonstrated a willingness and ability to meet its responsibilities through sound fiscal policies and efficient operation and management.

(d) Fee. – If an application is approved under this Part, the local government unit must pay a fee of two percent (2%) of the amount of the loan provided. The fee is payable when loan is awarded and is a departmental receipt and must be applied to the Authority's costs and the Local Government Commission's costs in administering funds from the Fund. The Authority and the Local Government Commission must determine how to allocate the fee receipts.

(e) Report. – The Division shall publish by November 1 of each year a report on the accounts in the Fund covering the preceding fiscal year. The Division shall submit a copy of the report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division. The report required by this section must contain the following information concerning the accounts of the Fund:

(1) The beginning and ending balance for the fiscal year.

(2) The amount of revenue credited to the Fund during the fiscal year.

(3) The total amount of loans awarded from the Fund.

(4) Specific to each loan awarded, the recipient of the loan, the amount of the loan, the amount of the loan that was disbursed, and the amount of the loan remaining to be disbursed in a subsequent fiscal year.

(5) The amount disbursed for loans awarded but not disbursed in a prior fiscal year and the amount remaining to be disbursed in a subsequent fiscal year.

(6) An assessment of the expected impact on the economic development of the projects for which the loans were awarded.

(f) Administration. – The Division shall be responsible for administering the program whereby loans are awarded by the Authority as provided in this section.

(g) Eligibility; Use. – A local government unit is eligible to apply for a loan from the Fund. Loans from the Fund may be used for the following types of projects necessary to prepare or improve a site to make the site suitable for sale to a business looking to relocate or expand:

(1) Construction of or improvements to new or existing water, sewer, gas, or electric utility distributions lines or equipment for existing, new, or proposed buildings.

(2) Construction of or improvement to transportation infrastructure for allowing or improving access to a site.

(3) Grading and clearing of a site.

(4) Sidewalks.

(5) Any other purposes specifically provided by an act of the General Assembly.

(h) Limitations. – The following limitations apply to the Fund:

(1) The amount of a loan from the Fund may not exceed the construction costs of a project.

(2) A loan from the Fund is available only to the extent that other funding sources are not reasonably available to the local government unit.

(i) Application. – An application for a loan from the Fund must be filed with, submitted on a form prescribed by, and contain the information required by, the Authority. An applicant must submit any additional information requested by the Authority to enable the Authority to make a determination on the application. An application that does not contain information required by this subsection is incomplete and not eligible for consideration.

(j) Review. – The Authority must review all applications filed for a loan under this section for an application period and rank each application in accordance with the prioritization factors set forth in subsection (c) of this section. The Authority's determination of rank is conclusive. If the Authority determines an application's rank is too low to receive an award of a loan for an application period, the Authority must include the application with those considered for the next application period. If the application's rank is again too low to receive an award, the application is not eligible for consideration in a subsequent application period. An applicant whose application does not receive an award after review in two application periods may file a new application.

(k) Award. – When the Authority determines that an application's rank makes it eligible for an award of a loan, the Authority must send the applicant a letter of intent to award the loan. The notice must set out any conditions the applicant must meet to receive the award. When the applicant satisfies the conditions set out in the letter of intent, the Authority must send the applicant an offer to award the loan. The applicant must give the Authority written notice of whether it accepts or rejects the offer. A loan is considered awarded when an offer to award the loan is issued.

(*l*) Approval by Local Government Commission. – The Authority may not award a loan under this section unless the Local Government Commission approves the award of the loan and the terms of the loan. In reviewing a proposed loan to a local government unit, the Local Government Commission must consider the loan as if it were a bond proposal and review the proposed loan in accordance with the factors set out in G.S. 159-52 for review of a proposed bond issue.

(m) Terms. – A loan from the Fund is subject to all of the following:

(1) Interest rate. – The loan does not bear interest.

(2) Maturity. – The loan matures when the local government unit transfer land benefitting from the project for which the loan was awarded.

(3) Security. – A local government unit may pledge, as security for an obligation to repay the principal of a loan awarded under this section, either or both of (i) a mortgage, deed of trust, security interest, or similar lien on part or all of the infrastructure that benefits from the project for which the loan is awarded or (ii) its full faith and credit if it meets the requirements of Article 4 of Chapter 159 of the General Statutes.

(n) Debt Instrument. – A local government unit may execute a debt instrument payable to the State to evidence an obligation to repay the principal of a loan awarded under this section. The Treasurer, with the assistance of the Local Government Commission, must develop debt instruments for use by local government units under this section. The Local Government Commission must develop procedures for loan recipients to deliver debt instruments to the State without public bidding.

(o) Withdrawal. – A letter of intent to offer an award of a loan for a project is withdrawn if the local government unit fails to enter into a construction contract for the project within two years after the date of the letter. An award of a loan for a project is withdrawn if the local government unit fails to enter into a construction contract for the project within one year after the date of the award. The Division may extend the time limits provided in this subsection on a

finding that the applicant has good cause for the failure but must, upon a finding of good cause, set a date by which the local government unit must take action or forfeit the award.

(p) Disbursement. – The Division must disburse the proceeds of a loan to a local government unit in a series of payments based on the progress of the project for which the loan was awarded. To obtain a payment, the local government unit must submit a request for payment to the Division and document the expenditures for which the payment is requested.

(q) Inspection. – The Division may have a project for which a loan is awarded under this section inspected to determine the progress made on the project and whether the construction of the project is consistent with the description in the application. The individual performing the inspection must hold licenses and certifications, as appropriate for such inspections, and may not be any of the following:

(1) An officer or employee of the local government unit that received the award for the project.

(2) An owner, officer, employee, or agent of a contractor or subcontractor engaged in the construction of the project for which the award was made.

(r) Rules. – The Authority may adopt rules to implement this section. Chapter 150B of the General Statutes, the Administrative Procedure Act, governs the adoption of rules by the Authority. The Authority must give a copy of the rules adopted to implement this section without charge to a person who requests a copy.

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

(1) Authority. – The Rural Infrastructure Authority created in G.S. 143B-472.128.

(2) Construction costs. – The costs of planning, designing, and constructing a project for which a loan is available under this section. The term includes legal, fiscal, administrative, and contingency costs and the cost to acquire real property or an interest in real property.

(3) Division. – The Rural Economic Development Division created in G.S. 143B-472.126.

(4) Fund. – The Site Development Revolving Loan Fund.

(5) Loan. – An award of money loaned to a local government unit with an obligation on the part of the unit to repay the amount awarded.

(6) Local Government Commission. – The Local Government Commission of the Department of the State Treasurer, established in G.S. 159-3.

(7) Local government unit. – Any of the following located in a county with total employment of 115,000 or more:

a. A city, as defined in G.S. 160A-1.

b. A county.

c. A consolidated city-county, as defined in G.S. 160B-2.

(8) State. – The State of North Carolina.

(9) Treasurer. – The Treasurer of the State elected pursuant to Article III, Section 7, of the North Carolina Constitution."

SECTION 11.10.(b) Of the funds appropriated in this act for the Department of Commerce for the Rural Infrastructure Authority, the sum of fifty million dollars ($50,000,000) in nonrecurring funds is allocated to the Site Development Revolving Loan Fund created in subsection (a) of this section for uses consistent with the Fund.

EDPNC MARKETING FUNDS

SECTION 11.11. Of the funds appropriated in this act to the Department of Commerce for the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b), the sum of sixty million dollars ($60,000,000) shall be used for the following purposes in the following amounts:

(1) Thirty million dollars ($30,000,000) for travel and tourism marketing in the State.

(2) Thirty million dollars ($30,000,000) for business marketing in the State.

Of the funds allocated in subdivisions (1) and (2) of this section, the nonprofit corporation shall use no more than ten million dollars ($10,000,000) for each purpose in each of the next three fiscal years.

RURAL DOWNTOWN TRANSFORMATION GRANT PROGRAM

SECTION 11.12.(a) Allocation. – Of the funds appropriated in this act from the State Fiscal Recovery Fund for Rural Downtown Transformation grants, the sum of fifty million dollars ($50,000,000) shall be allocated to the Department of Commerce, Rural Economic Developmental Division (REDD), to administer a rural downtown transformation grant program pursuant to this section. The program shall enable eligible units of local government to fully leverage resources towards enhancing their communities' prospects for economic growth. Of the funds allocated in this section, twenty-five million dollars ($25,000,000) shall be used for neighborhood revitalization grants and twenty-five million dollars ($25,000,000) shall be used for community development enhancement grants, consistent with this section.

SECTION 11.12.(b) Program. – There is created the Rural Downtown Transformation Grant Program (Program) to be administered by REDD to provide neighborhood revitalization and community development enhancement grants to eligible units of local government.

SECTION 11.12.(c) Neighborhood Revitalization Grants. – Neighborhood revitalization grants shall be used to support public improvement projects that complement affordable housing investments and help pandemic-impacted neighborhoods retain downtown businesses. Eligible projects for a neighborhood revitalization grant include all of the following:

(1) Sidewalks and walkways.

(2) Parks and playgrounds.

(3) Signage and lighting.

(4) Benches and planter boxes.

(5) Public restrooms.

(6) Public venues, public parking, and infrastructure.

SECTION 11.12.(d) Community Development Enhancement Grants. – Community development enhancement grants shall be used for any of the following:

(1) Support the acquisition of land and buildings.

(2) Preparation and development of neighborhood properties and business sites.

(3) Removal of structural and physical barriers to enhance community growth and economic development opportunities.

In addition, community development enhancement grant funds may be used by the Department of Commerce in partnership with the Department of Environmental Quality to assess environmental hazards on potentially contaminated eligible property or business sites and to conduct necessary environmental removal or remedial activities to allow the property or business sites to be permitted for development.

SECTION 11.12.(e) Training; Technical Assistance. – Program funds may be used to deliver training and technical assistance for local government units to effectively leverage State and federal assistance.

SECTION 11.12.(f) Eligibility. – A unit of local government is eligible for a Rural Downtown Transformation Grant under this section if it is located in a development tier one or tier two area, as defined in G.S. 143B-437.08, and is either (i) a community negatively impacted by the COVID-19 pandemic at a disproportionate level when compared to the rest of the State or (ii) located in a qualified census tract, as defined by the United States Department of Housing and Urban Development.

SECTION 11.12.(g) Application. – An applicant for a Rural Downtown Transformation Grant must show a reasonable expectation that the funding will yield private sector investment and job creation, community development projects, or neighborhood revitalization.

SECTION 11.12.(h) Administration. – REDD may use up to three percent (3%) of the funds allocated in this section to administer the Program.

PART XII. ENVIRONMENTAL QUALITY

GREAT COHARIE TIMBER SALES

SECTION 12.1. The Department of Environmental Quality shall deposit revenue generated from timber harvesting on the Great Coharie property managed by the Department's Stewardship Program in the Conservation Grant Endowment Interest Fund (Fund Code: 64307-6705) for the purpose of restoration and stewardship of that property.

OVERSIGHT COMMITTEE STUDY OF DEQ FEES

SECTION 12.2. The Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources shall study the existing fee structure for permitting, compliance, and oversight services performed by the Department of Environmental Quality with the goal of identifying areas where fee income does not adequately support the services provided. The Committee shall identify, with respect to each service identified as having an insufficient fee, the amount of the fee that was or could have been charged, the cost incurred by the Department of Environmental Quality in performing the service, and, if applicable, the reason for not charging the fee or for the fee shortfall. The Committee shall provide its report to the 2022 Regular Session of the 2021 General Assembly upon its convening.

EXTEND SHELLFISH LEASING MORATORIA

SECTION 12.3.(a) Section 7 of S.L. 2019-37 reads as rewritten:

"**SECTION 7.** Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all those waters enclosed by a line beginning at 34° 13.10221' N -77° 48.79544' W on the mainland side near Wrightsville Beach Bridge; running southeasterly to a point at 34° 12.51584' N -77° 47.81847' W on Wrightsville Beach; following the shoreline southwesterly to a point at 34° 11.121' N -77° 48.848' W at Masonboro Inlet; running southwesterly to a point at 34° 10.927' N -77° 48.771' W at Masonboro Inlet; continuing southwesterly to a point at 34° 05.04108' N -77° 52.08324' W near IWW marker #159 continuing running southwesterly to a point at 34° 03.64140' N -77° 53.41338' W on the mainland adjacent to the eastern mouth of Snow's Cut; running northeasterly along the shoreline to the point of beginning. ~~The moratorium shall expire July 1, 2021.~~ For purposes of this section, a new shellfish cultivation lease or water column lease shall include applications for either type of lease received by the Secretary, but not granted as of July 1, 2019."

SECTION 12.3.(b) Section 8 of S.L. 2019-37 reads as rewritten:

"**SECTION 8.** Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all those waters enclosed by a line beginning at 34° 43.24641' N -76° 41.68436' W; running easterly following the Highway 70 High Rise Bridge to a point at 34° 43.27819' N -76° 41.22259' W; running southerly to a point 34° 42.375275' N -76° 40.80078' W on the southern tip of Radio Island; running southerly to a point 34° 41.98273' N -76° 40.81929' W; following the shoreline westerly to the Emerald Isle Bridge at a point 34° 40.05410' N -77° 03.80531' W; running northwesterly following the bridge to a point 34° 40.77658' N -77° 04.02674' W on the mainland near the Emerald Isle High Rise Bridge; running easterly following the shoreline to the point of

beginning. ~~The moratorium shall expire July 1, 2021.~~ For purposes of this section, a new shellfish cultivation lease or water column lease shall include applications for either type of lease received by the Secretary, but not granted as of July 1, 2019."

COMMERCIAL FISHING LICENSE BUYBACK

SECTION 12.4.(a) Funds appropriated in this act to the Division of Marine Fisheries of the Department of Environmental Quality for commercial fishing license buyback shall be used by the Division to implement a voluntary fisheries license buyback program for holders of underutilized Standard Commercial Fishing Licenses (SCFLs). The program shall include the following requirements:

(1) SCFLs repurchased with funds provided by this section shall be retired and shall not revert to the pool of available commercial fishing licenses established by Section 5.2 of S.L. 1997-400, as amended by Section 4.24 of S.L. 1998-225.

(2) Any holder of an SCFL who sells the license back through the program funded by this section shall not be eligible to receive an SCFL or a Retired Standard Commercial Fishing License for three years following the date of sale through the buyback program.

SECTION 12.4.(b) The Division of Marine Fisheries shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division as follows:

(1) No later than December 1, 2021, on its plan for the voluntary license buyback program with consideration of a reverse auction model.

(2) No later than April 15, 2022, on interim progress in implementing the buyback program, including any required legislative changes.

(3) No later than September 1, 2022, and September 1, 2023, on activities and results of the buyback program during the prior fiscal year.

SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND AQUATIC WEED FUND AMENDMENTS

SECTION 12.5. G.S. 143-215.73F(b) reads as rewritten:

"(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

(1) To provide the State's share of the costs associated with any dredging project designed to keep shallow draft navigation channels located in State waters or waters of the ~~state~~ State located within lakes navigable and safe.

(2) For aquatic weed control projects in waters of the State under Article 15 of Chapter 113A of the General Statutes. Funding for aquatic weed control projects is limited to one million dollars ($1,000,000) in each fiscal year.

(3) ~~For the compensation of a beach and inlet management project manager with the Division of Coastal Management of the Department of Environmental Quality for the purpose of overseeing all~~ For administrative support of activities related to beach and inlet management in the ~~State. Funding for the position is limited to ninety-nine thousand dollars ($99,000) in each fiscal year.~~State, limited to one hundred thousand dollars ($100,000) in each fiscal year.

(3a) For administrative support of Fund operations, limited to one hundred thousand dollars ($100,000) in each fiscal year.

(4) To provide funding for siting and acquisition of dredged disposal easement sites associated with the maintenance of the Atlantic Intracoastal Waterway between the border with the state of South Carolina and the border with the

Commonwealth of Virginia, under a Memorandum of Agreement between the State and the federal government.

(5) For assessments and data collection regarding dredge material disposal sites located in the State."

COMMERCIAL LEAKING UNDERGROUND STORAGE TANK CLEANUP FUND CHANGES

SECTION 12.6. G.S. 143-215.94B(i) reads as rewritten:

"(i) During each fiscal year, the Department shall use up to ~~one million dollars ($1,000,000)~~ two million dollars ($2,000,000) of the funds in the Commercial Fund to fund necessary assessment and cleanup to be conducted by the Department of discharges or releases for which a responsible party has been identified but for which the responsible party can demonstrate that undertaking the costs of assessment and cleanup will impose a severe financial hardship. Any portion of the ~~$1,000,000~~ two million dollars ($2,000,000) designated each fiscal year, which is not used during that fiscal year to address situations of severe financial hardship, shall revert to the Commercial Fund for the uses otherwise provided by this section. The Commission shall adopt rules to define severe financial hardship; establish criteria for assistance due to severe financial hardship pursuant to this section; and establish a process for evaluation and determinations of eligibility with respect to applications for assistance due to severe financial hardship. The Commission shall create a subcommittee of the Commission's Committee on Civil Penalty Remissions as established by G.S. 143B-282.1 to render determinations of eligibility under this subsection."

BERNARD ALLEN MEMORIAL DRINKING WATER FUND CLARIFICATION

SECTION 12.7. G.S. 87-98 reads as rewritten:

"**§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

…

(c) The Department shall disburse monies from the Fund based on financial need and on the risk to public health posed by groundwater contamination and shall give priority to the provision of services under this section to instances when an alternative source of funds is not available. The Fund shall not be used to provide alternative water supply to households with incomes greater than three hundred percent (300%) of the current federal poverty ~~level.~~ level, provided that this income limitation shall not apply in cases of contamination that includes per-fluoroalkyl or poly-fluoroalkyl substances. The Fund may be used to provide alternative drinking water supplies if the Department determines that the concentration of one or more contaminants in the private drinking water well or improved spring exceeds the federal maximum contaminant level, or the federal drinking water action level as defined in 40 Code of Federal Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code of Federal Regulations § 143.3 (1 July 2007). For a contaminant for which a federal maximum contaminant level or drinking water action level has not been established, the State groundwater standard established by the Environmental Management Commission for the concentration of that ~~contaminant~~ contaminant, a health goal established by the North Carolina Department of Health and Human Services, or a health advisory standard established by the United States Environmental Protection Agency shall be used to determine whether the Fund may be used to provide alternative drinking water supplies. The Fund may also be used to provide alternative drinking water supplies as provided in this section if the Department determines that the concentration of one or more contaminants in a private drinking water well is increasing over time and that there is a significant risk that the concentration of a contaminant will exceed the federal maximum contaminant level or drinking water action level, or the State groundwater standard. A determination of the concentration of a contaminant shall be based on a sample of water collected from the private drinking water well within the past 12 months.

…

~~(c4) The Department may use up to one hundred thousand dollars ($100,000) annually of the monies in the Fund to pay the personnel and other direct costs associated with the implementation of this section.~~

…."

ROCKINGHAM/GUILFORD COUNTY FUNDS EXTENSION

SECTION 12.8. Subsection 14.20A(b) of S.L. 2016-94, as amended by Section 1 of S.L. 2017-17 and Section 2 of S.L. 2019-75, reads as rewritten:

"**SECTION 14.20A.(b)** Notwithstanding G.S. 143C-6-23(f1)(1) and G.S. 143C-1-2, funds allocated by this section shall be held in reserve by the Office of State Budget and Management and the allocations to each County shall be released when the County and one or more of the municipalities specified in subsection (a) of this section reach agreement on the funds allocated to that County by this section through interlocal agreements or the formation of regional water and sewer authorities or a combination of interlocal agreements and regional water and sewer authorities. Funds not spent or encumbered by June 30, ~~2021,~~ 2023, shall be returned by the local governments or regional water and sewer authority to the Office of State Budget and Management and revert to the General Fund."

REPURPOSE PREREGULATORY LANDFILL FUNDS AMENDMENT

SECTION 12.9. Section 13.2 of S.L. 2018-5, as amended by Section 4.2 of S.L. 2018-97, reads as rewritten:

"**SECTION 13.2.** Notwithstanding G.S. 130A-310.11(b), up to two million dollars ($2,000,000) of the funds credited to the Inactive Hazardous Sites Cleanup Fund under G.S. 105-187.63 for the assessment and remediation of pre-1983 landfills shall instead be used by the Department of Environmental Quality's Division of Waste Management to provide a matching grant to Charlotte Motor Speedway, LLC, (CMS) for the purpose of remediation activities at the Charlotte Motor Speedway in Cabarrus County. The Division shall provide one dollar ($1.00) for every ~~two non-State dollars ($2.00)~~ one non-State dollar ($1.00) provided in kind or otherwise, up to a maximum of two million dollars ($2,000,000) for the matching grant described in this section. CMS may allocate all or a portion of the grant provided by this section to an entity that controls CMS or an entity controlled by CMS. Entities receiving such an allocation shall be considered a subgrantee as defined in G.S. 143C-6-23."

DAM SAFETY EMERGENCY FUND

SECTION 12.10.(a) Part 3 of Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.32A. Dam Safety Emergency Fund.**

(a) Establishment; Purpose. – There is established the Dam Safety Emergency Fund within the Department, as set forth in this section. The Fund shall be used to defray expenses incurred by the Department in developing and implementing an emergency dam safety remedial plan.

(b) Eligible Expenses. – The Fund may be used for expenses incurred in developing and implementing an emergency dam safety remedial plan that has been approved by the Department, including expenses incurred to contract with any third party for services related to plan development or implementation.

(c) Conditions for Use. – These funds shall be used upon the Department's determination that sufficient funds or corrective action cannot be obtained from other sources without incurring a delay that would significantly increase the threat to life or risk of damage to property or the environment.

(d) Cost Recovery. – Costs of site investigation and the development and implementation of an emergency dam safety remedial plan, including attorney's fees and other expenses of bringing the cost recovery action, may be recovered from the owners of the dam by appropriate legal action by the Commission. Funds recovered pursuant to this subsection shall be used to reimburse the Dam Safety Emergency Fund.

(e) Standards for Funded Activities. – Emergency dam safety remedial plan development and implementation activities shall be conducted in accordance with standards set forth in G.S. 143-215.29."

SECTION 12.10.(b) G.S. 143-215.29(a) reads as rewritten:

"(a) Any project for which the Commission's approval is required under G.S. 143-215.26, 143-215.27, and 143-215.28, and any project undertaken pursuant to an order of the Commission issued pursuant to this section or G.S. 143-215.32 or funded from the Fund established in G.S. 143-215.32A shall be designed and supervised by an engineer legally qualified in the State of North Carolina."

VOLKSWAGEN SETTLEMENT ADMINISTRATIVE EXPENSES AND PHASE II APPROPRIATION

SECTION 12.11.(a) Section 10(b) of S.L. 2020-79 reads as rewritten:

"**SECTION 10.(b)** In accordance with Section 13.2 of S.L. 2017-57, as amended by Section 13.11 of S.L. 2018-5 (the Settlement Directives), there is appropriated from the Volkswagen Litigation Environmental Mitigation Fund (Fund) the sum of thirty million six hundred eighty-one thousand eight hundred eighty-six dollars ($30,681,886) to fund Phase 1 of the August 28, 2018, Beneficiary Mitigation Plan (Plan) prepared as set forth in the Trust agreement and submitted by the Department of Environmental Quality to the General Assembly pursuant to the Settlement Directives. The funds appropriated in this act shall be allocated for the following purposes set forth in Phase 1 of the Plan:

(1) Diesel bus and vehicle replacements or upgrades.

(2) Zero emissions vehicle infrastructure – Level 2 charging stations.

(3) Zero emissions vehicle infrastructure – DC fast charging stations.

The Department of Environmental Quality in its capacity as the lead agency designated under the procedures set forth in the Trust agreement may transfer and use up to one million five hundred thirty-four thousand ninety-four dollars ($1,534,094) for administrative purposes in executing the Plan.

Funds remaining from Phase 1 of the Plan that are unobligated and unencumbered at the end of the 2019-2021 fiscal biennium shall ~~be returned to the Trustee by the Department of Environmental Quality as set forth in the Trust agreement.~~remain available until expended."

SECTION 12.11.(b) The appropriation of funds in this act from the Volkswagen Litigation Environmental Mitigation Fund for Phase 2 of the August 28, 2018, Beneficiary Mitigation Plan (the Phase 2 Plan) shall be contingent upon the submission of the Phase 2 Plan by the Department of Environmental Quality to the General Assembly.

SECTION 12.11.(c) Subsection (a) of this section becomes effective June 30, 2021.

WATER INFRASTRUCTURE FUND ENHANCEMENT

SECTION 12.12.(a) G.S. 159G-22 is amended by adding a new subsection to read:

"(j) Unused CWSRF and DWSRF State Match. – Funds appropriated to the Department for the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund to provide State matching funds that are in excess of the amount required to draw down all available federal capitalization grant funds may also be used for water and wastewater infrastructure grants awarded from the Wastewater Reserve, the Drinking Water Reserve, or the Viable Utility Reserve."

SECTION 12.12.(b) G.S. 159G-39 reads as rewritten:

"**§ 159G-39. Review of applications and award of loan or grant.**

…

(e) Viable Utility Reserve ~~Terms.~~ Approval. – The Department shall not award a grant from the Viable Utility Reserve Fund unless the Local Government Commission approves the award of the grant and the terms of the grant. Any emergency grant application submitted under G.S. 159G-31(e) shall be deemed approved by the Local Government Commission upon submission.

(f) Grant Terms. –

(1) Viable Utility Reserve. – The Department and the Local Government Commission may, in their discretion, impose specific performance measures or conditions on any grant awarded from the Viable Utility Reserve, including any grant submitted under G.S. 159G-31(e).

(2) Drinking Water Reserve or Wastewater Reserve. – The Department may impose specific performance measures or conditions on any grant awarded from the Drinking Water Reserve or Wastewater Reserve to ensure an adequately funded program for the repair, maintenance, and management of the water or wastewater infrastructure."

GENERAL FUND WATER AND SEWER INFRASTRUCTURE – STATESVILLE AND TROUTMAN

SECTION 12.12A. Of the funds appropriated in this act from the General Fund to the Water Infrastructure Fund for the Drinking Water Reserve and the Wastewater Reserve, the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2021-2022 fiscal year is allocated to the City of Statesville, and the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2021-2022 fiscal year is allocated to the Town of Troutman. These funds shall be used for water or wastewater projects as set forth in the statutes and rules governing the Drinking Water and Wastewater Reserves.

WATER AND SEWER INFRASTRUCTURE FUNDS

SECTION 12.13.(a) Allocation. – Funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Environmental Quality for water and sewer infrastructure shall be allocated as follows:

(1) Five hundred million dollars ($500,000,000) to the Water Infrastructure Fund for the Viable Utility Reserve to be used for the purposes set forth in subdivisions (1) through (5) of G.S. 159G-32(d).

(2) Five hundred fifty million dollars ($550,000,000) to the Water Infrastructure Fund for the Drinking Water Reserve and the Wastewater Reserve to provide project construction grants to public water systems and wastewater systems. Of the funds allocated by this subdivision, two hundred fifty million dollars ($250,000,000) shall be used by the Department to provide project grants for public water systems and wastewater systems that the Department categorizes as at-risk. The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by this subdivision.

(3) Eighty million dollars ($80,000,000) to the Water Infrastructure Fund for the Drinking Water Reserve and the Wastewater Reserve for any of the following grants:

a. Asset inventory and assessment grants as defined in G.S. 159G-33(a)(3a) and G.S. 159G-34(a)(3a).

b. Rate study grants intended to determine a rate structure that will enable a public water system or wastewater system to generate sufficient revenues to adequately fund management and operations, personnel,

appropriate levels of maintenance, and reinvestment to facilitate the provision of reliable water or wastewater services.

c. Merger/regionalization feasibility grants as defined in G.S. 159G-33(a)(3) and G.S. 159G-34(a)(3).

d. Training grants to increase the capacity of a public water system or wastewater system to operate efficiently and maintain adequate maintenance and revenue collection practices.

e. Planning grants to conduct project engineering, design, or other preconstruction activities.

SECTION 12.13.(b) Limitation on Certain Grants. – Notwithstanding G.S. 159G-36, the amount of grants awarded under subdivision (a)(3) of this section may not exceed four hundred thousand dollars ($400,000) to the same grant recipient for the 2021-2023 fiscal biennium.

SECTION 12.13.(c) Directed Projects. – Of the funds allocated by subdivision (a)(2) of this section, the following sums shall be granted to the indicated local governments and public entities for water and wastewater infrastructure projects:

(1) Three million six hundred nineteen thousand dollars ($3,619,000) to Alexander County.

(2) Twenty-two million seven hundred thirty-three thousand seven hundred dollars ($22,733,700) to the Town of Benson.

(3) Three hundred thousand dollars ($300,000) to Burke County.

(4) Ten million dollars ($10,000,000) to the City of Burlington.

(5) Thirty million dollars ($30,000,000) to the Water and Sewer Authority of Cabarrus County.

(6) Eight million eight hundred thousand dollars ($8,800,000) to Catawba County.

(7) One million dollars ($1,000,000) to Clay County.

(8) Twenty-four million dollars ($24,000,000) to the Town of Clayton, to be allocated as follows:

a. Four million dollars ($4,000,000) for improvements to the Town's water storage infrastructure.

b. Twenty million dollars ($20,000,000) for a wastewater treatment facility.

(9) Five hundred thousand dollars ($500,000) to the Town of Clyde.

(10) Three million dollars ($3,000,000) to Davie County.

(11) Three hundred twenty thousand dollars ($320,000) to the Town of Faison.

(12) Four hundred thousand dollars ($400,000) to the Town of Four Oaks.

(13) One hundred seventy-five thousand dollars ($175,000) to the Town of Franklin.

(14) Ten million four thousand dollars ($10,004,000) to the City of Gastonia, to be allocated as follows:

a. Four million four hundred twenty-five thousand dollars ($4,425,000) for wastewater outfalls.

b. Five million five hundred seventy-nine thousand dollars ($5,579,000) for rehabilitation of a supervisory control and data acquisition system.

(15) Two million dollars ($2,000,000) to the Handy Sanitary District.

(16) Four million two hundred thousand dollars ($4,200,000) to the City of Hendersonville. These funds shall be used for the Edneyville High School line extension.

(17) Sixteen million ninety thousand dollars ($16,090,000) to the Town of Kenly.

(18) Ten million two hundred eighty thousand dollars ($10,280,000) to the Town of LaGrange.
(19) Eight million dollars ($8,000,000) to the Town of Lake Lure.
(20) Two hundred thousand dollars ($200,000) to Lincoln County.
(21) Twelve million dollars ($12,000,000) to Madison County.
(22) Eight million three hundred fifty thousand dollars ($8,350,000) to the Town of Madison.
(23) One million dollars ($1,000,000) to the Town of Midland.
(24) Two million five hundred thousand dollars ($2,500,000) to Montgomery County.
(25) Eight million dollars ($8,000,000) to the Town of Mt. Pleasant.
(26) Two million eight hundred twenty-four thousand two hundred dollars ($2,824,200) to the Town of Ranlo.
(27) Three million one hundred thousand dollars ($3,100,000) to the Town of Red Springs.
(28) Ten million dollars ($10,000,000) to Rockingham County.
(29) Seven million dollars ($7,000,000) to the Town of Rosman.
(30) Nine hundred thousand dollars ($900,000) to the Town of Salemburg.
(31) One million seven hundred seventeen thousand dollars ($1,717,000) to Sampson County.
(32) Seven million four hundred thousand dollars ($7,400,000) to the City of Shelby.
(33) One million two hundred sixty-eight thousand dollars ($1,268,000) to the Town of Sparta.
(34) Three million seven hundred thousand dollars ($3,700,000) to the Town of Spring Hope.
(35) Two million dollars ($2,000,000) to the Town of Surf City.
(36) One million two hundred five thousand one hundred thirty dollars ($1,205,130) to the Town of Taylorsville.
(37) Thirteen million dollars ($13,000,000) to Yancey County.
(38) Four million dollars ($4,000,000) to Union County for design, permitting, and construction of an expansion of the Poplin Road pump station and the Twelve Mile Creek Water Reclamation Facility to provide expanded service and capacity to wastewater customers in the Town of Stallings. Funds allocated by this subdivision that are not expended, made subject to an encumbrance, or disbursed by June 30, 2023, shall revert to the State Fiscal Recovery Fund.

SECTION 12.13.(d) Economic Development Projects. – Of the funds allocated by subdivision (a)(2) of this section for project construction grants, the Department of Environmental Quality shall transfer the sum of twelve million two hundred eighty-six thousand four hundred forty-four dollars ($12,286,444) to the Department of Commerce to provide the following grants for water and sewer infrastructure projects intended to advance economic development or affordable housing objectives for the recipients:

(1) One million one hundred sixty-five thousand four hundred forty-four dollars ($1,165,444) to Alexander County.
(2) Five million eight hundred seventy-one thousand dollars ($5,871,000) to the City of Burlington.
(3) Two hundred fifty thousand dollars ($250,000) to Habitat for Humanity of Gaston County.
(4) Five million dollars ($5,000,000) to the Town of Holly Springs. This allocation shall be conditional upon Wake County providing five million dollars ($5,000,000) in matching funds.

The Department of Commerce may use one and one-half percent (1.5%) of the funds allocated by this subsection for administrative costs.

SECTION 12.13.(e) Administrative Costs. – The Department may use one and one-half percent (1.5%) of the funds allocated by this section (other than the funds transferred in subsection (d) of this section) for administrative costs. The Department shall not charge the grant fee authorized by G.S. 159G-24 for grants made from funds subjected to the one percent (1%) administrative cost set aside authorized by this subsection.

STORMWATER INFRASTRUCTURE FUNDS

SECTION 12.14.(a) Establishment of the Fund. – Funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Environmental Quality for stormwater infrastructure shall be used by the Department to establish the Local Assistance for Stormwater Infrastructure Investments Fund (Fund) as a special fund in the Department. The Fund shall be used to provide grants to eligible entities as defined in this section for projects that will improve or create infrastructure for controlling stormwater quantity and quality.

SECTION 12.14.(b) Eligible Entity. – An eligible entity for a grant under this section shall be a city or county that (i) documents in a form and manner as the Department may specify a stormwater quality or quantity issue and (ii) demonstrates that it would experience a significant hardship raising the revenue necessary to finance stormwater management activities within its jurisdiction based on income and unemployment data, population trends, and any other data determined relevant by the Department.

SECTION 12.14.(c) Grant Types. – The Department may make the following types of grants from the Fund:

(1) Construction grants. – A construction grant is available for the development and implementation of a new stormwater utility or stormwater control measure (SCM), the rehabilitation of existing SCMs, the retrofitting of existing stormwater conveyances to provide SCMs for quantity and quality control purposes, or the installation of innovative technologies or nature-based solutions for flood control.

(2) Planning grants. – A planning grant is available for research or investigative studies, alternatives analyses, the preparation of engineering concept plans or engineering designs, and similar activities intended to help an eligible entity determine the best solutions for the entity's stormwater quality or quantity issue and to engineer and permit the solutions.

SECTION 12.14.(d) Allocation of Funds. – The Department shall use seventy percent (70%) of the funds allocated in this section for construction grants as specified in subdivision (c)(1) of this section and thirty percent (30%) of the funds allocated in this section for planning grants as specified in subdivision (c)(2) of this section.

SECTION 12.14.(e) Limitation. – The following limits apply to grants from the Fund:

(1) Construction grants may not exceed fifteen million dollars ($15,000,000).

(2) Planning grants may not exceed five hundred thousand dollars ($500,000).

SECTION 12.14.(f) Administration. – The Department may adopt any policies or procedures regarding the application process, applicant recordkeeping and reporting, and any other administrative details not inconsistent with this section. The Department may use up to one and one-half percent (1.5%) of the funds allocated by this section for the administrative costs of establishing and implementing the program.

SECTION 12.14.(g) Report. – The Department shall submit a report no later than October 31, 2021, and quarterly thereafter on the projects and activities funded by this section until all funds have been expended by grant recipients. The Department shall include in its initial report and may include in subsequent reports recommendations regarding legislative changes or

additional funding needed to assist small and financially distressed communities to comply with stormwater standards and requirements and to mitigate the adverse impacts of extreme weather events on stormwater-related flood events. The reports shall also include, at a minimum, the following:

(1) The beginning and ending balance of the Fund for the quarter.
(2) A listing of grant recipients, amount provided to each recipient, and the grant type funded.
(3) An overview of the use of funds by grant recipients, including a description of projects constructed or planning milestones achieved.

PART XIII. LABOR

BE PRO BE PROUD

SECTION 13.1.(a) Program Established; Purpose. – The Department of Labor shall use the funds allocated in this act for the Be Pro Be Proud program to create, implement, operate, and support the Be Pro Be Proud initiative, a three-year mobile statewide workforce development pilot program. The program shall focus on generating student, parent, and educator interest in technical professions within the construction, manufacturing, transportation, and utility industries by emphasizing the high-tech, high-wage potential of these student career paths. The program shall also support progress towards North Carolina's postsecondary attainment goals to increase postsecondary degrees and certificates in the skilled trade professions.

SECTION 13.1.(b) Components of the Program. – In meeting the goals of the pilot program, Be Pro Be Proud shall provide for at least the following:

(1) A custom-built mobile workshop that brings elements of up to 12 skilled professions to middle and high school students, through simulators and virtual reality experiences. Students on board this state of the art workshop will learn about various careers, job responsibilities, and average statewide wages for each career while stepping virtually into these professions. Students can engage directly with partners and are invited to sign up to learn more about one or more professions of interest.
(2) Information and data collection for students by setting up a digital profile on Be Pro Be Proud's national "Join the Movement" partnership. With the consent of parents and students participating in the mobile workshops, the data collected shall be shared with the Community Colleges System Office, Department of Public Instruction, Department of Commerce, myFutureNC Commission, industry associations, and companies that are prompted to connect with the potential student recruits. The database management system shall provide a connection for student internships, scholarships, apprenticeships, full-time jobs, and other opportunities.
(3) Follow-up opportunities for interested students to pursue their interests through hands-on leadership opportunities, including gaining onsite learning experiences, volunteering, and participating in networking opportunities with potential job and postsecondary school recruiters.
(4) Motivation for interested educators to stay engaged through a combination of outreach and professional development opportunities.
(5) Operation of the pilot program to coincide with the public school instructional calendar and various events for students that take place throughout the summer. A Be Pro Be Proud team shall operate the day-to-day functions of the statewide tour and engage with students. Additional volunteers shall be recruited to assist with the pilot program, including partner associations, companies, and schools, as well as teachers, parents, and students.

(6) In collaboration with the N.C. Trucking Association, the operation, implementation, and support for a workforce development program to increase operators with commercial drivers licenses, transportation dispatchers, and technicians across the State.

SECTION 13.1.(c) Administration. – The Department of Labor shall administer the program from funds available to the Department and shall coordinate with other interested public and private stakeholders to ensure the coordination of State efforts to develop a skilled trades workforce.

SECTION 13.1.(d) Retention of Funds. – Notwithstanding G.S. 143C-1-2(b), funds allocated in this act for the purposes set forth in this section shall not revert but shall remain available for nonrecurring expenditures for the purposes of this section until June 30, 2024.

SECTION 13.1.(e) Report. – The Department of Labor shall submit a report by April 1 of each year in which it spends State funds appropriated by this act on the Be Pro Be Proud initiative to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division regarding the activities undertaken with the funds appropriated by this section.

PART XIV. NATURAL AND CULTURAL RESOURCES

DISPOSITION OF LAND AT CERTAIN HISTORIC SITES

SECTION 14.1.(a) G.S. 146-30 reads as rewritten:

"**§ 146-30. Application of net proceeds.**

(a) The net proceeds of any disposition made in accordance with this Subchapter shall be handled in accordance with the following priority:

(1) First, in accordance with the provisions of any trust or other instrument of title whereby title to real property was acquired.

(2) Second, as provided by any other act of the General Assembly.

(3) Third, by depositing the net proceeds with the State Treasurer.

Nothing in this section, however, prohibits the disposition of any State lands by exchange for other lands, but if the appraised value in fee simple of any property involved in the exchange is at least twenty-five thousand dollars ($25,000), then the exchange shall not be made without consultation with the Joint Legislative Commission on Governmental Operations.

…

(d) Notwithstanding any other provision of this Subchapter, the following exceptions apply:

…

(11) Except as otherwise provided in this subsection, the net proceeds derived from the sale of real property donated to the State and allocated to the Division of State Historic Sites or the Division of State History Museums in the Department of Natural and Cultural Resources shall be deposited in the State Historic Sites and Museums Fund, created in G.S. 121-7.7, and shall be used in accordance with that section.

(12) The net proceeds derived from the sale of real property donated to the State and allocated to the Tryon Palace Historic Site and Gardens in the Department of Natural and Cultural Resources shall be deposited in the Tryon Palace Historic Sites and Gardens Fund, created in G.S. 121-21.1, and shall be used in accordance with that section.

(13) The net proceeds derived from the sale of real property from the Bentonville Battlefield State Historic Site donated to the State and allocated to the Division of State Historic Sites in the Department of Natural and Cultural

Resources shall be deposited in the Bentonville Battlefield Fund, created in G.S. 121-7.5, and shall be used in accordance with that section.

(14) The net proceeds derived from the sale of real property from the North Carolina Transportation Museum donated to the State and allocated to the Department of Natural and Cultural Resources shall be deposited in the North Carolina Transportation Museum Fund, created in G.S. 121-7.6, and shall be used in accordance with that section."

SECTION 14.1.(b) G.S. 121-7.7(a) reads as rewritten:

"(a) Fund. – The State Historic Sites and Museums Fund is created as a special, interest-bearing revenue fund in the Division of State Historic Sites and the Division of State History Museums. The Fund consists of all receipts derived from the lease or rental of property or facilities, disposition of structures or products of the land, donations, gifts, devises, and admissions and fees collected at the State Historic Sites, State History Museums, and Maritime Museums. The Fund also consists of the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(11). The revenues in the Fund may be used only for the operation, interpretation, maintenance, preservation, development, and expansion of the individual State Historic Site, State History Museum, and Maritime Museum where the receipts are generated. The respective Division and the staff from each State Historic Site, State History Museum, and Maritime Museum shall determine how the funds shall be used at that Historic Site, State History Museum, and Maritime Museum."

SECTION 14.1.(c) G.S. 121-21.1 reads as rewritten:

"**§ 121-21.1. Tryon Palace Historic Sites and Gardens Fund.**

(a) Fund. – The Tryon Palace Historic Sites and Gardens Fund is hereby created as a special, interest-bearing, and nonreverting fund in the Division of Tryon Palace Historic Sites and Gardens. The Fund shall be treated as a special trust fund and shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be used for operation, interpretation, repair, renovation, expansion, and maintenance at Tryon Palace Historic Sites and Gardens.

(b) ~~Disposition of Fees.~~ Fund Makeup. – ~~All entrance fee receipts shall be credited to the Tryon Palace Historic Sites and Gardens Fund.~~ The Fund consists of all revenues derived from donations, gifts, devises, grants, admissions, and fees collected at the Tryon Palace Historic Sites and Gardens. The Fund also consists of the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(12).

…."

SECTION 14.1.(d) G.S. 121-7.5(b) reads as rewritten:

"(b) ~~Disposition of Fees.~~ Fund Makeup. – Notwithstanding Chapter 146 of the General Statutes, all receipts derived from donations or the lease, rental, or other disposition of structures or products of the land owned by or under the supervision or control of the Division of Historic Sites in Johnston County shall be credited to the Fund. The Fund also consists of the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(13)."

SECTION 14.1.(e) G.S. 121-7.6(b) reads as rewritten:

"(b) Monies Credited to the Fund. – Notwithstanding Chapter 146 of the General Statutes, all receipts derived from the lease, rental, or other disposition of structures or products of the land, as well as all admissions and fees, gifts, donations, grants, and bequests, shall be credited to the Fund. The Fund also consists of the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(14). The Fund shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3."

U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING CONFORMING CHANGE AND DNCR ATTRACTION RULEMAKING EXEMPTIONS

SECTION 14.2.(a) G.S. 143B-73 reads as rewritten:

"**§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

There is hereby created the U.S.S. North Carolina Battleship Commission of the Department of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out the provisions and purposes of this ~~Part.~~Part, including the following:

(1) The U.S.S. North Carolina Battleship Commission is authorized and empowered to adopt such rules ~~and regulations~~ not inconsistent with the management responsibilities of the Secretary of the Department provided by Chapter 143A of the General Statutes and laws of this State and this Chapter that may be necessary and desirable for the operation and maintenance of the U.S.S. North Carolina as a permanent memorial and exhibit commemorating the heroic participation of the men and women of North Carolina in the prosecution and victory of the Second World War and for the faithful performance and fulfillment of its duties and obligations.

(2) The U.S.S. North Carolina Battleship Commission shall have the power and duty to charge reasonable admission and related activity fees for admission to the ship and to establish standards and adopt rules ~~and regulations: (i) establishing and providing for a proper charge for admission to the ship; and (ii)~~ for the maintenance and operation of the ship as a permanent memorial and exhibit.

(3) The Commission shall adopt rules ~~and regulations~~ consistent with the provisions of this Chapter. The Commission is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission fees or related activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on the amount and purpose of a fee change within 30 days following its effective date.~~"

SECTION 14.2.(b) G.S. 150B-1(d) reads as rewritten:

"**§ 150B-1. Policy and scope.**

…

(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

…

(23) The Department of Natural and Cultural Resources with respect to operating hours, admission ~~fees~~ fees, or related activity fees at historic sites and museums pursuant to G.S. 121-7.3.

(24) Tryon Palace Commission with respect to operating hours, admission ~~fees~~ fees, or related activity fees pursuant to G.S. 143B-71.

(25) U.S.S. Battleship Commission with respect to operating hours, admission ~~fees~~ fees, or related activity fees pursuant to G.S. 143B-73.

…."

ADD MARKETING AS PERMISSIBLE USE OF ZOO AND AQUARIUM FUNDS

SECTION 14.3.(a) G.S. 143B-135.188(b) reads as rewritten:

"(b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund. The North Carolina Aquariums Fund shall be used for the following purposes with respect to the aquariums and the pier operated by the Division of North Carolina Aquariums:

(1) Repair, renovation, expansion, maintenance, and educational exhibit construction. Funds used for repair, renovation, and expansion projects may be transferred to a capital projects fund to account for use of the funds for each project.
(2) Payment of the debt service and lease payments related to the financing of facility expansions, subject to G.S. 143B-135.190.
(3) Matching of private funds that are raised for these purposes.
(4) Marketing the North Carolina Aquariums."

SECTION 14.3.(b) G.S. 143B-135.209(a) reads as rewritten:

"(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina Zoo Fund shall be used for the following types of projects and activities at the North Carolina Zoological Park and to match private funds raised for these ~~types of projects:~~projects and activities:

(1) Repair, renovation, expansion, maintenance, and educational exhibit construction. Funds used for repair, renovation, and expansion projects may be transferred to a capital projects fund to account for use of the funds for each project.
(2) Renovations of exhibits in habitat clusters, visitor services facilities, and support facilities (including greenhouses and temporary animal holding areas).
(3) The acquisition, maintenance, or replacement of tram equipment as required to maintain adequate service to the public.
(4) Marketing the North Carolina Zoological Park."

AUTHORIZE THE DAN RIVER STATE TRAIL

SECTION 14.4.(a) The General Assembly authorizes the Department of Natural and Cultural Resources to add the Dan River Trail in Stokes and Rockingham Counties to the State Parks System as a State trail, as provided in G.S. 143B-135.54(b). The Department shall support, promote, encourage, and facilitate the establishment of trail segments on State park lands and on lands of other federal, State, local, and private landowners. On segments of the Dan River State Trail that cross property controlled by agencies or owners other than the Department's Division of Parks and Recreation, the laws, rules, and policies of those agencies or owners shall govern the use of the property. The requirement of G.S. 143B-135.54(b) that additions be accompanied by adequate appropriations for land acquisition, development, and operations shall not apply to the authorization set forth in this section; provided, however, that the State may receive donations of appropriate land and may purchase other needed lands for the Dan River State Trail with existing funds in the Land and Water Fund, the Parks and Recreation Trust Fund, the federal Land and Water Conservation Fund, and other available sources of funding.

SECTION 14.4.(b) This section is effective when it becomes law.

PARTF PROJECTS

SECTION 14.5. Funds appropriated in this act to the Parks and Recreation Trust Fund for the 2021-2022 fiscal year are allocated for various projects in the following amounts:

(1) Two million dollars ($2,000,000) to the Department of Natural and Cultural Resources for stabilization or renovation of structures located on the Vade Mecum tract at Hanging Rock State Park as set forth in the July 2018 Hanging Rock State Park Expansion Master Plan.
(2) Five hundred fifty thousand dollars ($550,000) to the Department of Natural and Cultural Resources for the expansion of the Mayo River State Park.
(3) Four million dollars ($4,000,000) to the Department of Natural and Cultural Resources for the Bean Shoals Trail Project in Pilot Mountain State Park.

(4) Three million dollars ($3,000,000) to the Department of Natural and Cultural Resources for the development of the Wilderness Gateway Trail.
(5) Three hundred fifty thousand dollars ($350,000) to provide a grant to the City of Cherryville for Westgate Park.
(6) One million eight hundred fifty thousand dollars ($1,850,000) to provide a grant to the City of Gastonia for the Catawba Creek Greenway.
(7) Two hundred fifty thousand dollars ($250,000) to provide a grant to Macon County for a greenway project.
(8) Three million five hundred thousand dollars ($3,500,000) to provide a grant to the Town of Madison for development of the Lindsey Bridge river landing and park.
(9) Three hundred twenty-five thousand dollars ($325,000) to provide a grant to the Town of Pilot Mountain for streambank restoration.
(10) Two hundred thousand dollars ($200,000) to provide a grant to the City of Salisbury for the Bell Tower Park.
(11) Three hundred fifty thousand dollars ($350,000) to provide a grant to the Town of Spruce Pine for Brad Regan Park.
(12) Nine hundred seventy-five thousand dollars ($975,000) to provide a grant to MountainTrue, a nonprofit corporation, for the following projects in the following amounts:
a. One hundred fifty thousand dollars ($150,000) to expand fishing and camping in the Watauga River Paddle Trail.
b. One hundred thousand dollars ($100,000) to expand fishing and camping in the French Broad River Paddle Trail.
c. One hundred fifty thousand dollars ($150,000) to improve public access to Green River Game Lands.
d. One hundred thousand dollars ($100,000) to improve fish habitat by removing Ward's Mill Dam on the Watauga River.
e. Two hundred thousand dollars ($200,000) to improve outdoor recreation on the Tuskeegee River.
f. One hundred twenty-five thousand dollars ($125,000) to expand fishing and canoeing on the Valley River.
g. One hundred fifty thousand dollars ($150,000) to improve outdoor recreation for the City of Shelby.

PART XV. WILDLIFE RESOURCES COMMISSION

ABANDONED AND DERELICT VESSELS

SECTION 15.1.(a) Funds appropriated in this act to the Wildlife Resources Commission and allocated for removal of abandoned and derelict vessels shall be used by the Commission in the manner set forth in subdivision (10) of Section 2.1 of S.L. 2019-224, as amended by Section 4 of S.L. 2020-74.

SECTION 15.1.(b) The Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources shall assess the problem of abandoned and derelict vessels in the waters of the State and upon the lands of the State and determine measures needed (i) to facilitate the identification of owners or other responsible persons for abandoned or derelict vessels for the purpose of requiring those persons to take responsibility for their vessels and, (ii) in cases where no responsible owner may be found, to provide the State with adequate authority and funding to expeditiously remove or otherwise dispose of the abandoned and derelict vessels. In its study, the Committee shall also consider the efficacy and need for new or revised insurance requirements for private vessel owners and for enhancement to civil or criminal remedies with

respect to owners of abandoned or derelict vessels. The Committee shall provide its report to the 2022 Regular Session of the 2021 General Assembly upon its convening.

PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS

COLLECTION OF WORTHLESS CHECKS

SECTION 16.1. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2021, for the purchase or repair of office or information technology equipment during the 2021-2022 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2022, for the purchase or repair of office or information technology equipment during the 2022-2023 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases.

MAGISTRATE/CLERK STAFFING PILOT PROJECT

SECTION 16.2.(a) Notwithstanding the minimum staffing number in G.S. 7A-133(c), the clerk of superior court in a county, with the written or emailed consent of the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate positions allocated to that county. To provide accessibility for law enforcement and citizens, the clerk of superior court's office shall provide some of the services traditionally provided by the magistrates' office during some or all of the regular courthouse hours.

SECTION 16.2.(b) The Administrative Office of the Courts shall report by March 1, 2022, to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding all hires made pursuant to subsection (a) of this section.

DISTRICT ATTORNEYS/NO TRANSFER OF FUNDS

SECTION 16.3. No Transfer of Funds. – For each year of the 2021-2023 fiscal biennium, no funds may be transferred from Fund Code 12000-1600 (Office – District Attorney) without the consent of the Conference of District Attorneys as communicated by the Conference's Executive Director to the Administrative Office of the Courts.

WAIVE EXPUNCTION COSTS FOR VICTIMS OF HUMAN TRAFFICKING

SECTION 16.4.(a) G.S. 15A-145.9 is amended by adding a new subsection to read:

"(k) Costs Waived. – The costs of expunging the records shall not be taxed against the petitioner."

SECTION 16.4.(b) This section becomes effective December 1, 2021, and applies to expunction costs incurred on or after that date.

ESTABLISH JUDICIALLY MANAGED ACCOUNTABILITY AND RECOVERY COURTS

SECTION 16.5.(a) Subchapter XIV of Chapter 7A of the General Statutes reads as rewritten:

"**SUBCHAPTER XIV. ~~DRUG TREATMENT COURTS.~~ACCOUNTABILITY AND RECOVERY COURTS.**

"Article 62.

"~~North Carolina Drug Treatment Court Act.~~Judicially Managed Accountability and Recovery Court Act.

"**§ 7A-790. Short title.**

This Article shall be known and may be cited as the ~~"North Carolina Drug Treatment Court Act of 1995".~~"Judicially Managed Accountability and Recovery Court Act of 2021."

"**§ 7A-791. Purpose.**

The General Assembly recognizes that a critical need exists in this State for judicial programs that will reduce the incidence of alcohol and other ~~drug~~ substance abuse or dependence and crimes, including the offense of driving while impaired, delinquent acts, and child abuse and neglect committed as a result of alcohol and other ~~drug~~ substance abuse or ~~dependence, and~~ dependence; child abuse and neglect where alcohol and other ~~drug~~ substance abuse or dependence are significant factors in the child abuse and ~~neglect.~~ neglect; and offenses, delinquent acts, and child abuse and neglect where mental, behavioral, or medical health is a significant factor in commission of the offense or act. It is the intent of the General Assembly by this Article to create a program to facilitate the creation and operation of ~~local drug treatment court programs and driving while impaired (DWI) treatment court programs.~~judicially managed accountability and recovery courts.

"**§ 7A-792. Goals.**

The goals of the ~~drug treatment court programs~~ judicially managed accountability and recovery courts funded under this Article include the following:

(1) To reduce alcoholism and other ~~drug~~ substance abuse and dependencies among adult and juvenile offenders and defendants and among respondents in juvenile petitions for abuse, neglect, or both;

(2) To reduce criminal and delinquent recidivism and the incidence of child abuse and neglect;

(3) To reduce the alcohol-related and other ~~drug related~~ substance-related court workload;

(3a) To reduce the mental, behavioral, or medical health-related court workload;

(4) To increase the personal, familial, and societal accountability of adult and juvenile offenders and defendants and respondents in juvenile petitions for abuse, neglect, or both; and

(5) To promote effective ~~interaction and~~ interaction, collaboration, coordination, and use of resources among criminal and juvenile justice personnel, child protective services personnel, and community agencies.

"**§ 7A-793. Establishment of Program.**

The North Carolina ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery Court Program is established in the Administrative Office of the Courts to facilitate the ~~creation~~ creation, administration, and funding of local ~~drug treatment court programs.~~ judicially managed accountability and recovery courts. The Director of the Administrative Office of the Courts shall provide any necessary staff for planning, organizing, and administering the program. Local drug treatment court programs funded pursuant to this Article shall be operated consistently with the guidelines adopted pursuant to G.S. 7A-795. Local ~~drug treatment court programs~~ judicially managed accountability and recovery courts established and funded pursuant to this Article may consist of ~~adult drug treatment court programs, juvenile drug treatment court programs, family drug treatment court programs, or any combination of these programs.~~programs approved by the Administrative Office of the Courts. With the consent of either the chief district court judge or the senior resident superior court judge, a judicially managed accountability and recovery court may be established.

"**§ 7A-794. Fund administration.**

~~The Drug Treatment Court Program Fund is created in the Administrative Office of the Courts and is administered by the Director of the Administrative Office of the Courts in consultation with the State Drug Treatment Court Advisory Committee.~~The Administrative Office of the Courts shall administer funding related to the North Carolina Judicially Managed Accountability and Recovery Court Program.

"**§ 7A-795. State ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery Court Advisory Committee.**

The State ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery Court Advisory Committee is established to develop and recommend to the Director of the Administrative Office of the Courts guidelines for the ~~drug treatment court~~ judicially managed accountability and recovery court program and to monitor local ~~programs~~ courts wherever they are ~~implemented.~~ implemented and administered. The Committee shall be chaired by the Director or the Director's designee and shall consist of not less than seven members appointed by the Director and broadly representative of the courts, law enforcement, corrections, juvenile justice, child protective services, and substance abuse treatment communities. In developing guidelines, the Advisory Committee shall ~~consider the Substance Abuse and the Courts Action Plan and other recommendations of the Substance Abuse and the Courts State Task Force.~~provide minimum standards of judicially managed accountability and recovery courts.

"**§ 7A-796. Local ~~drug treatment court management~~ judicially managed accountability and recovery court committee.**

Each judicial district choosing to establish a ~~drug treatment court~~ judicially managed accountability and recovery court shall form a local ~~drug treatment court management~~ judicially managed accountability and recovery court committee, which shall be comprised to assure representation appropriate to the type or types of ~~drug treatment court~~ judicially managed accountability and recovery court operations to be conducted in the district and shall consist of persons appointed by the senior resident superior court judge with the concurrence of the chief district court judge and the district attorney for that district, chosen from the following list:

(1) A judge of the superior court;
(2) A judge of the district court;
(3) A district attorney or assistant district attorney;
(4) A public defender or assistant public defender in judicial districts served by a public ~~defender;~~defender, a member of the private criminal defense bar, or a member of the private bar who represents respondents in department of social services juvenile matters;
(5) An attorney representing a county department of social ~~services~~ services, the director or director's designee of the child welfare services division of a county department of social services, or a representative of the guardian ad litem from within the district;
~~(6) A representative of the guardian ad litem;~~
~~(7) A member of the private criminal defense bar;~~
~~(8) A member of the private bar who represents respondents in department of social services juvenile matters;~~
(9) A clerk of superior court;
~~(10) The trial court administrator in judicial districts served by a trial court administrator;~~
~~(11) The director or member of the child welfare services division of a county department of social services within the district;~~
(12) The chief juvenile court counselor for the district;
(13) A probation officer;
(13a) The sheriff or sheriff's designee;
(14) A local law enforcement officer;
(15) A representative of the local school administrative unit;
(16) A representative of the local community ~~college;~~college or other adjacent secondary educational institution with a school of social work;
(17) A representative of the treatment providers;

(18) A representative of the area mental health ~~program;~~entity managed care organization;

(19) Any local ~~drug treatment~~ recovery court coordinator; and

(20) Any other persons selected by the local management committee.

The local ~~drug treatment court management~~ judicially managed accountability and recovery court committee shall develop local guidelines and procedures, not inconsistent with the State ~~guidelines,~~ guidelines and minimum standards, that are necessary for the operation and evaluation of the local ~~drug treatment court.~~judicially managed accountability and recovery court.

"**§ 7A-797. Eligible population; drug treatment court procedures.**

The Director of the Administrative Office of the Courts, in conjunction with the State ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery Court Advisory Committee, shall develop criteria for ~~eligibility~~ eligibility, minimum standards, and other procedural and substantive guidelines for ~~drug treatment court~~ judicially managed accountability and recovery court operation.

…

"**§ 7A-799. Treatment not guaranteed.**

Nothing contained in this Article shall confer a right or an expectation of a right to treatment or recovery management for a defendant or offender within the criminal or juvenile justice system or a respondent in a juvenile petition for abuse, neglect, or both.

"**§ 7A-800. Payment of costs of treatment program.**

Each defendant, offender, or respondent in a juvenile petition for abuse, neglect, or both, who receives treatment under a local ~~drug treatment court program~~ judicially managed accountability and recovery court shall contribute to the cost of the alcohol and other ~~drug~~ substance abuse or dependency treatment received in the ~~drug treatment court program,~~ judicially managed accountability and recovery court, based upon guidelines developed by the local ~~drug treatment court management~~ judicially managed accountability and recovery court committee.

"**§ 7A-801. Monitoring and annual report.**

The Administrative Office of the Courts shall monitor all State-recognized and funded local ~~drug treatment~~ judicially managed accountability and recovery courts, prepare an annual report on the implementation, operation, and effectiveness of the statewide ~~drug treatment court~~ judicially managed accountability and recovery court program, and submit the report to the General Assembly by March 1 of each year. Each ~~local drug treatment court program~~ judicially managed accountability and recovery court shall submit evaluation reports to the Administrative Office of the Courts as requested.

"**§ 7A-802. Exemption from Article.**

This Article does not apply to drug treatment courts or judicially managed accountability and recovery courts in existence on or before December 1, 2021, to the extent that compliance with this Article would disqualify the court for grant funding provided by the National Association of Drug Court Professionals."

SECTION 16.5.(b) Pilot Program. – The Administrative Office of the Courts, in coordination with the District Attorney's Offices in Harnett County, Haywood County, Onslow County, Pitt County, Robeson County, and Wayne County shall establish a pilot program in each county that creates a judicially managed accountability and recovery court, as governed by Article 62 of Chapter 7A of the General Statutes. The goals of each accountability and recovery court are to reduce alcoholism and other substance abuse and dependencies among offenders, to reduce recidivism, to reduce the drug-related court workload, to reduce the mental, behavioral, or medical health-related court workload, to increase the personal, familial, and societal accountability of offenders, and to promote effective interaction, collaboration, coordination, and use of resources among criminal justice personnel. The judicially managed accountability and

recovery court established in this subsection in Onslow County shall prioritize participation of offenders that are veterans of the United States Armed Forces.

SECTION 16.5.(c) Report. – The Administrative Office of the Courts shall report to the Joint Legislative Oversight Committee on Justice and Public Safety on the results of these pilot programs no later than February 1 of each year following a year in which a pilot program receives funding from the State.

SECTION 16.5.(d) Policy. – It is the intent of the General Assembly that appropriations made to aid Harnett County, Haywood County, Onslow County, Pitt County, Robeson County, and Wayne County in the original creation and operation of each county's judicially managed accountability and recovery court will not continue beyond the 2022-2023 fiscal year, but will instead be replaced by local expenditures, grants, and other available funding sources.

SECTION 16.5.(e) This section becomes effective December 1, 2021.

APPOINTED DISTRICT COURT JUDGES SHALL RUN IN NEXT GENERAL ELECTION

SECTION 16.6.(a) G.S. 7A-142 reads as rewritten:

"**§ 7A-142. Vacancies in office.**

(a) A vacancy in the office of district judge occurring for causes other than expiration of term shall be filled ~~for the unexpired term~~ by appointment of the ~~Governor. The~~ Governor, as provided in this section.

(b) An appointee shall hold office until January 1 next following the election for members of the General Assembly that is held more than 60 days after the vacancy occurs, at which time an election shall be held to fill the unexpired term of office. Provided, that when the unexpired term of the office in which the vacancy has occurred expires on the first day of January succeeding the next election for members of the General Assembly, the Governor shall appoint to fill the vacancy for the unexpired term of office.

(c) Prior to the appointment, the bar of the judicial district, as defined in G.S. 84-19, shall nominate five persons who are residents of the judicial district who are duly authorized to practice law in the district for consideration by the Governor. The nominees shall be selected by vote of only those bar members who reside in the district. In the event fewer than five persons are nominated, upon providing the nominations to the Governor, the bar shall certify that there were insufficient nominations in the district to comply with this section. Prior to filling the vacancy, the Governor shall give due consideration to the nominations provided by the bar of the judicial district."

SECTION 16.6.(b) This section is effective when it becomes law and applies to vacancies created on or after that date.

MODIFY THE LOCATION AND RESIDENCY REQUIREMENTS OF VARIOUS DISTRICT COURT JUDGESHIPS

SECTION 16.7.(a) G.S. 7A-133 reads as rewritten:

"**§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of court, by counties.**

(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates

		Pasquotank
		Perquimans
2	4	Martin
		Beaufort
		Tyrrell
		Hyde
		Washington
3A	6	Pitt
3B	6	Craven
		Pamlico
		Carteret
4	9	Sampson
		Duplin
		Jones
		Onslow
5	9	New Hanover
		Pender
6	4	Northampton
		Bertie
		Hertford
		Halifax
7	7	Nash
		Edgecombe
		Wilson
8	6	Wayne
		Greene
		Lenoir
9	5	Granville
		(part of Vance
		see subsection
		(b))
		Franklin
		Person
9B	2	Warren
		(part of Vance
		see subsection (b))
10A	3	(part of Wake
		see subsection (b))
10B	3	(part of Wake
		see subsection (b))
10C	3	(part of Wake
		see subsection (b))
10D	5	(part of Wake
		see subsection (b))
10E	3	(part of Wake
		see subsection (b))
10F	3	(part of Wake
		see subsection (b))
11	11	Harnett
		Johnston
		Lee

12	10	Cumberland
13	~~6~~7	Bladen
		Brunswick
		Columbus
14	~~7~~6	Durham
15A	4	Alamance
15B	5	Orange
		Chatham
16A	4	Scotland
		Anson
		Richmond
16B	6	Robeson
17A	4	Caswell
		Rockingham
17B	4	Stokes
		Surry
18	14	Guilford
19A	6	Cabarrus
19B	5	Randolph
19C	5	Rowan
19D	4	Hoke
		Moore
20A	3	Montgomery
		Stanly
20B	1	(part of Union see subsection (b))
20C	2	(part of Union see subsection (b))
20D	2	Union
21	11	Forsyth
22A	6	Alexander
		Iredell
22B	6	Davidson
		Davie
23	4	Alleghany
		Ashe
		Wilkes
		Yadkin
24	4	Avery
		Madison
		Mitchell
		Watauga
		Yancey
25	10	Burke
		Caldwell
		Catawba
26	21	Mecklenburg
27A	7	Gaston
27B	6	Cleveland

		Lincoln
28	7	Buncombe
29A	4	McDowell
		Rutherford
29B	4	Henderson
		Polk
		Transylvania
30	6	Cherokee
		Clay
		Graham
		Haywood
		Jackson
		Macon
		Swain.

…

(b2) The qualified voters of District Court District 13 shall elect all ~~six~~ seven judges established for the District in subsection (a) of this section, but only persons who reside in Bladen County may be candidates for one of those judgeships, only persons who reside in Columbus County may be candidates for two of those judgeships, and only persons who reside in Brunswick County may be candidates for ~~three~~ four of those judgeships. These district court judgeships shall be numbered and assigned for residency purposes as follows:

…

(7) Seat number seven, established for residents of Brunswick County by this section, shall be the seat created on January 1, 2023.

…

(b8) The qualified voters of District Court District 19D shall elect all judges established for District 19D in subsection (a) of this section, but only persons who reside in Hoke County may be candidates for one of the judgeships, and only persons who reside in Hoke or Moore County may be candidates for the remaining judgeships. These district court judgeships shall be numbered and assigned for residency purposes as follows:

(1) Seat number one, established for residents of Hoke County by this section, shall be the seat currently held by Judge Joe.

(2) Seat number two, established for residents of Hoke or Moore County by this section, shall be the seat currently held by Judge Bibey.

(3) Seat number three, established for residents of Hoke or Moore County by this section, shall be the seat currently held by Judge Creed.

(4) Seat number four, established for residents of Hoke or Moore County by this section, shall be the seat currently held by Judge McSweeney.

…."

SECTION 16.7.(b) The designation of seat numbers for District Court District 19D judgeships in subsection (a) of this section shall be based upon the judges holding those seats as of May 28, 2021.

SECTION 16.7.(c) This section becomes effective January 1, 2023, and elections conducted in 2022 shall be conducted in accordance with the judgeships created, removed, and modified in this section.

MODIFY ASSISTANT DISTRICT ATTORNEY ALLOCATION

SECTION 16.8. G.S. 7A-60(a1) reads as rewritten:

"(a1) **(Effective January 1, 2021 through December 31, 2022)** The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	*Counties*	*No. of Full-Time Asst. District Attorneys*
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	12
2	Beaufort, Hyde, Martin, Tyrrell, Washington	8
3	Pitt	12
4	Carteret, Craven, Pamlico	13
5	Duplin, Jones, Onslow, Sampson	20
6	New Hanover, Pender	20
7	Bertie, Halifax, Hertford, Northampton	11
8	Edgecombe, Nash, Wilson	19
9	Greene, Lenoir, Wayne	15
10	Wake	42
11	Franklin, Granville, Person Vance, Warren	15
12	Harnett, Lee	12
13	Johnston	~~11~~12
14	Cumberland	25
15	Bladen, Brunswick, Columbus	15
16	Durham	18
17	Alamance	12
18	Orange, Chatham	10
20	Robeson	13
21	Anson, Richmond, Scotland	~~9~~10
22	Caswell, Rockingham	9
23	Stokes, Surry	8
24	Guilford	35
25	Cabarrus	10
26	Mecklenburg	~~58~~57
27	Rowan	9
29	Hoke, Moore	9
28	Montgomery, Stanly	6
30	Union	11
31	Forsyth	27
32	Alexander, Iredell	13
33	Davidson, Davie	12
34	Alleghany, Ashe, Wilkes, Yadkin	9
35	Avery, Madison, Mitchell, Watauga, Yancey	8
36	Burke, Caldwell, Catawba	20
37	Randolph	10
38	Gaston	16
39	Cleveland, Lincoln	13
40	Buncombe	14

41	McDowell, Rutherford	8
42	Henderson, Polk, Transylvania	9
43	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	13

TECHNICAL CORRECTION OF CONFLICTING LANGUAGE REGARDING CONTINUANCES IN COURT CASES

SECTION 16.9.(a) Section 2 of S.L. 2020-72 is repealed.

SECTION 16.9.(b) This section is effective when it becomes law.

JUDICIAL DEPARTMENT/USE OF OUTSIDE COUNSEL

SECTION 16.10.(a) G.S. 7A-343 is amended by adding a new subdivision to read:

"(17) Review requests for private counsel for the defense of a Judicial Department official or employee. The Director may approve the expenditure of lapsed salary savings to retain private counsel to provide litigation services for the defense of an official or employee of the Judicial Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services. For purposes of this subdivision, the terms "litigation services" and "private counsel" are as defined in G.S. 147-17 and G.S. 114-2.3."

SECTION 16.10.(b) G.S. 143C-6-9(b) reads as rewritten:

"(b) Lapsed salary savings shall not be used to pay for litigation services provided by private counsel. As used in this subsection, litigation services and private counsel are as defined in G.S. 147-17(c1) and G.S. 114-2.3(d). This subsection does not apply to litigation services provided by private counsel retained by the Judicial Department for the defense of an official or employee of the Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services."

SECTION 16.10.(c) G.S. 114-2.3(a) reads as rewritten:

"(a) Every agency, institution, department, bureau, board, or commission of the State, authorized by law to retain private counsel, shall obtain written permission from the Attorney General prior to employing private counsel. This section does not apply to counties, cities, towns, other municipal corporations or political subdivisions of the State, or any agencies of these municipal corporations or political subdivisions, or to county or city boards of education. This subsection does not apply to private counsel retained by the Judicial Department for the defense of an official or employee of the Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services."

SECTION 16.10.(d) G.S. 147-17(a) reads as rewritten:

"(a) No department, officer, agency, institution, commission, bureau or other organized activity of the State which receives support in whole or in part from the State shall employ private counsel, except with the approval of the Governor. The Governor shall give his approval only if the Attorney General has advised him, as provided in subsection (b) of this section, that it is impracticable for the Attorney General to render the legal services. In any case or proceeding, civil or criminal, in or before any court or agency of this State or any other state or the United States, or in any other matter in which the State of North Carolina is interested, the Governor may employ private counsel as he may deem proper or necessary to represent the interest of the State, and may fix the compensation for their services, subject to the provisions of subsection (c1) of this section. This subsection does not apply to private counsel retained by the Judicial

Department for the defense of an official or employee of the Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services."

SECTION 16.10.(e) This section is effective when it becomes law.

COURTHOUSE RESPONSIVENESS RESOURCES

SECTION 16.11. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office of the Courts for temporary court personnel to address a backlog in cases due to the COVID-19 pandemic, up to seven hundred ninety-nine thousand one hundred seventy dollars ($799,170) may be used to support up to 12.25 time-limited positions in the 2021-2022 fiscal year. Beginning in the 2022-2023 fiscal year, any remaining funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office of the Courts for temporary court personnel to address a backlog in cases due to the COVID-19 pandemic may be used to support up to 24.5 time-limited positions until the funds are expended.

CLARIFYING DUTIES OF COURT OF APPEALS DOCUMENT MANAGEMENT SHOP

SECTION 16.12.(a) G.S. 7A-20(b) reads as rewritten:

"(b) Subject to approval of the Supreme Court, the Court of Appeals shall promulgate from time to time a fee bill for services rendered by the clerk, and such fees shall be remitted to the State Treasurer. Charges to litigants for document management and the reproduction of appellate records and briefs shall be fixed by rule of the Supreme Court and remitted to the Appellate Courts Printing and Computer Operations Fund established in G.S. 7A-343.3. The operations of the Court of Appeals shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes."

SECTION 16.12.(b) G.S. 7A-343.3 reads as rewritten:

"**§ 7A-343.3. Appellate Courts Printing and Computer Operations Fund.**

The Appellate Courts Printing and Computer Operations Fund is established within the Judicial Department as a nonreverting, interest-bearing special revenue account. Accordingly, interest and other investment income earned by the Fund shall be credited to it. All moneys collected through charges to litigants for document management and the reproduction of appellate records and briefs under G.S. 7A-11 and G.S. 7A-20(b) shall be remitted to the State Treasurer and held in this Fund. Moneys in the Fund shall be used to support the ~~print shop~~ document management shop operations of the Supreme Court and the Court of Appeals, including personnel, maintenance, and capital costs. The Judicial Department may create and maintain receipt-supported positions for these purposes but shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety prior to creating such new positions."

SECTION 16.12.(c) This section becomes effective October 1, 2021, and applies to services rendered on or after that date.

TRANSFER CRIMINAL JUSTICE INFORMATION NETWORK TO AOC

SECTION 16.13.(a) Article 29 of Subchapter VII of Chapter 7A of the General Statutes reads as rewritten:

"Article 29.

"Administrative Office of the Courts.

"Part 1. General Provisions.

"**§ 7A-340. Administrative Office of the Courts; establishment; officers.**

There is hereby established a State office to be known as the Administrative Office of the Courts. It shall be supervised by a Director, assisted by an assistant director.

…

"**§ 7A-352.** Reserved for future codification purposes.

"Part 2. Criminal Justice Information.

"**§ 7A-353.** Reserved for future codification purposes.

"Part 3. North Carolina Human Trafficking Commission.

"**§ 7A-354. North Carolina Human Trafficking Commission.**

(a) Establishment. – There is established in the Administrative Office of the Courts the North Carolina Human Trafficking Commission. For purposes of this section, "Commission" means the North Carolina Human Trafficking Commission.

…."

SECTION 16.13.(b) The Criminal Justice Information Network Governing Board shall be transferred to the Administrative Office of the Courts as a Type II transfer. G.S. 143B-1390, 143B-1391, 143B-1392, 143B-1393, and 143B-1394 in Part 9 of Article 15 of Chapter 143B of the General Statutes are recodified as G.S. 7A-353, 7A-353.1, 7A-353.2, 7A-353.3, and 7A 353.4 in Part 2 of Article 29 of Subchapter VII of Chapter 7A of the General Statutes, as amended by subsection (a) of this section.

SECTION 16.13.(c) Part 2 of Article 29 of Subchapter VII of Chapter 7A of the General Statutes, as amended by subsections (a) and (b) of this section, reads as rewritten:

"Part 2. Criminal Justice Information.

"**§ 7A-353. Definitions.**

As used in this Part:

(1) "Board" means the Criminal Justice Information Network Governing Board established by G.S. 143B-1391.

(2) "Local government user" means a unit of local government of this State having authorized access to the Network.

(3) "Network" means the Criminal Justice Information Network established by the Board pursuant to this Part.

(4) "Network user" or "user" means any person having authorized access to the Network.

(5) "State agency" means any State department, agency, institution, board, commission, or other unit of State government.

"**§ 7A-353.1. Criminal Justice Information Network Governing Board – creation; purpose; membership; conflicts of interest.**

(a) The Criminal Justice Information Network Governing Board is established within the ~~Department of Information Technology,~~ Administrative Office of the Courts, as a Type II transfer, to operate the State's Criminal Justice Information Network, the purpose of which shall be to provide the governmental and technical information systems infrastructure necessary for accomplishing State and local governmental public safety and justice functions in the most effective manner by appropriately and efficiently sharing criminal justice and juvenile justice information among law enforcement, judicial, and corrections agencies. ~~The~~ Notwithstanding G.S. 143A-6(b), the Board is established within the Administrative Office of the ~~State Chief Information Officer,~~ Courts for organizational and budgetary purposes only and the Board shall exercise all of its statutory powers in this Part independent of control by the Administrative Office of the ~~State Chief Information Officer.~~Courts.

…

"**§ 7A-353.2. Compensation and expenses of Board members; travel reimbursements.**

Members of the Board shall serve without compensation but may receive travel and subsistence as follows:

(1) Board members who are officials or employees of a State agency or unit of local government, in accordance with G.S. 138-6.

(2) All other Board members, at the rate established in G.S. 138-5.

"**§ 7A-353.3. Powers and duties.**

(a) The Board shall have the following powers and duties:

(1) To establish and operate the Network as an integrated system of State and local government components for effectively and efficiently storing, communicating, and using criminal justice information at the State and local levels throughout North Carolina's law enforcement, judicial, juvenile justice, and corrections agencies, with the components of the Network to include electronic devices, programs, data, and governance and to set the Network's policies and procedures.

…

(8) To employ the services of an Executive Director who shall report solely to the Board.

(9) To exercise administrative control over the operational budget established by the Board and appropriated by the General Assembly.

(10) To exercise sole authority and control over employee positions allotted to the Board, including the authority to establish qualifications, classification, and salary levels for its employees and determine appropriate methods of screening for candidates, interviewing, hiring, and day-to-day management of Board employees.

…

"**§ 7A-353.4. Election of officers; meetings; staff, etc.**

…

(b) The staff of the Criminal Justice Information Network shall provide the Board with professional and clerical support and any additional support the Board needs to fulfill its mandate.

(c) The ~~Board's staff shall use space provided by the Department of Information Technology.~~Administrative Office of the Courts shall provide office space and administrative support for the Board's staff and shall provide technical assistance to the Board at the request of the Board."

SECTION 16.13.(d) G.S. 143B-1320(a)(2) and G.S. 143B-1323(c)(2) are repealed.

SECTION 16.13.(e) G.S. 143B-1321(a)(30) reads as rewritten:

"(30) Support the operation of the CGIA, GICC, GDAC, ~~CJIN,~~ and 911 Board."

SECTION 16.13.(f) G.S. 143B-1322(c)(19) reads as rewritten:

"(19) Supervise and support the operations of the CGIA, GICC, GDAC, ~~CJIN,~~ and 911 Board."

FUND DOMESTIC VIOLENCE DEPUTY CLERKS

SECTION 16.14. Of the one million one hundred twenty-nine thousand seventy dollars ($1,129,070) appropriated in this act to the Administrative Office of the Courts in each fiscal year of the 2021-2023 fiscal biennium to be used for domestic violence deputy clerks, the funds shall be used in counties currently employing these clerks and that have or are working toward electronic filing systems for domestic violence intake.

PART XVII. INDIGENT DEFENSE SERVICES

TRANSFER TWO ASSISTANT PUBLIC DEFENDERS FROM DEFENDER DISTRICT 10 TO DEFENDER DISTRICT 16B

SECTION 17.1. The Commission on Indigent Defense Services shall transfer two assistant public defender positions from Defender District 10 to Defender District 16B.

CONTINGENCY RESERVE FOR PRIVATE ASSIGNED COUNSEL

SECTION 17.2. Of the funds appropriated to the Office of Indigent Defense Services (Office), the Office shall reserve the sum of five hundred thousand dollars ($500,000) in each

year of the 2021-2023 fiscal biennium in Budget Code: 12001; Fund Code: 1310 as a contingency reserve to be available to provide funding for private assigned counsel as necessary. Funds in the contingency reserve shall remain available until spent consistent with this section. The Office shall report on the use of the funds to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division by February 1, 2022, and no later than February 1 of each year thereafter until the funds reserved in accordance with this section are expended.

DEBT SETOFF MODIFICATION

SECTION 17.3.(a) Notwithstanding the time limitations applicable to notice by a State agency pursuant to G.S. 105A-8, for notices to a debtor a State agency failed to timely send between March of 2020 and February of 2021 for reasons beyond the control of the Office of Indigent Defense Services, including the inability to obtain the information necessary to send the notice, the Office may send notice to the debtor within 30 days of the date this section becomes law; provided, the notice and rights afforded to the debtor otherwise complies with the requirements of G.S. 105A-8.

SECTION 17.3.(b) This section is effective when this act becomes law.

PART XVIII. JUSTICE

NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB

SECTION 18.1. Article 9 of Chapter 114 of the General Statutes is amended by adding a new section to read:

"**§ 114-63.1. No hiring of sworn personnel to fill vacant positions.**

The Department of Justice shall not hire sworn personnel to fill vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be construed to require the termination of sworn personnel or to affect North Carolina State Crime Laboratory personnel who are sworn and employed by the Laboratory as of the effective date of this section and who continue to meet the sworn status retention standards mandated by the North Carolina Criminal Justice Education and Standards Commission."

MICROSCOPIC HAIR COMPARISON/PROVIDE RECORDS FOR REVIEW OF CASES

SECTION 18.2.(a) Definition. – For purposes of this section, the term "Memorandum of Understanding" means the Memorandum of Understanding, dated June 28, 2019, and any amendments entered into between the North Carolina Center on Actual Innocence (Center), a nonprofit corporation, and the Department of Justice (Department) on behalf of the North Carolina State Crime Lab (Crime Lab).

SECTION 18.2.(b) Requirement. – Subject to any restrictions imposed under federal law, by December 1, 2021, the Crime Lab shall provide to the Center all information and records set forth in the Memorandum of Understanding that are to be provided by the Crime Lab to the Center. Additionally, the Crime Lab shall provide all services set forth in the Memorandum of Understanding that are to be provided by the Crime Lab to the Center. If the Crime Lab is unable to provide certain information, records, or services required under this subsection, the Crime Lab shall provide the Center with written justification detailing why the Crime Lab was unable to provide the information, record, or service.

SECTION 18.2.(c) Report on Compliance. – By December 15, 2021, the Center shall submit a report to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division detailing what information, records, and services required under subsection (b) of this section (i) have been provided by the Crime Lab and (ii) have not been provided and the reason provided by the Crime Lab for not providing the information, record, or service.

SECTION 18.2.(d) Report on Findings. – By December 1, 2022, the Center shall submit a report to the Joint Legislative Oversight committee on Justice and Public Safety and the Fiscal Research Division detailing its findings from its review of any information or records provided under subsection (b) of this section to determine which court cases involved the use of microscopic hair comparison and whether the results in each court case were properly stated, challenged, and confirmed.

REQUIRE APPROVAL OF COUNCIL OF STATE PRIOR TO ATTORNEY GENERAL INTERVENING IN CERTAIN CASES

SECTION 18.3.(a) G.S. 114-2 reads as rewritten:

"**§ 114-2. Duties.**

(a) Pursuant to Section 7(2) of Article III of the North Carolina Constitution, it shall be the duty of the Attorney General:

(1) ~~To~~ Subject to the condition set forth in subsection (b) of this section, to defend all actions in the appellate division in which the State shall be interested, or a party, and to appear for the State in any other court or tribunal in any cause or matter, civil or criminal, in which the State may be a party or interested. The duty to represent the State in criminal appeals shall not be delegated to any district attorney's office or any other entity.

…

(8) Subject to the provisions of ~~G.S. 62-20:~~G.S. 62-20 and the condition set forth in subsection (b) of this section:

a. To intervene, when ~~he~~ the Attorney General deems it to be advisable in the public interest, in proceedings before any courts, regulatory officers, agencies and bodies, both State and federal, in a representative capacity for and on behalf of the using and consuming public of this State. ~~He~~ The Attorney General shall also have the authority to institute and originate proceedings before such courts, officers, agencies or bodies and shall have authority to appear before agencies on behalf of the State and its agencies and citizens in all matters affecting the public interest.

b. Upon the institution of any proceeding before any State agency by application, petition or other pleading, formal or informal, the outcome of which will affect a substantial number of residents of North Carolina, such agency or agencies shall furnish the Attorney General with copies of all such applications, petitions and pleadings so filed, and, when the Attorney General deems it advisable in the public interest to intervene in such proceedings, ~~he~~ the Attorney General is authorized to file responsive pleadings and to appear before such agency either in a representative capacity in behalf of the using and consuming public of this State or in behalf of the State or any of its agencies.

…

(b) Notwithstanding any provision of law to the contrary, the Attorney General shall not intervene for, or otherwise participate on behalf of, the State in any ongoing proceeding before an out-of-state or federal court, regulatory officer, agency, or body that does not involve the recovery of damages or other relief by the State or a State department, agency, institution, commission, or bureau, unless the intervention or other participation is approved by a majority vote of the Council of State. Nothing in this subsection shall be construed as prohibiting the Attorney General from participating in a proceeding before a court, regulatory officer, agency, or body in which the State or a State department, agency, institution, commission, or bureau is a

party. For purposes of this subsection, the term "Attorney General" includes any attorney employed by or contracting with the Department of Justice."

SECTION 18.3.(b) This section is effective when it becomes law and applies to proceedings commenced on or after that date.

ESTABLISH LAW ENFORCEMENT OFFICER DISCIPLINE AND DECERTIFICATION STATEWIDE DATABASE

SECTION 18.4.(a) Article 1 of Chapter 17C of the General Statutes is amended by adding a new section to read:

"**§ 17C-14. Database of law enforcement officer certification suspensions and revocations.**

The Commission shall develop and maintain a statewide database accessible to the public on its website that contains all revocations and suspensions of law enforcement officer certifications by the Commission."

SECTION 18.4.(b) Chapter 17E of the General Statutes is amended by adding a new section to read:

"**§ 17E-14. Database of justice officer certification suspensions and revocations.**

The Commission shall develop and maintain a statewide database accessible to the public on its website that contains all revocations and suspensions of justice officer certifications by the Commission."

SECTION 18.4.(c) Subpart A of Part 4 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-907. Public law enforcement database regulation.**

(a) Any database (i) created by a State agency or political subdivision of this State, (ii) accessible to the public, and (iii) created for the purpose of compiling and making available information regarding disciplinary actions taken against law enforcement officers may be established if all of the following are met:

(1) The database is created by act of the General Assembly.

(2) The information made public does not violate personnel and privacy laws.

(3) The officer has received notice of the disciplinary action prior to it being added to the database.

(4) The officer has been afforded some opportunity to be heard regarding the disciplinary action prior to it being added to the database.

(5) The database only publishes final dispositions in disciplinary actions.

(6) The database provides for the removal of records of the disciplinary action in the event the action is later rescinded.

(b) For purposes of this section, "law enforcement officers" means sworn law enforcement officers with the power of arrest, both State and local."

SECTION 18.4.(d) Subsection (c) of this section is effective when it becomes law. The remainder of this section becomes effective October 1, 2021.

ESTABLISH LAW ENFORCEMENT OFFICER CRITICAL INCIDENT STATEWIDE DATABASE

SECTION 18.5.(a) G.S. 17C-2 reads as rewritten:

"**§ 17C-2. Definitions.**

Unless the context clearly otherwise requires, the following definitions apply in this Article:

…

(3a) Critical incident. – An incident involving any use of force by a law enforcement officer that results in death or serious bodily injury to a person.

…."

SECTION 18.5.(b) Article 1 of Chapter 17C of the General Statutes is amended by adding a new section to read:

"**§ 17C-15. Database for law enforcement officer critical incident information.**

(a) The Division shall develop and maintain a statewide database for use by law enforcement agencies that tracks all critical incident data of law enforcement officers in North Carolina.

(b) All law enforcement agencies in the State that employ personnel certified by the Commission shall provide any information requested by the Division to maintain the database required by subsection (a) of this section.

(c) Information collected under this section that is confidential under State or federal law shall remain confidential.

(d) A law enforcement officer who is reported to the Division as having been involved in a critical incident who disputes being involved in a critical incident has a right, prior to being placed in the database, to request a contested case hearing regarding that determination pursuant to and in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes."

SECTION 18.5.(c) G.S. 17E-2 reads as rewritten:

"**§ 17E-2. Definitions.**

Unless the context clearly requires otherwise, the following definitions apply to this Chapter:

…

(4) "Critical incident" means an incident involving any use of force by a law enforcement officer that results in death or serious bodily injury to a person."

SECTION 18.5.(d) Chapter 17E of the General Statutes is amended by adding a new section to read:

"**§ 17E-15. Database for justice officer critical incident information.**

(a) The Division shall develop and maintain a statewide database for use by law enforcement agencies that tracks all critical incident data of justice officers in North Carolina.

(b) All law enforcement agencies in the State that employ personnel certified by the Commission shall provide any information requested by the Commission to maintain the database required by subsection (a) of this section.

(c) Information collected under this section that is confidential under State or federal law shall remain confidential.

(d) A law enforcement officer who is reported to the Division as having been involved in a critical incident who disputes being involved in a critical incident has a right, prior to being placed in the database, to request a contested case hearing regarding that determination pursuant to and in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes."

SECTION 18.5.(e) This section becomes effective October 1, 2021, and applies to critical incidents on or after that date.

EXPAND CRIMINAL JUSTICE FELLOWS PROGRAM

SECTION 18.6.(a) G.S. 17C-20 reads as rewritten:

"**§ 17C-20. Definitions.**

As used in this Article, the following definitions apply:

…

(5) Eligible county. – A county with a population of less than ~~125,000~~ 200,000 according to the latest federal decennial census or a county designated as a development tier one area pursuant to G.S. 143B-437.08, or both.

…."

SECTION 18.6.(b) This section is effective when it becomes law and applies to Criminal Justice Fellows Program applicants selected on or after that date.

PROHIBIT COLLUSIVE SETTLEMENTS BY THE ATTORNEY GENERAL

SECTION 18.7.(a) G.S. 114-2.2 is amended by adding a new subsection to read:

"(a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or provision of the North Carolina Constitution, and the Speaker of the House of Representatives and the President Pro Tempore of the Senate (i) have jointly intervened on behalf of the General Assembly in accordance with G.S. 1-72.2 or (ii) are otherwise jointly named in their official capacities as parties to the dispute, claim, or controversy, a consent judgment shall be jointly approved by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, or by and through counsel of their choice, before the judgment may be entered."

SECTION 18.7.(b) G.S. 114-2.4 is amended by adding a new subsection to read:

"(a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or provision of the North Carolina Constitution, and the Speaker of the House of Representatives and the President Pro Tempore of the Senate (i) have intervened on behalf of the General Assembly in accordance with G.S. 1-72.2 or (ii) are otherwise jointly named in their official capacities as parties to the dispute, claim, or controversy, a proposed settlement agreement or other agreement that would dispose of the dispute, claim, or controversy shall be jointly approved by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, or by and through counsel of their choice, before the agreement may be entered."

SECTION 18.7.(c) G.S. 163-22.2 reads as rewritten:

"**§ 163-22.2. Power of State Board to promulgate temporary rules and regulations.**

In the event any portion of Chapter 163 of the General Statutes or any State election law or form of election of any county board of commissioners, local board of education, or city officer is held unconstitutional or invalid by a State or federal court or is unenforceable because of objection interposed by the United States Justice Department under the Voting Rights Act of 1965 and such ruling adversely affects the conduct and holding of any pending primary or election, the State Board of Elections shall have authority to make reasonable interim rules and regulations with respect to the pending primary or election as it deems advisable so long as they do not conflict with any provisions of this Chapter 163 of the General Statutes and such rules and regulations shall become null and void 60 days after the convening of the next regular session of the General Assembly. ~~The State Board of Elections shall also be authorized, upon recommendation of the Attorney General, to enter into agreement with the courts in lieu of protracted litigation until such time as the General Assembly convenes.~~"

SECTION 18.7.(d) Subsections (a) and (b) of this section are effective when they become law and apply to consent judgments, settlement agreements, or other agreements that would dispose of a dispute, claim, or controversy entered on or after that date. Subsection (c) of this section is effective when it becomes law and applies to rulings on or after that date.

PART XIX. PUBLIC SAFETY

PART XIX-A. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION

JPS GRANT REPORTING

SECTION 19A.1.(a) Article 29 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-350.1. Annual report on grant funds received or preapproved for receipt.**

The Judicial Department shall report by May 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on grant funds received or preapproved for receipt by the Department. The report shall include information on the amount of grant funds received or preapproved for receipt by the Department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the Department intends to continue the program beyond the end of the grant period, the Department shall report on the proposed method for continuing the funding of the program at the end of the grant period.

The Department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant."

SECTION 19A.1.(b) Article 1 of Chapter 114 of the General Statutes is amended by adding a new section to read:

"**§ 114-2.5B. Annual report on grant funds received or preapproved for receipt.**

The Department of Justice shall report by May 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on grant funds received or preapproved for receipt by the Department. The report shall include information on the amount of grant funds received or preapproved for receipt by the Department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the Department intends to continue the program beyond the end of the grant period, the Department shall report on the proposed method for continuing the funding of the program at the end of the grant period. The Department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant."

SECTION 19A.1.(c) Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-602.2. Annual report on grant funds received or preapproved for receipt.**

The Department of Public Safety shall report by May 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on grant funds received or preapproved for receipt by the Department. The report shall include information on the amount of grant funds received or preapproved for receipt by the Department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the Department intends to continue the program beyond the end of the grant period, the Department shall report on the proposed method for continuing the funding of the program at the end of the grant period. The Department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant."

NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES

SECTION 19A.2.(a) Notwithstanding any other provision of law, and except as otherwise provided in subsection (b) of this section, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Public Safety to any other State agency during the 2021-2023 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium.

SECTION 19A.2.(b) This section shall not apply to consolidation of information technology positions into the Department of Information Technology pursuant to G.S. 143B-1325.

ALLOCATION OF GRANT FUNDS TO SHERIFFS' OFFICES IN TIER ONE AND TIER TWO COUNTIES

SECTION 19A.3.(a) Of the two million seventy thousand dollars ($2,070,000) appropriated in this act to the Department of Public Safety in the 2021-2022 fiscal year to be used to provide grant funds to county sheriffs' offices, the funds shall be allocated in equal amounts to the sheriffs' offices located in development tier one and tier two areas, as defined in G.S. 143B-437.08.

SECTION 19A.3.(b) Of the five million two hundred sixty-nine thousand dollars ($5,269,000) appropriated in this act to the Department of Public Safety in the 2022-2023 fiscal year to be used to provide grant funds to county sheriffs' offices, the funds shall be allocated in equal amounts to the sheriffs' offices located in development tier one and tier two areas, as defined in G.S. 143B-437.08.

SECTION 19A.3.(c) The grants provided to sheriffs' offices in this section shall be used for expenses incurred by the offices from enforcing the laws of this State and carrying out other duties set by law.

INTERNET CRIMES AGAINST CHILDREN INVESTIGATIONS

SECTION 19A.4.(a) Of the funds appropriated to the Department of Public Safety, the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds in each year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation, to be used as grants to sheriffs' offices and other local law enforcement agencies to investigate reports of internet crimes against children.

SECTION 19A.4.(b) The grant funds allocated under subsection (a) of this section shall be administered by the North Carolina Sheriffs' Association, which shall develop guidelines and procedures for the administration and distribution of grants to participating sheriffs' offices and local law enforcement agencies. These guidelines and procedures shall include the following requirements and limitations:

(1) The maximum grant amount shall not exceed seventy-five thousand dollars ($75,000) per recipient per fiscal year.

(2) Recipient agencies shall be required to enter into a memorandum of agreement with the State Bureau of Investigation (SBI) governing the investigation of internet crimes against children.

SECTION 19A.4.(c) The North Carolina Sheriffs' Association shall submit the following reports to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, to the chairs of the House and Senate Appropriations Committees on Justice and Public Safety, and to the Fiscal Research Division:

(1) No later than November 1, 2021, a report on the guidelines and procedures that will govern distribution and administration of grant funds distributed pursuant to this section.

(2) No later than August 1, 2022, a report on the grant funds distributed pursuant to this section during the 2021-2022 fiscal year.

(3) No later than August 1, 2023, a report on the grant funds distributed pursuant to this section during the 2022-2023 fiscal year.

SECTION 19A.4.(d) It is the intent of the General Assembly to strongly encourage sheriffs to enter into memoranda of agreement with the SBI to expeditiously investigate reports and tips regarding internet crimes against children and to consult with the SBI Computer Crimes Unit and North Carolina Internet Crimes Against Children Task Force.

PART XIX-B. LAW ENFORCEMENT

STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS

SECTION 19B.1.(a) Creation of Receipt-Supported Positions Authorized. – The State Capitol Police may contract with State agencies for the creation of receipt-supported positions to provide security services to the buildings occupied by those agencies.

SECTION 19B.1.(b) Annual Report Required. – No later than September 1 of each fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on Justice and Public Safety the following information for the fiscal year in which the report is due:

(1) A list of all positions in the State Capitol Police. For each position listed, the report shall include at least the following information:

a. The position type.

b. The agency to which the position is assigned.

c. The source of funding for the position.

(2) For each receipt-supported position listed, the contract and any other terms of the contract.

SECTION 19B.1.(c) Additional Reporting Required Upon Creation of Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section, the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this section to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant to this section shall include at least all of the following information:

(1) The position type.
(2) The agency to which the position is being assigned.
(3) The position salary.
(4) The total amount of the contract.
(5) The terms of the contract.

SECTION 19B.1.(d) Format of Reports. – Reports submitted pursuant to this section shall be submitted electronically and in accordance with any applicable General Assembly standards.

USE OF SEIZED AND FORFEITED PROPERTY

SECTION 19B.2.(a) Seized and forfeited assets transferred to the Department of Justice or to the Department of Public Safety during the 2021-2023 fiscal biennium pursuant to applicable federal law shall be credited to the budget of the recipient department and shall result in an increase of law enforcement resources for that department. The Department of Public Safety and the Department of Justice shall each make the following reports to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

(1) A report upon receipt of any assets.
(2) A report that shall be made prior to use of the assets on their intended use and the departmental priorities on which the assets may be expended.
(3) A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year, which shall be made no later than September 1 of each year.

SECTION 19B.2.(b) The General Assembly finds that the use of seized and forfeited assets transferred pursuant to federal law for new personnel positions, new projects, acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice and the Department of Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

SECTION 19B.2.(c) Nothing in this section prohibits State law enforcement agencies from receiving funds from the United States Department of Justice, the United States Department of the Treasury, and the United States Department of Health and Human Services.

SECTION 19B.2.(d) The Joint Legislative Oversight Committee on Justice and Public Safety shall study the impact on State and local law enforcement efforts of the receipt of seized and forfeited assets. The Committee shall report its findings and recommendations prior to the convening of the 2022 Regular Session of the 2021 General Assembly.

INVESTIGATION OF OFFICER-INVOLVED SHOOTINGS AND OTHER INCIDENTS RESULTING IN DEATH OR SERIOUS BODILY INJURY

SECTION 19B.3.(a) G.S. 143B-919 is amended by adding a new subsection to read:

"(b1) The Bureau shall, upon request of the Governor, investigate and prepare evidence in the event of any of the following:

(1) A sworn law enforcement officer with the power to arrest discharges the officer's firearm in the performance of the officer's duties, excluding during training exercises.

(2) A sworn law enforcement officer with the power to arrest uses force against an individual in the performance of the officer's duties that results in the death of, or serious bodily injury to, the individual.

(3) An individual in the custody of the Department of Public Safety, a State prison, a county jail, or a local confinement facility, regardless of the physical location of the individual, dies or suffers serious bodily injury."

SECTION 19B.3.(b) This section becomes effective October 1, 2021.

DEPARTMENT OF PUBLIC SAFETY TO ISSUE NEW REQUEST FOR PROPOSAL FOR VIPER SYSTEM MAINTENANCE

SECTION 19B.4.(a) Prior to using the funds appropriated in this act for the maintenance of the Voice Interoperability Plan for Emergency Responders (VIPER) System, the Department of Public Safety shall issue a request for proposal for that maintenance.

SECTION 19B.4.(b) The Department of Public Safety shall submit the results of the request for proposal issued pursuant to subsection (a) of this section to the Joint Legislative Oversight Committee on Justice and Public Safety.

SECTION 19B.4.(c) After 60 days have passed following the submission of its report pursuant to subsection (b) of this section, the Department of Public Safety may use the funds appropriated in this act to contract with a vendor to maintain the VIPER System.

TRANSFER ELECTIONS INVESTIGATIONS DIVISION TO STATE BUREAU OF INVESTIGATION

SECTION 19B.5.(a) The Investigations Division in the State Board of Elections is transferred to the State Bureau of Investigation in the Department of Public Safety. This transfer has all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 19B.5.(b) G.S. 143B-919 reads as rewritten:

"**§ 143B-919. Investigations of lynchings, election frauds, etc.; services subject to call of Governor; witness fees and mileage for employees.**

(a) The Bureau shall, upon request of the Governor, investigate and prepare evidence in the event of any lynching or mob violence in the ~~State; shall investigate all cases arising from frauds in connection with elections when requested to do so by the Board of Elections, and when so directed by the Governor.~~ State. Such investigation, however, shall in nowise interfere with the power of the Attorney General to make such investigation as the Attorney General is authorized to make under the laws of the State. The Bureau is authorized further, at the request of the Governor, to investigate cases of frauds arising under the Social Security Laws of the State, of violations of the gaming laws, and lottery laws, and matters of similar kind when called upon by the Governor so to do. In all such cases it shall be the duty of the Department to keep such records as may be necessary and to prepare evidence in the cases investigated, for the use of enforcement officers and for the trial of causes. The services of employees of the Bureau may be required by the Governor in connection with the investigation of any crime committed anywhere in the State when called upon by the enforcement officers of the State, and when, in the judgment of the Governor, such services may be rendered with advantage to the enforcement of the criminal law. The State Bureau of Investigation is hereby authorized to investigate the following without ~~the request~~ request:

(1) The attempted arson of, or arson of, damage of, theft from, or theft of, or misuse of, any State-owned personal property, buildings, or other real property or any assault upon or threats against any legislative officer named

in G.S. 147-2(1), (2), or (3), any executive officer named in G.S. 147-3(c), or any court officer as defined in G.S. 14-16.10(1).

(2) All cases arising from frauds in connection with elections in any county and municipality and special district and shall report any violations of the election laws to the Attorney General or district attorney or prosecutor of the district for further investigation and prosecution. In conducting investigations under this subdivision, the Bureau shall have the authority to administer oaths, issue subpoenas, summon witnesses, and compel the production of papers, books, records, and other evidence.

…."

SECTION 19B.5.(c) G.S. 163-20 reads as rewritten:

"**§ 163-20. Meetings of Board; quorum; minutes.**

…

(c) Meetings to Investigate Alleged Violations of This Chapter. – When called upon to investigate or hear sworn alleged violations of this Chapter, the State Board of Elections shall meet and hear the matter in the county in which the violations are alleged to have occurred. The State Board of Elections shall report any alleged incidents of frauds in elections to the State Bureau of Investigation to investigate as provided in G.S. 143B-919.

…."

SECTION 19B.5.(d) G.S. 163-22 reads as rewritten:

"**§ 163-22. Powers and duties of State Board of Elections.**

…

(d) The State Board of Elections shall investigate when necessary or advisable, the administration of election ~~laws, frauds and~~ laws and irregularities in elections in any county and municipality and special district, and shall report violations of the election laws to the Attorney General or district attorney or prosecutor of the district for further investigation and prosecution. The State Board of Elections shall report any alleged incidents of frauds in elections to the State Bureau of Investigation to investigate as provided in G.S. 143B-919.

…

(j1) Notwithstanding G.S. 153A-98 or any other provision of law, all officers, employees, and agents of a county board of elections are required to give to the State Board of Elections, upon request, all information, documents, and data within their possession, or ascertainable from their records, including any internal investigation or personnel documentation and are required to make available, upon request pursuant to an investigation under subsection (d) of this ~~section,~~ section or an investigation under G.S. 143B-919 by the State Bureau of Investigation, any county board employee for interview and to produce any equipment, hardware, or software for inspection. These requirements are mandatory and shall be timely complied with as specified in a request made by any four members of the State Board.

…."

SECTION 19B.5.(e) G.S. 163-33 reads as rewritten:

"**§ 163-33. Powers and duties of county boards of elections.**

The county boards of elections within their respective jurisdictions shall exercise all powers granted to such boards in this Chapter, and they shall perform all the duties imposed upon them by law, which shall include the following:

…

(3) To investigate (i) irregularities, nonperformance of duties, and violations of ~~laws~~ laws, except cases arising from frauds in connection with an election, by election officers and other persons, and to report violations to the State Board of ~~Elections.~~ Elections and (ii) cases arising from frauds in connection with an election by election officers or other persons and to report any violations to the State Bureau of Investigation. In exercising the powers and duties of

this subdivision, the board may act only when a majority of its members are present at any meeting at which such powers or duties are exercised. Provided that in any hearing on an irregularity no board of elections shall consider as evidence the testimony of a voter who cast a ballot, which ballot that voter was not eligible to cast, as to how that voter voted on that ballot.

…."

SECTION 19B.5.(f) G.S. 163-278 reads as rewritten:

"**§ 163-278. Duty of investigating and prosecuting violations of this Article.**

(a) It shall be the duty of the State Board of Elections and the district attorneys to investigate any violations of this Article, except as provided in subsection (b) of this section, and the State Board and district attorneys are authorized and empowered to subpoena and compel the attendance of any person before them for the purpose of making such investigation. The State Board and the district attorneys are authorized to call upon the Director of the State Bureau of Investigation to furnish assistance by the State Bureau of Investigation in making the investigations of such violations. The State Board shall furnish the district attorney a copy of its investigation. The district attorney shall initiate prosecution and prosecute any violations of this Article. The provisions of G.S. 163-278.28 shall be applicable to violations of this Article.

(b) It shall be the duty of the State Bureau of Investigation and the district attorneys to investigate any violations of this Article arising from frauds, and the State Bureau of Investigation and district attorneys are authorized and empowered to subpoena and compel the attendance of any person before them for the purpose of making such investigation. The State Bureau of Investigation shall furnish the district attorney a copy of its investigation. The district attorney shall initiate prosecution and prosecute any violations of this Article."

SECTION 19B.5.(g) Any investigation ongoing as of the effective date of this section is not abated or affected by this section. Prosecutions for offenses or violations committed before the effective date of this section are not abated or affected by this section, and the statutes that would be applicable but for this section remain applicable to those prosecutions.

SECTION 19B.5.(h) This section becomes effective October 1, 2021.

PART XIX-C. ADULT CORRECTION

CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT

SECTION 19C.1. The Department of Public Safety may continue to contract with The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds for minimum security female inmates during the 2021-2023 fiscal biennium. The Center for Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology as that used by the Department of Public Safety.

STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT

SECTION 19C.2. G.S. 148-32.1(b2) reads as rewritten:

"(b2) The Statewide Misdemeanant Confinement Program is established. The Program shall provide for the housing of misdemeanants from all counties serving sentences imposed for a period of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement facilities except as provided in subsections (b3) and (b4) of this section. The Program shall address methods for the placement and transportation of inmates and reimbursement to counties for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants

from that county or from other counties pursuant to the Program may enter into a written agreement with the Division of Adult Correction and Juvenile Justice to do so.

The North Carolina Sheriffs' Association shall:

(1) Report no later than the fifteenth day of each month to the Office of State Budget and Management and the Fiscal Research Division on the Statewide Misdemeanant Confinement Program. Each monthly report shall include all of the following:
   a. The daily population delineated by misdemeanant or DWI monthly housing.
   b. The cost of housing prisoners under the Program.
   c. The cost of transporting prisoners under the Program.
   d. Personnel costs.
   e. Inmate medical care costs.
   f. The number of counties that volunteer to house inmates under the Program.
   g. The administrative costs paid to the Sheriffs' Association and to the Department of Public Safety.

(2) Report no later than October 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the Statewide Misdemeanant Confinement Program. The report shall include the following with respect to the prior fiscal year:
   a. The cost of housing prisoners by county under the Program.
   b. The cost of transporting prisoners by county under the Program.
   c. Personnel costs by county.
   d. Inmate medical care costs by county.
   e. The number of counties that volunteer to house inmates under the Program.
   f. The administrative costs paid to the Sheriffs' Association and to the Department of Public Safety."

STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER

SECTION 19C.3. Of the funds appropriated in this act for the Statewide Misdemeanant Confinement Program:

(1) The sum of one million dollars ($1,000,000) shall be transferred each fiscal year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation, to support the Program and for administrative and operating expenses of the Association and its staff.

(2) The sum of two hundred twenty-five thousand dollars ($225,000) shall be allocated each fiscal year to the Division of Adult Correction for its administrative and operating expenses for the Program.

INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND EQUIPMENT PURCHASES SECTIONS

SECTION 19C.4.(a) Notwithstanding the provisions of G.S. 148-65.7, fees collected for the Interstate Compact Fund during the 2021-2023 fiscal biennium may be used by the Division of Adult Correction and Juvenile Justice of the Department of Public Safety during the 2021-2023 fiscal biennium to provide training programs and equipment purchases for the Section of Community Corrections, but only to the extent sufficient funds remain available in the Fund to support the mission of the Interstate Compact Program.

SECTION 19C.4.(b) No later than October 1 of each fiscal year, the Department of Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public Safety on the amount of funds used pursuant to this section and for what purposes the funds were used.

NURSE STAFFING AT STATE PRISONS REPORT

SECTION 19C.5.(a) The Department of Public Safety shall report the following information to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2022, and by February 1, 2023:

(1) The total number of permanent nursing positions allocated to the Department, the number of filled positions, the number of positions that have been vacant for more than six months, and information regarding the location of both filled and vacant positions.

(2) The extent to which temporary contract services are being used to staff vacant nursing positions, the method for funding the contract services, and any cost differences between the use of permanent employees versus contract employees.

(3) A progress report on the implementation of its plan to (i) reduce the use of contract services to provide nursing in State prisons and (ii) attract and retain qualified nurses for employment in permanent positions in State prisons.

SECTION 19C.5.(b) Notwithstanding any other provision of law, the Department of Public Safety may, in its discretion and subject to the approval of the Office of State Budget and Management, convert funds appropriated for contractual nursing services to permanent nursing positions when it is determined to promote security, generate cost savings, and improve health care quality. The Department shall report on any such conversions to the Fiscal Research Division.

DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS

SECTION 19C.6. The Department of Public Safety, Division of Adult Correction and Juvenile Justice, shall report the following information to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2022, and by February 1, 2023:

(1) The number of Division employees charged with the commission of a criminal offense committed in a State prison and during the employee's work hours. The information shall be provided by State facility and shall specify the offense charged and the outcome of the charge.

(2) The number of employees disciplined, demoted, or separated from service due to personal misconduct. To the extent it does not disclose confidential personnel records, the information shall be organized by type of misconduct, nature of corrective action taken, and outcome of the corrective action.

(3) The hiring and screening process, including any required credentials or skills, criminal background checks, and personality assessments. The information shall also include the process the Division uses to verify the information provided by an applicant.

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL EXPENSES

SECTION 19C.7. Notwithstanding G.S. 143C-6-9, the Department of Public Safety may use funds available to the Department for the 2021-2023 fiscal biennium to reimburse counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may not exceed forty dollars ($40.00) per day per prisoner awaiting transfer. Beginning October 1,

2021, the Department shall report quarterly to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer.

DOT CONTRACT OF INMATE LITTER CREW

SECTION 19C.8.(a) After the issuance of a request for information (RFI) and receipt of bids by the Department of Transportation for litter pickup on State highways and roads, the Department of Transportation shall first offer the contract to the Division of Adult Correction and Juvenile Justice upon the same terms and conditions as the most favorable bid received by the Department of Transportation from a suitable contractor. The Division of Adult Correction and Juvenile Justice shall have 30 days to accept or decline the offered contract.

SECTION 19C.8.(b) It is the policy of the General Assembly that the Department of Transportation shall utilize inmate litter crews for litter pickup on State highways and roads as often as is necessary and practicable.

CREATE THE DEPARTMENT OF ADULT CORRECTION AND OTHER CONFORMING CHANGES

SECTION 19C.9.(a) The Department of Adult Correction is established in this Part as a single, unified cabinet-level department. All functions, powers, duties, and obligations vested in the following programs, divisions, and entities located in the Department of Public Safety are transferred to, vested in, and consolidated within the Department of Adult Correction in the manner of a Type I transfer, as defined in G.S. 143A-6:

(1) Prisons Section.

(2) Alcohol and Chemical Dependency Treatment Program, except the DART-Cherry and the Black Mountain Substance Abuse Treatment Center for Women.

(3) Health Services Section.

(4) Correction Enterprises Section.

SECTION 19C.9.(b) The Grievance Resolution Board is transferred to the Department of Adult Correction in the manner of a Type II transfer, as defined in G.S. 143A-6.

SECTION 19C.9.(c) G.S. 143B-2 reads as rewritten:

"**§ 143B-2. Interim applicability of the Executive Organization Act of 1973.**

The Executive Organization Act of 1973 shall be applicable only to the following named departments:

…

(12) Department of Adult Correction."

SECTION 19C.9.(d) G.S. 143B-6 reads as rewritten:

"**§ 143B-6. Principal departments.**

In addition to the principal departments enumerated in the Executive Organization Act of 1971, all executive and administrative powers, duties, and functions not including those of the General Assembly and its agencies, the General Court of Justice and the administrative agencies created pursuant to Article IV of the Constitution of North Carolina, and higher education previously vested by law in the several State agencies, are vested in the following principal departments:

…

(14) Department of Adult Correction."

SECTION 19C.9.(e) G.S. 126-5(d)(1) reads as rewritten:

"(d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this Chapter, which is known as the North Carolina Human Resources Act, the

Governor may designate a total of 425 exempt positions throughout the following departments and offices:

…

o. Department of Adult Correction."

SECTION 19C.9.(f) Chapter 143B of the General Statutes is amended by adding a new Article to read:

"Article 16.

"Department of Adult Correction.

"Part 1. Organization; General Provisions for Department.

"**§ 143B-1440. Organization.**

There is established the Department of Adult Correction. The Department shall perform all functions of the executive branch of the State in relation to the detention and correction of adult offenders.

"**§ 143B-1442. Powers and duties of the Secretary.**

The head of the Department is the Secretary of the Department of Adult Correction. The Secretary shall have the powers and duties as are conferred on the Secretary by this Article, delegated to the Secretary by the Governor, and conferred on the Secretary by the Constitution and laws of this State. The Secretary is authorized to adopt rules and procedures for the implementation of this Article.

"**§ 143B-1444. Definitions.**

As used in this Article, the following meanings shall apply:

(1) Department. – The Department of Adult Correction.

(2) Justice and Public Safety Appropriations Committees. – The Senate Appropriations Committee on Justice and Public Safety and the House of Representatives Appropriations Committee on Justice and Public Safety.

(3) Program. – The Alcoholism and Chemical Dependency Treatment Program.

(4) Secretary. – The Secretary of the Department of Adult Correction."

SECTION 19C.9.(g) G.S. 143B-711 is repealed. G.S. 143B-630 of Part 1A of Article 13 of Chapter 143B and G.S. 143B-701 through 143B-705, 143B-707, 143B-707.4, and 143B-709 of Subpart A of Part 2 of Article 13 of Chapter 143B are recodified as Part 2 of Article 16 of Chapter 143B of the General Statutes as follows:

Former Citation	Recodified Citation
Part 1A	Part 2
143B-630	143B-1450
Subpart A	
143B-701	143B-1451
143B-702	143B-1452
143B-703	143B-1453
143B-704	143B-1454
143B-705	143B-1455
143B-707	143B-1456
143B-707.4	143B-1457
143B-709	143B-1458

SECTION 19C.9.(h) G.S. 143B-707.5 through 707.10 of Subpart A of Part 2 of Article 13 of Chapter 143B are recodified as Part 3 of Article 16 of Chapter 143B of the General Statutes as follows:

Former Citation	Recodified Citation
Subpart A	Part 3
143B-707.3	143B-1470
143B-707.5	143B-1471
143B-707.6	143B-1472

143B-707.7	143B-1473
143B-707.8	143B-1474
143B-707.9	143B-1475
143B-707.10	143B-1476

SECTION 19C.9.(i) Parts 2 and 3 of Article 16 of Chapter 143B of the General Statutes read as rewritten:

"Part 2. General Provisions for Division of Prisons.

"**§ 143B-1450. Creation of Division of ~~Adult Correction and Juvenile Justice;~~ Prisons; powers.**

There is hereby created and established a division to be known as the Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety.~~ Prisons within the Department. The Division of Prisons shall have the power and duty to implement ~~Parts 2 and 3~~ Part 2 of this Article and shall have such other powers and duties as are set forth in this ~~Chapter~~ Article and are prescribed by the ~~Secretary of the Department of Public Safety.~~Secretary.

"**§ 143B-1451. Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons – duties.**

It shall be the duty of the Division of Prisons to provide the necessary custody, supervision, and treatment to control and rehabilitate criminal offenders and thereby to reduce the rate and cost of crime and delinquency.

"**§ 143B-1452. Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons – rules and regulations.**

The Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons shall adopt rules and regulations related to the conduct, supervision, rights and privileges of persons in its custody or under its supervision. Such rules and regulations shall be filed with and published by the office of the Attorney General and shall be made available by the Division for public inspection. The rules and regulations shall include a description of the organization of the Division. A description or copy of all forms and instructions used by the Division, except those relating solely to matters of internal management, shall also be filed with the office of the Attorney General.

"**§ 143B-1453. Repair or replacement of personal property.**

(a) The Secretary ~~of Public Safety~~ may adopt rules governing repair or replacement of personal property items excluding private passenger vehicles that belong to employees of State facilities within the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department ~~of Public Safety~~ and that are damaged or stolen by inmates of the State facilities provided that the item is determined by the Secretary to be damaged or stolen on or off facility grounds during the performance of employment and necessary for the employee to have in ~~his~~ the employee's possession to perform ~~his~~ the employee's assigned duty.

…

(e) The Secretary ~~of Public Safety~~ shall establish by rule an appeals process consistent with Chapter 150B of the General Statutes.

"**§ 143B-1454. Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons – functions with respect to adults.**

(a) The functions of the Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons shall include all functions of the executive branch of the State in relation to corrections and the rehabilitation of adult offenders, including ~~detention, parole, and aftercare supervision,~~ detention and further including those prescribed powers, duties, and functions enumerated in the laws of this State. All such functions, powers, duties, and obligations heretofore vested in the State Department of Correction and Commission of Correction are hereby transferred to and vested in the Division of Prisons of the Department of Adult Correction except as otherwise provided by the Executive Organization Act of 1973.

~~(b) All such functions, powers, duties, and obligations heretofore vested in the Department of Social Rehabilitation and Control and any agency enumerated in Article 14 of Chapter 143A of the General Statutes and laws of this State are hereby transferred to and vested in the Division of Adult Correction and Juvenile Justice of the Department of Public Safety except as otherwise provided by the Executive Organization Act of 1973. They shall include, by way of extension and not of limitation, the functions of:~~

~~(1) The State Department of Correction and Commission of Correction,~~

~~(2) Repealed by Session Laws 1999-423, s. 8, effective July 1, 1999.~~

~~(3) The State Probation Commission,~~

~~(4) The State Board of Paroles,~~

~~(5) The Interstate Agreement on Detainers, and~~

~~(6) The Uniform Act for Out-of-State Parolee Supervision.~~

…

(d) The Division shall establish ~~an alcoholism and chemical dependency treatment program.~~ the Alcoholism and Chemical Dependency Treatment Program. The ~~program~~ Program shall consist of a continuum of treatment and intervention services for male and female inmates, established in medium and minimum custody prison ~~facilities, and for male and female probationers and parolees, established in community-based residential treatment~~ facilities.

…

"**§ 143B-1455. Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons – Alcoholism and Chemical Dependency Treatment Program.**

(a) The Program established by ~~G.S. 143B-704~~ G.S. 143B-1454 shall be offered in correctional facilities, or a portion of correctional facilities that are self-contained, so that the residential and program space is separate from any other programs or inmate housing, and shall be operational ~~by January 1, 1988,~~ at those facilities as the Secretary or the Secretary's designee may designate.

(b) A ~~Section Chief~~ deputy director for the Alcoholism and Chemical Dependency Treatment Program shall be employed and shall report directly to ~~a deputy director for the Division of Adult Correction and Juvenile Justice as designated by the Deputy Commissioner~~ the Director for the Division of ~~Adult Correction and Juvenile Justice.~~ Prisons. The duties of the ~~Section Chief~~ deputy director and staff shall include the following:

(1) Administer and coordinate all substance abuse programs, grants, contracts, and related functions in the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety.~~Adult Correction.

(2) Develop and maintain working relationships and agreements with agencies and organizations that will assist in developing and operating alcoholism and chemical dependency treatment and recovery programs in the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety.~~Adult Correction.

…

(5) Develop programs that provide effective treatment for ~~inmates, probationers, and parolees~~ inmates with alcohol and chemical dependency problems.

…

(7) Supervise directly the facility and district program managers, other specialized personnel, and programs that exist or may be developed in the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety.~~Adult Correction.

(8) Repealed by Session Laws 2012-83, s. 10, effective June 26, 2012.

(c) In each prison that houses an alcoholism and chemical dependency program, there shall be a unit superintendent under the ~~Section~~ Division of Prisons of the ~~Division of~~ Department

of Adult Correction ~~and Juvenile Justice~~ and other custodial, administrative, and support staff as required to maintain the proper custody level at the facility. The unit superintendent shall be responsible for all matters pertaining to custody and administration of the unit. The ~~Section Chief~~ deputy director of the Alcoholism and Chemical Dependency Treatment Program shall designate and direct employees to manage treatment programs at each location. Duties of unit treatment program managers shall include program development and implementation, supervision of personnel assigned to treatment programs, adherence to all pertinent policy and procedural requirements of the Department, and other duties as assigned.

…

"**§ 143B-1456. Reports to the General Assembly.**

The Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety~~ Adult Correction shall report by March 1 of each year to the Chairs of the ~~Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees in~~ Justice and Public Safety Appropriations Committees on their efforts to provide effective treatment to offenders with substance abuse problems. The report shall include:

…

~~(3) Utilization of the community based programs at DART Cherry and Black Mountain Substance Abuse Treatment Center for Women.~~

…

(7) Evaluation of each substance abuse treatment program funded by the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety.~~ Adult Correction. Evaluation measures shall include reduction in alcohol and drug dependency, improvements in disciplinary and infraction rates, recidivism (defined as return-to-prison rates), and other measures of the programs' success.

"**§ 143B-1457. Annual report on safekeepers.**

The Department ~~of Public Safety~~ shall report by October 1 of each year to the chairs of the ~~House of Representatives and Senate~~ Justice and Public Safety Appropriations Committees ~~on Justice and Public Safety~~ and the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on county prisoners housed in the State prison system pursuant to safekeeping orders under G.S. 162-39. The report shall include:

…

"**§ 143B-1458. Security Staffing.**

(a) The Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety~~ Adult Correction shall conduct:

…

(b) The Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety~~ Adult Correction shall update the security staffing relief formula at least every three years. Each update shall include a review of all annual training requirements for security staff to determine which of these requirements should be mandatory and the appropriate frequency of the training. The Division shall survey other states to determine which states use a vacancy factor in their staffing relief formulas.

"Part 3. Medical Costs; Medicaid Services.

"**§ 143B-1470. Medical costs for ~~inmates and juvenile offenders.~~inmates.**

(a) The Department of ~~Public Safety~~ Adult Correction shall reimburse those providers and facilities providing approved medical services to inmates ~~and juvenile offenders~~ outside the correctional ~~or juvenile~~ facility the lesser amount of either a rate of seventy percent (70%) of the provider's then-current prevailing charge or two times the then-current Medicaid rate for any given service. The Department shall have the right to audit any given provider to determine the actual prevailing charge to ensure compliance with this provision.

This section does apply to vendors providing services that are not billed on a fee-for-service basis, such as temporary staffing. Nothing in this section shall preclude the Department from contracting with a provider for services at rates that provide greater documentable cost avoidance for the State than do the rates contained in this section or at rates that are less favorable to the State but that will ensure the continued access to care.

(b) The Department of ~~Public Safety~~ Adult Correction shall make every effort to contain medical costs for inmates ~~and juvenile offenders~~ by making use of its own hospital and health care facilities to provide health care services to ~~inmates and juvenile offenders.~~ inmates. To the extent that the Department of ~~Public Safety~~ Adult Correction must utilize other facilities and services to provide health care services to ~~inmates and juvenile offenders,~~ inmates, the Department shall make reasonable efforts to make use of hospitals or other providers with which it has a contract or, if none is reasonably available, hospitals with available capacity or other health care facilities in a region to accomplish that goal. The Department shall make reasonable efforts to equitably distribute inmates ~~and juvenile offenders~~ among all hospitals or other appropriate health care facilities.

(c) The Department of ~~Public Safety~~ Adult Correction shall report quarterly to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the ~~House of Representatives and Senate~~ Justice and Public Safety Appropriations Committees ~~on Justice and Public Safety~~ on:

(1) The percentage of the total inmates ~~and juvenile offenders~~ requiring hospitalization or hospital services who receive that treatment at each hospital.

…

(5) The volume of inpatient medical services provided to Medicaid-eligible ~~inmates and juvenile offenders,~~ inmates, the cost of treatment, the estimated savings of paying the nonfederal portion of Medicaid for the services, and the length of time between the date the claim was filed and the date the claim was paid.

…

(6) The hospital utilization, including the amount paid to individual hospitals, the number of inmates ~~and juvenile offenders~~ served, the number of claims, and whether the hospital was a contracted or noncontracted facility.

…

~~(d) The Department of Public Safety shall study whether contracts to provide inmate health services can be expanded to additional hospitals. The Department shall report the findings of its study to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety no later than February 1, 2017. The report shall include a list of hospitals considered for expansion and reasons for or against expanding to each hospital.~~

"**§ 143B-1471. Medicaid services for inmates.**

(a) The ~~Department of Public Safety~~ Division of Health Services of the Department of Adult Correction and the Department of Health and Human Services shall work together to enable social workers in the Department of Public Safety, Health Services Section, to qualify for and receive federal reimbursement for performing administrative activities related to Medicaid eligibility for inmates. The Department of ~~Public Safety, Health Services Section,~~ Adult Correction, Division of Health Services, shall develop policies and procedures to account for the time social workers in the Division of Health Services ~~Section~~ spend on administrative activities related to Medicaid eligibility for inmates. All social workers in the Division of Health Services ~~Section~~ who perform administrative activities related to Medicaid eligibility shall be required to receive eligibility determination training provided by the Department of Health and Human Services at least quarterly.

(b) The Department of ~~Public Safety, Health Services Section,~~ Adult Correction, Division of Health Services, shall require each social worker performing administrative activities related to Medicaid eligibility for inmates to document the following:

…

(3) The number of 24-hour community provider stays prescreened for potential applications, the number of applications submitted, and the number and percentage of applications approved, denied, and withdrawn, which shall be reported to the Health Services ~~Section~~ Division Director on a monthly basis.

(c) In addition to the requirements in subsection (b) of this section, each Department of ~~Public Safety, Health Services Section,~~ Adult Correction, Division of Health Services, social ~~workers~~ worker performing administrative activities related to Medicaid eligibility for inmates shall submit Medicaid applications and any supporting documents electronically through the ePass portal in the Department of Health and Human Services or through other electronic means, unless paper copies are required by federal law or regulation.

"**§ 143B-1472. Medication losses related to inmate transfer.**

(a) The Health Services ~~Section~~ Division shall collect data on medication losses that occur during inmate transfer. The collection methods shall provide, at a minimum, for all of the following:

…

(c) The Department shall also establish disciplinary actions for staff who are found to be responsible for inmate medication losses during transfer. The Health Services Section shall be responsible for addressing disciplinary actions for ~~DPS~~ Health Services prison staff who are found to be responsible for medications lost during inmate transfers and shall refer incidents involving custody staff to the appropriate unit for action.

"**§ 143B-1473. Contract for limited use of local purchase of inmate pharmacy needs.**

(a) The Health Services ~~Section~~ Division shall adopt a statewide reimbursement for local purchases of limited quantities of medicine. The statewide reimbursement rate shall be based on the North Carolina State Health Plan for Teachers and State Employees reimbursement rate for prescription drugs. Any pharmacy willing to accept the statewide reimbursement rate shall have the right to participate in the plan.

(b) The Health Services ~~Section~~ Division shall obtain monthly electronic invoices of prescriptions filled by each prison from the vendor chosen under subsection (a) of this section and shall develop a mechanism to collect information on purchases made outside the contract. At a minimum, the following information shall be collected for each prescription: (i) the inmate's prison, (ii) the requesting provider, (iii) the medication requested, (iv) the quantity of the medication requested, and (v) the total cost of the prescription.

(c) The Department shall establish a formal oversight mechanism to ensure prescriptions written by providers to be filled at local pharmacies do not exceed the quantities specified in the Department's policy. The Health Services ~~Section~~ Division central office shall be responsible for implementing the oversight function, shall use the data collected under subsections (a) and (b) of this section to implement the function, and shall implement corrective and disciplinary actions as needed.

"**§ 143B-1474. Federal 340B Program – Department of ~~Public Safety/Department~~ Adult Correction/Department of Health and Human Services partnership.**

The Department of ~~Public Safety (DPS)~~ Adult Correction (DAC) shall establish and implement a partnership with the Department of Health and Human Services (DHHS) in order for ~~DPS~~ DAC to be eligible to operate as a 340B covered entity. The ~~Department of Public Safety~~ DAC shall contract for consultant services in order to implement this section. In order to implement the requirements of this section, ~~DPS~~ DAC shall do all of the following:

…

(3) Ensure that the ~~DPS~~ DAC Apex Central Pharmacy, and any other ~~DPS~~ DAC pharmacies necessary, are compliant dispensing pharmacies under the 340B Program.

…

"**§ 143B-1475. Federal 340B Program – Department of ~~Public Safety/University~~ Adult Correction/University of North Carolina Health Care System partnership.**

(a) The Department of Public Safety shall partner with the University of North Carolina Health Care System (UNC-HCS) by October 1, 2019, to begin receiving all 340B Program savings realized from medications prescribed to inmates, but not administered, at a 340B Program-registered UNC-HCS site for non-HIV and non-HCV medications pursuant to subsections (b) and (c) of this section. The Department of Adult Correction (DAC) shall be the successor in interest for the partnership established under this section.

(b) Pursuant to subsection (c) of this section, ~~DPS~~ DAC shall direct that the prescribing authority of ~~DPS~~ DAC providers be transferred to UNC-HCS providers for identified inmates treated at a 340B Program-registered UNC-HCS site.

(c) By October 1, 2019, DPS and UNC-HCS shall:

…

(3) Develop mechanisms to ensure that the communication between the UNC-HCS prescriber and the ~~DPS~~ DAC physician maintains the quality and continuity of care that inmates currently receive.

(4) Select the UNC-HCS pharmacy, the ~~DPS~~ DAC Apex Central Pharmacy, or a combination of both, as the pharmacy through which medications will be dispensed pursuant to this section.

"**§ 143B-1476. Reports related to the federal 340B Program.**

(a) The Department of ~~Public Safety~~ Adult Correction shall report to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division by October 1, 2020, and annually thereafter, regarding:

…

(b) The Department of ~~Public Safety~~ Adult Correction shall report to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division by October 1, 2021, and annually thereafter, on savings achieved from the partnerships between the four prison regions and North Carolina 340B Program entities for the provision of inmate medications and services under the federal 340B Program."

CONFORMING CHANGES REGARDING DEPARTMENT OF ADULT CORRECTION

SECTION 19C.9.(j) The following statutes are amended by deleting the language "Department of Public Safety" wherever it appears and substituting "Department of Adult Correction": G.S. 15-188, 15-194, 58-31-26, 97-13, 130A-4.4, and 143-134.

SECTION 19C.9.(k) The following statutes are amended by deleting the language "Secretary of Public Safety" wherever it appears and substituting "Secretary of the Department of Adult Correction": G.S. 15-10.2, 15-10.3, 15A-1340.36, 15A-1371, 122C-312, 130A-25, 148-4, 148-5, 148-10.1, 148-11, 148-18.1, 148-19, 148-20, 148-22, 148-22.1, 148-24, 148-25, 148-26, 148-26.5, 148-28, 148-33, 148-33.1, 148-33.2, 148-36, 148-37, 148-41, 148-45, 148-46, 148-46.2, 148-74, 148-78, 148-118.6, 148-118.8, 148-118.9, 148-121, 148-122, 162-39, and 164-37.

SECTION 19C.9.(*l*) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice of the Department of Public Safety" wherever it appears and substituting "Division of Prisons of the Department of Adult Correction": G.S. 1-110, 7A-109.3, 7A-313, 7A-451, 7A-474.18, 7A-498.3, 7B-2517, 14-202, 14-208.20, 14-208.22, 14-254.5, 14-258.1, 14-258.3, 15-6.1, 15-10.1, 15-194, 15-196.3, 15A-544.3, 15A-544.5, 15A-615, 15A-821, 15A-1340.13, 15A-1340.20, 15A-1353, 15A-1354, 15A-1355,

15A-1368.2, 15A-1368.3, 15B-31, 15B-32, 20-81.12, 65-4, 66-25, 66-58, 97-13, 122C-55, 122C-62, 122C-312, 122C-313, 122C-402, 131E-98, 131E-214.1, 143-300.7, 143-599, 146-33, 147-12, 148-2, 148-3, 148-4, 148-6, 148-10, 148-10.1, 148-10.2, 148-10.3, 148-10.4, 148-10.5, 148-12, 148-18, 148-18.1, 148-19, 148-19.2, 148-22, 148-22.1, 148-23, 148-23.1, 148-23.2, 148-24, 148-26, 148-26.5, 148-28, 148-32.1, 148-32.2, 148-33, 148-33.1, 148-36, 148-37, 148-37.3, 148-41, 148-45, 148-46.1, 148-59, 148-64, 148-64.1, 148-66, 148-67, 148-70, 148-74, 148-78, 148-118.1, 148-118.2, 148-118.4, 148-118.5, 148-118.6, 148-118.8, 153A-221, 153A-230.1, 153A-230.2, 153A-230.3, 153A-230.5, 162-39, and 163-82.20A.

SECTION 19C.9.(m) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Prisons": G.S. 14-208.40A, 14-208.40B, 14-208.42, 14-208.44, 20-79.4, 126-23, 143B-1154, 148-10.4, 148-19.2, 148-32.1, 160A-287, 162-39, 164-42, and 164-50.

SECTION 19C.9.(n) The following statutes are amended by deleting the language "Section of Prisons of the Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Prisons": G.S. 14-208.6, 14-208.40C, 14-258.2, 66-58, 130A-25, 148-11, and 148-18.

SECTION 19C.9.(o) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice of the Department of Public Safety" wherever it appears and substituting "Division of Prisons of the Department of Adult Correction, the Division of Community Supervision and Reentry of the Department of Public Safety": G.S. 15A-145, 15A-145.1, 15A-145.2, 15A-145.7, 15A-145.8A, 15A-146, 15A-147, and 15A-149.

MODIFICATIONS TO DEPARTMENT OF PUBLIC SAFETY/GENERAL PROVISIONS

SECTION 19C.9.(p) G.S. 143B-601(10) is repealed.

SECTION 19C.9.(q) G.S. 143B-604(a) reads as rewritten:

"(a) The Secretary shall establish the State Reentry Council Collaborative (SRCC). The SRCC shall include up to two representatives from each of the following:

…

(5) The Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety.

…."

CREATE DIVISION OF JUVENILE JUSTICE

SECTION 19C.9.(r) Subpart A of Part 3 of Article 13 of Chapter 143B of the General Statutes reads as rewritten:

"Part 3. Division of Juvenile ~~Justice Section.~~Justice.

"Subpart A. Creation of Division.

"**§ 143B-800. Creation of Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.**

There is hereby created and constituted a ~~section~~ division to be known as the ~~"Juvenile~~ "Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety", with the organization, powers, and duties as set forth in this Article or as prescribed by the Director of the Division of ~~Adult Correction and~~ Juvenile Justice.

"**§ 143B-801. Transfer of Office of Juvenile Justice authority to the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.**

(a) All (i) statutory authority, powers, duties, and functions, including directives of S.L. 1998-202, rule making, budgeting, and purchasing, (ii) records, (iii) personnel, personnel positions, and salaries, (iv) property, and (v) unexpended balances of appropriations, allocations,

reserves, support costs, and other funds of the Office of Juvenile Justice under the Office of the Governor are transferred to and vested in the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety. This transfer has all of the elements of a Type I transfer as defined in G.S. 143A-6.

(b) The ~~Section~~ Division shall be considered a continuation of the Office of Juvenile Justice for the purpose of succession to all rights, powers, duties, and obligations of the Office and of those rights, powers, duties, and obligations exercised by the Office of the Governor on behalf of the Office of Juvenile Justice. Where the Office of Juvenile Justice or the Division of Adult Correction and Juvenile Justice of the Department of Public Safety is referred to by law, contract, or other document, that reference shall apply to the Division of Juvenile ~~Justice Section of the Division of Adult Correction and Juvenile~~ Justice. Where the Office of the Governor is referred to by contract or other document, where the Office of the Governor is acting on behalf of the Office of Juvenile Justice, that reference shall apply to the ~~Section.~~Division.

(c) All institutions previously operated by the Office of Juvenile Justice and the ~~present~~ central office of the Office of Juvenile Justice, including land, buildings, equipment, supplies, personnel, or other properties rented or controlled by the Office or by the Office of the Governor for the Office of Juvenile Justice, shall be administered by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.

"**§ 143B-802. Medical costs for juvenile offenders.**

(a) The Department of Public Safety shall reimburse those providers and facilities providing approved medical services to juvenile offenders outside the juvenile facility the lesser amount of either a rate of seventy percent (70%) of the provider's then-current prevailing charge or two times the then-current Medicaid rate for any given service. The Department shall have the right to audit any given provider to determine the actual prevailing charge to ensure compliance with this provision.

This section does apply to vendors providing services that are not billed on a fee-for-service basis, such as temporary staffing. Nothing in this section shall preclude the Department from contracting with a provider for services at rates that provide greater documentable cost avoidance for the State than do the rates contained in this section or at rates that are less favorable to the State but that will ensure the continued access to care.

(b) The Department shall make every effort to contain medical costs for juvenile offenders by making use of health care facilities to provide health care services to juvenile offenders. To the extent that the Department must utilize other facilities and services to provide health care services to juvenile offenders, the Department shall make reasonable efforts to make use of hospitals or other providers with which it has a contract or, if none is reasonably available, hospitals with available capacity or other health care facilities in a region to accomplish that goal. The Department shall make reasonable efforts to equitably distribute juvenile offenders among all hospitals or other appropriate health care facilities.

(c) The Department shall report quarterly to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety on:

(1) The percentage of the total juvenile offenders requiring hospitalization or hospital services who receive that treatment at each hospital.

(2) The volume of scheduled and emergent services listed by hospital and, of that volume, the number of those services that are provided by contracted and noncontracted providers.

(3) The volume of scheduled and emergent admissions listed by hospital and, of that volume, the percentage of those services that are provided by contracted and noncontracted providers.

(4) The volume of inpatient medical services provided to Medicaid-eligible juvenile offenders, the cost of treatment, the estimated savings of paying the nonfederal portion of Medicaid for the services, and the length of time between the date the claim was filed and the date the claim was paid.

(5) The status of the implementation of the claims processing system and efforts to address the backlog of unpaid claims.

(6) The hospital utilization, including the amount paid to individual hospitals, the number of juvenile offenders served, the number of claims, and whether the hospital was a contracted or noncontracted facility.

(7) A list of hospitals under contract.

(8) The reimbursement rate for contracted providers. The Department shall randomly audit high-volume contracted providers to ensure adherence to billing at the contracted rate.

Reports submitted on August 1 shall include totals for the previous fiscal year for all the information requested."

SECTION 19C.9.(s) G.S. 143B-805 reads as rewritten:

"**§ 143B-805. Definitions.**

In this Part, unless the context clearly requires otherwise, the following words have the listed meanings:

(1) Chief court counselor. – The person responsible for administration and supervision of juvenile intake, probation, and post-release supervision in each judicial district, operating under the supervision of the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.

…

(9a) Division. – The Division of Juvenile Justice of the Department of Public Safety.

…

~~(19a) Section. – The Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety.~~

…."

SECTION 19C.9.(t) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Juvenile Justice": G.S. 7B-1501, 7B-2204, 7B-2055, 106-915, 115C-106.3, 115C-107.6, 115C-108.1, 115C-296.2, 115C-325.10, 126-5, and 143B-853.

SECTION 19C.9.(u) The following statutes are amended by deleting the language "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Juvenile Justice": G.S. 7A-109.3, 7A-302, 7B-3100, 14-239, 14-258.1, 14-316.1, 15-6, 15A-1301, 66-58, 114-12.1, 115D-1, 122C-113, 122C-115.4, 122C-117, 143B-152.14, 143B-153, 143B-806, 143B-809, 143B-853, 143B-935, 143B-1391, 148-32.1, 153A-221.1, and 162-60.

SECTION 19C.9.(v) The following statutes are amended by deleting the language "Section" wherever it appears and substituting "Division": G.S. 15A-1301, 143B-807, 143B-808, 143B-815, 143B-816, 143B-817, 143B-818, 143B-819, 143B-820, 143B-821, 143B-830, 143B-840, and 143B-851.

CREATE DIVISION OF COMMUNITY SUPERVISION AND REENTRY

SECTION 19C.9.(w) G.S. 143B-1152 reads as rewritten:

"**§ 143B-1152. Definitions.**

The following definitions apply in this Subpart:

…

(2) Division. – The Division of ~~Adult Correction and Juvenile Justice.~~Community Supervision and Reentry.

…

(6) Secretary. – The Secretary of the Department of Public Safety.

~~(6a) Section. – The Section of Community Corrections of the Division of Adult Correction and Juvenile Justice.~~

…."

SECTION 19C.9.(x) G.S. 143B-1155 reads as rewritten:

"**§ 143B-1155. Duties of Division of ~~Adult Correction and Juvenile Justice.~~Community Supervision and Reentry.**

(a) In addition to those otherwise provided by law, the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry shall have the following duties:

…

(b) The ~~Section~~ Division of Community ~~Corrections of the Division of Adult Correction and Juvenile Justice~~ Supervision and Reentry shall develop and publish a recidivism reduction plan for the State that accomplishes the following:

…

(c) The Department of Public Safety, ~~Community Correction Section,~~ Division of Community Supervision and Reentry, shall report by March 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the status of the programs funded through the Treatment for Effective Community Supervision Program. The report shall include the following information from each of the following components:

…."

SECTION 19C.9.(y) G.S. 143B-1161 reads as rewritten:

"**§ 143B-1161. Justice Reinvestment Council.**

(a) The Justice Reinvestment Council is established to act as an advisory body to the ~~Commissioner of Adult Correction~~ Director of the Division of Community Supervision and Reentry of the Department of Public Safety with regard to this Subpart. The Council shall consist of 13 members as follows, to be appointed as provided in subsection (b) of this section:

…

(d) The purpose of the Justice Reinvestment Council in conjunction with the Department of Public Safety, Division of ~~Adult Correction and Juvenile Justice,~~ Community Supervision and Reentry, is to:

…."

SECTION 19C.9.(z) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Community Supervision and Reentry": G.S. 14-208.40, 14-208.43, 14-208.45, 15-206, 15-209, 15A-534, 15A-534.1, 15A-1332, 15A-1343.3, 15A-1368, 15A-1368.4, 15A-1374, 20-19, 20-28, 20-179, 50-13.2, 135-1, 143B-708, 143B-720, 143B-1156, 148-53, 148-54, and 148-65.7.

SECTION 19C.9.(aa) The following statutes are amended by deleting the language "Section of Community Corrections of the Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Community Supervision and Reentry": G.S. 7B-3000, 7B-3001, 7B-3100, 14-208.40C, 14-208.41, 15A-837, 15A-1342, 15A-1368.4, 15A-1369.4, 15A-1371, 20-179.3, 105-259, 115C-46.2, 143B-708, and 148-65.6.

OTHER CONFORMING CHANGES

SECTION 19C.9.(bb) G.S. 7B-1402(b) reads as rewritten:

"(b) The Task Force shall be composed of 36 members, 12 of whom shall be ex officio members, four of whom shall be appointed by the Governor, 10 of whom shall be appointed by

the Speaker of the House of Representatives, and 10 of whom shall be appointed by the President Pro Tempore of the Senate. The ex officio members other than the Chief Medical Examiner may designate representatives from their particular departments, divisions, or offices to represent them on the Task Force. In making appointments or designating representatives, appointing authorities and ex officio members shall use best efforts to select members or representatives with sufficient knowledge and experience to effectively contribute to the issues examined by the Task Force and, to the extent possible, to reflect the geographical, political, gender, and racial diversity of this State. The members shall be as follows:

…

(11a) The Director of the Division of Juvenile ~~Justice Section, Division of Adult Correction and Juvenile Justice,~~ Justice of the Department of Public Safety.

…."

SECTION 19C.9.(cc) G.S. 7B-1501 reads as rewritten:

"**§ 7B-1501. Definitions.**

In this Subchapter, unless the context clearly requires otherwise, the following words have the listed meanings. The singular includes the plural, unless otherwise specified:

(1) Chief court counselor. – The person responsible for administration and supervision of juvenile intake, probation, and post-release supervision in each judicial district, operating under the supervision of the Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety.

…

(10a) Division. – The Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety created under Article ~~12~~ 13 of Chapter 143B of the General Statutes.

…."

SECTION 19C.9.(dd) G.S. 7B-1905(b) reads as rewritten:

"(b) Pursuant to G.S. 7B-1903(b), (c), or (d), a juvenile may be temporarily detained in an approved detention facility. It shall be unlawful for a sheriff or any unit of government to operate a juvenile detention facility unless the facility meets the standards and rules adopted by the Department of Public Safety and has been approved by the ~~Juvenile Justice Section of the~~ Division of Juvenile Justice for operation as a juvenile detention facility."

SECTION 19C.9.(ee) G.S. 14-196.3(b) reads as rewritten:

"(b) It is unlawful for a person to:

…

(5) Knowingly install, place, or use an electronic tracking device without consent, or cause an electronic tracking device to be installed, placed, or used without consent, to track the location of any person. The provisions of this subdivision do not apply to the installation, placement, or use of an electronic tracking device by any of the following:

a. A law enforcement officer, judicial officer, probation or parole officer, or employee of the Division of ~~Corrections,~~ Prisons, Department of ~~Public Safety,~~ Adult Correction, when any such person is engaged in the lawful performance of official duties and in accordance with State or federal law.

…."

SECTION 19C.9.(ff) G.S. 14-415.10 reads as rewritten:

"**§ 14-415.10. Definitions.**

The following definitions apply to this Article:

…

(4a) Qualified retired correctional officer. – An individual who retired from service as a State correctional officer, other than for reasons of mental disability, who

has been retired as a correctional officer two years or less from the date of the permit application and who meets all of the following criteria:

a. Immediately before retirement, the individual met firearms training standards of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ and was authorized by the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ to carry a handgun in the course of assigned duties.

b. The individual retired in good standing and was never a subject of a disciplinary action by the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ that would have prevented the individual from carrying a handgun.

…

(4c) Qualified retired probation or parole certified officer. – An individual who retired from service as a State probation or parole certified officer, other than for reasons of mental disability, who has been retired as a probation or parole certified officer two years or less from the date of the permit application and who meets all of the following criteria:

a. Immediately before retirement, the individual met firearms training standards of the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety and was authorized by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety to carry a handgun in the course of duty.

b. The individual retired in good standing and was never a subject of a disciplinary action by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety that would have prevented the individual from carrying a handgun.

…."

SECTION 19C.9.(gg) G.S. 14-258.7(a) reads as rewritten

"(a) The Department of Public Safety and ~~Juvenile Justice~~ the Department of Adult Correction shall each report the following to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 15 of each year:

…."

SECTION 19C.9.(hh) G.S. 14-269(b)(9) reads as rewritten:

"(b) This prohibition shall not apply to the following persons:

…

(9) State correctional officers, when off-duty, provided that an officer does not carry a concealed weapon while consuming alcohol or an unlawful controlled substance or while alcohol or an unlawful controlled substance remains in the officer's body. If the concealed weapon is a handgun, the correctional officer must meet the firearms training standards of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~Correction."

SECTION 19C.9.(ii) G.S. 15A-145.2(c) reads as rewritten:

"(c) Whenever any person who has not previously been convicted of (i) any felony offense under any state or federal laws; (ii) any offense under Chapter 90 of the General Statutes; or (iii) an offense under any statute of the United States or any state relating to controlled substances included in any schedule of Chapter 90 of the General Statutes or to that paraphernalia included

in Article 5B of Chapter 90 of the General Statutes, pleads guilty to or has been found guilty of a misdemeanor under Article 5 of Chapter 90 of the General Statutes by possessing a controlled substance included within Schedules I through VI of Chapter 90, or by possessing drug paraphernalia as prohibited by G.S. 90-113.22 or pleads guilty to or has been found guilty of a felony under G.S. 90-95(a)(3), the court may, upon application of the person not sooner than 12 months after conviction, order cancellation of the judgment of conviction and expunction of the records of the person's arrest, indictment or information, trial, and conviction. A conviction in which the judgment of conviction has been canceled and the records expunged pursuant to this subsection shall not be thereafter deemed a conviction for purposes of this subsection or for purposes of disqualifications or liabilities imposed by law upon conviction of a crime, except as provided in G.S. 15A-151.5. Cancellation and expunction under this subsection may occur only once with respect to any person. Disposition of a case under this subsection at the district court division of the General Court of Justice shall be final for the purpose of appeal.

…

The court shall also order all law enforcement agencies, the Division of Prisons of the Department of Adult Correction, the Division of Community Supervision and Reentry of the Department of Public Safety, the Division of Motor Vehicles, and any other State or local agencies identified by the petitioner as bearing records of the conviction and records relating thereto to expunge their records of the conviction. The clerk shall notify State and local agencies of the court's order as provided in G.S. 15A-150.

…."

SECTION 19C.9.(jj) G.S. 15A-521 reads as rewritten:

"**§ 15A-521. Commitment to detention facility pending trial.**

(a) Commitment. – Every person charged with a crime and held in custody who has not been released pursuant to Article 26 of this Chapter, Bail, must be committed by a written order of the judicial official who conducted the initial appearance as provided in Article 24 to an appropriate detention facility as provided in this section. If the person being committed by written order is under the age of 18, that person must be committed to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles, or to a holdover facility as defined in G.S. 7B-1501(11). If the person being committed reaches the age of 18 years while held in custody, the person shall be transported by personnel of the Juvenile Justice ~~Section of the~~ Division, or personnel approved by the Juvenile Justice ~~Section,~~ Division, to the custody of the sheriff of the county where the charges arose.

…

(c) Copies and Use of Order, Receipt of Prisoner. –

(1) The order of commitment must be delivered to a law-enforcement officer, who must deliver the order and the prisoner to the detention facility named therein.

(2) The jailer or personnel of the Juvenile Justice ~~Section~~ Division must receive the prisoner and the order of commitment, and note on the order of commitment the time and date of receipt. As used in this subdivision, "jailer" includes any person having control of a detention facility and "personnel of the Juvenile Justice ~~Section"~~ Division" includes personnel approved by the Juvenile Justice ~~Section.~~Division.

(3) Upon releasing the prisoner pursuant to the terms of the order, or upon delivering the prisoner to the court, the jailer or personnel of the Juvenile Justice ~~Section~~ Division must note the time and date on the order and return it to the clerk. Personnel of the Juvenile Justice ~~Section,~~ Division, or personnel approved by the Juvenile Justice ~~Section,~~ Division, shall transport the person under the age of 18 from the juvenile detention facility or holdover facility to

court and shall transfer the person back to the juvenile detention facility or holdover facility.

…."

SECTION 19C.9.(kk) G.S. 15A-830(a)(3) reads as rewritten:

"(a) The following definitions apply in this Article:

…

(3) Custodial agency. – The agency that has legal custody of an accused or defendant arising from a charge or conviction of a crime covered by this Article including, but not limited to, local jails or detention facilities, regional jails or detention facilities, facilities designated under G.S. 122C-252 for the custody and treatment of involuntary clients, the Department of Adult Correction, or the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of Public Safety."

SECTION 19C.9.(*ll*) G.S. 15A-832(g) reads as rewritten:

"(g) At the sentencing hearing, the prosecuting attorney shall submit to the court a copy of a form containing the identifying information set forth in G.S. 15A-831(c) about any victim's electing to receive further notices under this Article. The clerk of superior court shall include the form with the final judgment and commitment, or judgment suspending sentence, transmitted to the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of Public ~~Safety~~ Safety, the Department of Adult Correction, or other agency receiving custody of the defendant and shall be maintained by the custodial agency as a confidential file."

SECTION 19C.9.(mm) G.S. 15A-1340.14(f) reads as rewritten:

"(f) Proof of Prior Convictions. – A prior conviction shall be proved by any of the following methods:

(1) Stipulation of the parties.

(2) An original or copy of the court record of the prior conviction.

(3) A copy of records maintained by the Department of Public Safety, the Department of Adult Correction, the Division of Motor Vehicles, or of the Administrative Office of the Courts.

(4) Any other method found by the court to be reliable.

The State bears the burden of proving, by a preponderance of the evidence, that a prior conviction exists and that the offender before the court is the same person as the offender named in the prior conviction. The original or a copy of the court records or a copy of the records maintained by the Department of Public Safety, the Department of Adult Correction, the Division of Motor Vehicles, or of the Administrative Office of the Courts, bearing the same name as that by which the offender is charged, is prima facie evidence that the offender named is the same person as the offender before the court, and that the facts set out in the record are true. For purposes of this subsection, "a copy" includes a paper writing containing a reproduction of a record maintained electronically on a computer or other data processing equipment, and a document produced by a facsimile machine. The prosecutor shall make all feasible efforts to obtain and present to the court the offender's full record. Evidence presented by either party at trial may be utilized to prove prior convictions. Suppression of prior convictions is pursuant to G.S. 15A-980. If a motion is made pursuant to that section during the sentencing stage of the criminal action, the court may grant a continuance of the sentencing hearing. If asked by the defendant in compliance with G.S. 15A-903, the prosecutor shall furnish the defendant's prior criminal record to the defendant within a reasonable time sufficient to allow the defendant to determine if the record available to the prosecutor is accurate. Upon request of a sentencing services program established pursuant to Article 61 of Chapter 7A of the General Statutes, the district attorney shall provide any information the district attorney has about the criminal record of a person for whom the program has been requested to provide a sentencing plan pursuant to G.S. 7A-773.1."

SECTION 19C.9.(nn) G.S. 15A-1340.16(d) reads as rewritten:

"(d) Aggravating Factors. – The following are aggravating factors:

…

(6) The offense was committed against or proximately caused serious injury to a present or former law enforcement officer, employee of the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of Public Safety, the Department of Adult Correction, jailer, fireman, emergency medical technician, ambulance attendant, social worker, justice or judge, clerk or assistant or deputy clerk of court, magistrate, prosecutor, juror, or witness against the defendant, while engaged in the performance of that person's official duties or because of the exercise of that person's official duties.

…."

SECTION 19C.9.(oo) G.S. 15A-1340.18 reads as rewritten:

"**§ 15A-1340.18. Advanced supervised release.**

…

(b) The Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ is authorized to create risk reduction incentives consisting of treatment, education, and rehabilitative programs. The incentives shall be designed to reduce the likelihood that the prisoner who receives the incentive will reoffend.

(c) When imposing an active sentence for an eligible defendant, the court, in its discretion and without objection from the prosecutor, may order that the Department of Adult Correction admit the defendant to the ASR program. The Department of Adult Correction shall admit to the ASR program only those defendants for which ASR is ordered in the sentencing judgment.

…."

SECTION 19C.9.(pp) G.S. 15A-1340.21(c) reads as rewritten:

"(c) Proof of Prior Convictions. – A prior conviction shall be proved by any of the following methods:

(1) Stipulation of the parties.

(2) An original or copy of the court record of the prior conviction.

(3) A copy of records maintained by the Department of Public Safety, the Department of Adult Correction, the Division of Motor Vehicles, or of the Administrative Office of the Courts.

(4) Any other method found by the court to be reliable.

The State bears the burden of proving, by a preponderance of the evidence, that a prior conviction exists and that the offender before the court is the same person as the offender named in the prior conviction. The original or a copy of the court records or a copy of the records maintained by the Department of Public Safety, the Department of Adult Correction, the Division of Motor Vehicles, or of the Administrative Office of the Courts, bearing the same name as that by which the offender is charged, is prima facie evidence that the offender named is the same person as the offender before the court, and that the facts set out in the record are true. For purposes of this subsection, "copy" includes a paper writing containing a reproduction of a record maintained electronically on a computer or other data processing equipment, and a document produced by a facsimile machine. Evidence presented by either party at trial may be utilized to prove prior convictions. Suppression of prior convictions is pursuant to G.S. 15A-980. If a motion is made pursuant to that section during the sentencing stage of the criminal action, the court may grant a continuance of the sentencing hearing."

SECTION 19C.9.(qq) G.S. 15A-1343 reads as rewritten:

"**§ 15A-1343. Conditions of probation.**

…

(a1) Community and Intermediate Probation Conditions. – In addition to any conditions a court may be authorized to impose pursuant to G.S. 15A-1343(b1), the court may include any one or more of the following conditions as part of a community or intermediate punishment:

…

(3) Submission to a period or periods of confinement in a local confinement facility for a total of no more than six days per month during any three separate months during the period of probation. The six days per month confinement provided for in this subdivision may only be imposed as two-day or three-day consecutive periods. When a defendant is on probation for multiple judgments, confinement periods imposed under this subdivision shall run concurrently and may total no more than six days per month. If the person being ordered to a period or periods of confinement is under the age of 18, that person must be confined in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of confinement reaches the age of 18 years while in confinement, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Division of Juvenile ~~Justice Section,~~ Justice, to the custody of the sheriff of the applicable local confinement facility.

…

(b) Regular Conditions. – As regular conditions of probation, a defendant must:

…

In addition to these regular conditions of probation, a defendant required to serve an active term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and regulations of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ governing the conduct of inmates while imprisoned and report to a probation officer in the State of North Carolina within 72 hours of his discharge from the active term of imprisonment.

…

(b2) Special Conditions of Probation for Sex Offenders and Persons Convicted of Offenses Involving Physical, Mental, or Sexual Abuse of a Minor. – As special conditions of probation, a defendant who has been convicted of an offense which is a reportable conviction as defined in G.S. 14-208.6(4), or which involves the physical, mental, or sexual abuse of a minor, must:

…

(9) Submit at reasonable times to warrantless searches by a probation officer of the probationer's person and of the probationer's vehicle and premises while the probationer is present, for purposes specified by the court and reasonably related to the probation supervision, but the probationer may not be required to submit to any other search that would otherwise be unlawful. For purposes of this subdivision, warrantless searches of the probationer's computer or other electronic mechanism which may contain electronic data shall be considered reasonably related to the probation supervision. Whenever the warrantless search consists of testing for the presence of illegal drugs, the probationer may also be required to reimburse the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety for the actual cost of drug screening and drug testing, if the results are positive.

…

(b3) Screening and Assessing for Chemical Dependency. – A defendant ordered to submit to a period of residential treatment in the Drug Alcohol Recovery Treatment program (DART) or the Black Mountain Substance Abuse Treatment Center for Women operated by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety must undergo a screening to determine chemical dependency. If the screening indicates the defendant is chemically dependent, the court shall order an assessment to determine the appropriate level of treatment. The assessment may be conducted either before or after the court imposes the condition, but participation in the program shall be based on the results of the assessment.

(b4) Intermediate Conditions. – The following conditions of probation apply to each defendant subject to intermediate punishment:

(1) If required in the discretion of the defendant's probation officer, perform community service under the supervision of the ~~Section~~ Division of Community ~~of the Division of Adult Correction and Juvenile Justice~~ Supervision and Reentry and pay the fee required by G.S. 143B-708.

…

(c) Statement of Conditions. – A defendant released on supervised probation must be given a written statement explicitly setting forth the conditions on which the defendant is being released. If any modification of the terms of that probation is subsequently made, the defendant must be given a written statement setting forth the modifications.

Upon entry of an order of supervised probation by the court, a defendant shall submit to the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry for filing with the clerk of superior court a signed document stating that:

…."

SECTION 19C.9.(rr) G.S. 15A-1343.2 reads as rewritten:

"**§ 15A-1343.2. Special probation rules for persons sentenced under Article 81B.**

…

(b) Purposes of Probation for Community and Intermediate Punishments. – The Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety shall develop a plan to handle offenders sentenced to community and intermediate punishments. The probation program designed to handle these offenders shall have the following principal purposes: to hold offenders accountable for making restitution, to ensure compliance with the court's judgment, to effectively rehabilitate offenders by directing them to specialized treatment or education programs, and to protect the public safety.

(b1) Departmental Risk Assessment by Validated Instrument Required. – As part of the probation program developed by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety pursuant to subsection (b) of this section, the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety shall use a validated instrument to assess each probationer for risk of reoffending and shall place a probationer in a supervision level based on the probationer's risk of reoffending and criminogenic needs.

…

(e) Delegation to Probation Officer in Community Punishment. – Unless the presiding judge specifically finds in the judgment of the court that delegation is not appropriate, the ~~Section~~ Division of Community ~~of the Division of Adult Correction and Juvenile Justice~~ Supervision and Reentry of the Department of Public Safety may require an offender sentenced to community punishment to do any of the following:

…

If the ~~Section~~ Division imposes any of the above requirements, then it may subsequently reduce or remove those same requirements.

The probation officer may exercise authority delegated to him or her by the court pursuant to subsection (e) of this section after administrative review and approval by a Chief Probation Officer. The offender may file a motion with the court to review the action taken by the probation officer. The offender shall be given notice of the right to seek such a court review. However, the offender shall have no right of review if he or she has signed a written waiver of rights as required by this subsection. The ~~Section~~ Division may exercise any authority delegated to it under this subsection only if it first determines that the offender has failed to comply with one or more of the conditions of probation imposed by the court or the offender is determined to be high risk based on the results of the risk assessment in G.S. 15A-1343.2, except that the condition at subdivision (5) of this subsection may not be imposed unless the ~~Section~~ Division determines that the offender failed to comply with one or more of the conditions imposed by the court. Nothing in this section shall be construed to limit the availability of the procedures authorized under G.S. 15A-1345.

The Division shall adopt guidelines and procedures to implement the requirements of this section, which shall include a supervisor's approval prior to exercise of the delegation of authority authorized by this section. Prior to imposing confinement pursuant to subdivision (5) of this subsection, the probationer must first be presented with a violation report, with the alleged violations noted and advised of the right (i) to a hearing before the court on the alleged violation, with the right to present relevant oral and written evidence; (ii) to have counsel at the hearing, and that one will be appointed if the probationer is indigent; (iii) to request witnesses who have relevant information concerning the alleged violations; and (iv) to examine any witnesses or evidence. The probationer may be confined for the period designated on the violation report upon the execution of a waiver of rights signed by the probationer and by two officers acting as witnesses. Those two witnesses shall be the probation officer and another officer to be designated by the ~~Chief~~ Director of the Community ~~Section~~ Supervision and Reentry Division in written Division policy.

(f) Delegation to Probation Officer in Intermediate Punishments. – Unless the presiding judge specifically finds in the judgment of the court that delegation is not appropriate, the ~~Section~~ Division of Community ~~of the Division of Adult Correction and Juvenile Justice~~ Supervision and Reentry of the Department of Public Safety may require an offender sentenced to intermediate punishment to do any of the following:

…

(6) Submit to a period or periods of confinement in a local confinement facility for a total of no more than six days per month during any three separate months during the period of probation. The six days per month confinement provided for in this subdivision may only be imposed as two-day or three-day consecutive periods. When a defendant is on probation for multiple judgments, confinement periods imposed under this subdivision shall run concurrently and may total no more than six days per month. If the person being ordered to a period or periods of confinement is under the age of 18, that person must be confined in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of confinement reaches the age of 18 years while in confinement, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Juvenile Justice Section, to the custody of the sheriff of the applicable local confinement facility.

…

If the ~~Section~~ Division of Community Supervision and Reentry imposes any of the above requirements, then it may subsequently reduce or remove those same requirements.

The probation officer may exercise authority delegated to him or her by the court pursuant to subsection (f) of this section after administrative review and approval by a Chief Probation Officer. The offender may file a motion with the court to review the action taken by the probation officer. The offender shall be given notice of the right to seek such a court review. However, the offender shall have no right of review if he or she has signed a written waiver of rights as required by this subsection. The ~~Section~~ Division may exercise any authority delegated to it under this subsection only if it first determines that the offender has failed to comply with one or more of the conditions of probation imposed by the court or the offender is determined to be high risk based on the results of the risk assessment in G.S. 15A-1343.2, except that the condition at subdivision (6) of this subsection may not be imposed unless the ~~Section~~ Division determines that the offender failed to comply with one or more of the conditions imposed by the court. Nothing in this section shall be construed to limit the availability of the procedures authorized under G.S. 15A-1345.

The Division shall adopt guidelines and procedures to implement the requirements of this section, which shall include a supervisor's approval prior to exercise of the delegation of authority authorized by this section. Prior to imposing confinement pursuant to subdivision (6) of this subsection, the probationer must first be presented with a violation report, with the alleged violations noted and advised of the right (i) to a hearing before the court on the alleged violation, with the right to present relevant oral and written evidence; (ii) to have counsel at the hearing, and that one will be appointed if the probationer is indigent; (iii) to request witnesses who have relevant information concerning the alleged violations; and (iv) to examine any witnesses or evidence. The probationer may be confined for the period designated on the violation report upon the execution of a waiver of rights signed by the probationer and by two officers acting as witnesses. Those two witnesses shall be the probation officer and another officer to be designated by the ~~Chief~~ Director of the Division of Community ~~Section~~ Supervision and Reentry in written Division policy.

…."

SECTION 19C.9.(ss) G.S. 15A-1344 reads as rewritten:

"**§ 15A-1344. Response to violations; alteration and revocation.**

…

(c) Procedure on Altering or Revoking Probation; Returning Probationer to District Where Sentenced. – When a judge reduces, terminates, extends, modifies, or revokes probation outside the county where the judgment was entered, the clerk must send a copy of the order and any other records to the court where probation was originally imposed. A court on its own motion may return the probationer to the district court district as defined in G.S. 7A-133 or superior court district or set of districts as defined in G.S. 7A-41.1, as the case may be, where probation was imposed or where the probationer resides for reduction, termination, continuation, extension, modification, or revocation of probation. In cases where the probation is revoked in a county other than the county of original conviction the clerk in that county must issue a commitment order and must file the order revoking probation and the commitment order, which will constitute sufficient permanent record of the proceeding in that court, and must send a certified copy of the order revoking probation, the commitment order, and all other records pertaining thereto to the county of original conviction to be filed with the original records. The clerk in the county other than the county of original conviction must issue the formal commitment to the Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety.~~Prisons of the Department of Adult Correction.

…

(d2) Confinement in Response to Violation. – When a defendant under supervision for a felony conviction has violated a condition of probation other than G.S. 15A-1343(b)(1) or

G.S. 15A-1343(b)(3a), the court may impose a period of confinement of 90 consecutive days to be served in the custody of the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety. The court may not revoke probation unless the defendant has previously received a total of two periods of confinement under this subsection. A defendant may receive only two periods of confinement under this subsection. The 90-day term of confinement ordered under this subsection for a felony shall not be reduced by credit for time already served in the case. Any such credit shall instead be applied to the suspended sentence. However, if the time remaining on the maximum imposed sentence on a defendant under supervision for a felony conviction is 90 days or less, then the term of confinement is for the remaining period of the sentence. Confinement under this section shall be credited pursuant to G.S. 15-196.1.

When a defendant under supervision for a misdemeanor conviction sentenced pursuant to Article 81B of Chapter 15A of the General Statutes has violated a condition of probation other than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of confinement pursuant to G.S. 15A-1343(a1)(3). If the person being ordered to a period of confinement is under the age of 18, that person must be confined in a detention facility approved by the ~~Juvenile Justice Section of the~~ Division of ~~Adult Correction and~~ Juvenile Justice to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period of confinement reaches the age of 18 years while in confinement, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Division of Juvenile ~~Justice Section,~~ Justice, to the custody of the sheriff of the applicable local confinement facility. The court may not revoke probation unless the defendant has previously received at least two periods of confinement for violating a condition of probation other than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a). Those periods of confinement may have been imposed pursuant to G.S. 15A-1343(a1)(3), 15A-1343.2(e)(5), or 15A-1343.2(f)(6). The second period of confinement must have been imposed for a violation that occurred after the defendant served the first period of confinement. Confinement under this section shall be credited pursuant to G.S. 15-196.1.

…

(e) Special Probation in Response to Violation. – When a defendant has violated a condition of probation, the court may modify the probation to place the defendant on special probation as provided in this subsection. In placing the defendant on special probation, the court may continue or modify the conditions of probation and in addition require that the defendant submit to a period or periods of imprisonment, either continuous or noncontinuous, at whatever time or intervals within the period of probation the court determines. In addition to any other conditions of probation which the court may impose, the court shall impose, when imposing a period or periods of imprisonment as a condition of special probation, the condition that the defendant obey the rules and regulations of the Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ Prisons of the Department of Adult Correction governing conduct of inmates, and this condition shall apply to the defendant whether or not the court imposes it as a part of the written order. If imprisonment is for continuous periods, the confinement may be in either the custody of the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety or a local confinement facility. Noncontinuous periods of imprisonment under special probation may only be served in a designated local confinement or treatment facility. If the person being ordered to a period or periods of imprisonment, either continuous or noncontinuous, is under the age of 18, that person must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person

may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Division of Juvenile ~~Justice Section,~~ Justice, to the custody of the sheriff of the applicable local confinement facility.

…

(e1) Criminal Contempt in Response to Violation. – If a defendant willfully violates a condition of probation, the court may hold the defendant in criminal contempt as provided in Article 1 of Chapter 5A of the General Statutes. A finding of criminal contempt by the court shall not revoke the probation. If the offender serves a sentence for contempt in a local confinement facility, the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety shall pay for the confinement at the standard rate set by the General Assembly pursuant to G.S. 148-32.1(a) regardless of whether the offender would be eligible under the terms of that subsection.

…."

SECTION 19C.9.(tt) G.S. 15A-1351(a) reads as rewritten:

"(a) The judge may sentence to special probation a defendant convicted of a criminal offense other than impaired driving under G.S. 20-138.1, if based on the defendant's prior record or conviction level as found pursuant to Article 81B of this Chapter, an intermediate punishment is authorized for the class of offense of which the defendant has been convicted. A defendant convicted of impaired driving under G.S. 20-138.1 may also be sentenced to special probation. Under a sentence of special probation, the court may suspend the term of imprisonment and place the defendant on probation as provided in Article 82, Probation, and in addition require that the defendant submit to a period or periods of imprisonment in the custody of the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety or a designated local confinement or treatment facility at whatever time or intervals within the period of probation, consecutive or nonconsecutive, the court determines, as provided in this subsection. For probationary sentences for misdemeanors, including impaired driving under G.S. 20-138.1, all imprisonment under this subsection shall be in a designated local confinement or treatment facility. If the person being ordered to a period or periods of imprisonment is under the age of 18, that person must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Division of Juvenile ~~Justice Section,~~ Justice, to the custody of the sheriff of the applicable local confinement facility. In addition to any other conditions of probation which the court may impose, the court shall impose, when imposing a period or periods of imprisonment as a condition of special probation, the condition that the defendant obey the Rules and Regulations of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ governing conduct of inmates, and this condition shall apply to the defendant whether or not the court imposes it as a part of the written order. Except for probationary sentences for misdemeanors, including impaired driving under G.S. 20-138.1, if imprisonment is for continuous periods, the confinement may be in the custody of either the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety or a local confinement facility. Noncontinuous periods of imprisonment under special probation may only be served in a designated local confinement or treatment facility. If the person being ordered continuous or noncontinuous periods of imprisonment is under the age of 18, that person must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the

person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Juvenile Justice ~~Section,~~ Division, to the custody of the sheriff of the applicable local confinement facility. Except for probationary sentences of impaired driving under G.S. 20-138.1, the total of all periods of confinement imposed as an incident of special probation, but not including an activated suspended sentence, may not exceed one-fourth the maximum sentence of imprisonment imposed for the offense, and no confinement other than an activated suspended sentence may be required beyond two years of conviction. For probationary sentences for impaired driving under G.S. 20-138.1, the total of all periods of confinement imposed as an incident of special probation, but not including an activated suspended sentence, shall not exceed one-fourth the maximum penalty allowed by law. In imposing a sentence of special probation, the judge may credit any time spent committed or confined, as a result of the charge, to either the suspended sentence or to the imprisonment required for special probation. The original period of probation, including the period of imprisonment required for special probation, shall be as specified in G.S. 15A-1343.2(d), but may not exceed a maximum of five years, except as provided by G.S. 15A-1342(a). The court may revoke, modify, or terminate special probation as otherwise provided for probationary sentences."

SECTION 19C.9.(uu) G.S. 15A-1352 reads as rewritten:

"**§ 15A-1352. Commitment to Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ or local confinement facility.**

(a) Except as provided in subsection (f) of this section, a person sentenced to imprisonment for a misdemeanor under this Article or for nonpayment of a fine for conviction of a misdemeanor under Article 84 of this Chapter shall be committed for the term designated by the court to the Statewide Misdemeanant Confinement Program as provided in G.S. 148-32.1 or, if the period is for 90 days or less, to a local confinement facility, except as provided for in G.S. 148-32.1(b).

If a person is sentenced to imprisonment for a misdemeanor under this Article or for nonpayment of a fine under Article 84 of this Chapter, the sentencing judge may make a finding of fact as to whether the person would be suitable for placement in a county satellite jail/work release unit operated pursuant to G.S. 153A-230.3. If the sentencing judge makes a finding of fact that the person would be suitable for placement in a county satellite jail/work release unit and the person meets the requirements listed in G.S. 153A-230.3(a)(1), then the custodian of the local confinement facility may transfer the misdemeanant to a county satellite jail/work release unit.

If the person sentenced to imprisonment is under the age of 18, the person must be committed to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles. Personnel of the Division of Juvenile Justice ~~Section of the Division~~ or personnel approved by the Division of Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the person sentenced to imprisonment reaches the age of 18 years while imprisoned, the person may be transported by personnel of the Juvenile Justice ~~Section of the~~ Division, or personnel approved by the Juvenile Justice ~~Section,~~ Division, to the custody of the sheriff of the applicable local confinement facility.

(b) A person sentenced to imprisonment for a felony under this Article or for nonpayment of a fine for conviction of a felony under Article 84 of this Chapter shall be committed for the term designated by the court to the custody of the Division of Prisons of the Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~Correction.

…

(f) A person sentenced to imprisonment of any duration for impaired driving under G.S. 20-138.1, other than imprisonment required as a condition of special probation under

G.S. 15A-1351(a) or G.S. 15A-1344(e), shall be committed to the Statewide Misdemeanant Confinement Program established under G.S. 148-32.1.

If the person sentenced to imprisonment is under the age of 18, the person must be committed to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles. Personnel of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the person sentenced to imprisonment reaches the age of 18 years while imprisoned, the person may be transported by personnel of the Division of Juvenile ~~Justice Section of the Division,~~ Justice, or personnel approved by the Division of Juvenile ~~Justice Section,~~ Justice, to the custody of the sheriff of the applicable local confinement facility."

SECTION 19C.9.(vv) G.S. 15A-1368.6 reads as rewritten:

"**§ 15A-1368.6. Arrest and hearing on post-release supervision violation.**

…

(c) Officers to Conduct Preliminary Hearing. – The preliminary hearing on post-release supervision violation shall be conducted by a judicial official, or by a hearing officer designated by the Commission. A person employed by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety shall not serve as a hearing officer at a hearing provided by this section unless that person is a member of the Commission, or is employed solely as a hearing officer.

(d) Procedure for Preliminary Hearing. – The Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety shall give the supervisee notice of the preliminary hearing and its purpose, including a statement of the violations alleged. At the hearing, the supervisee may appear and speak in the supervisee's own behalf, may present relevant information, and may, on request, personally question witnesses and adverse informants, unless the hearing officer finds good cause for not allowing confrontation. If the person holding the hearing determines there is probable cause to believe the supervisee violated conditions of supervision, the hearing officer shall summarize the reasons for the determination and the evidence relied on. Formal rules of evidence do not apply at the hearing. If probable cause is found, the supervisee may be held in the custody of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ to serve the appropriate term of imprisonment, subject to the outcome of a revocation hearing under subsection (e) of this section.

…."

SECTION 19C.9.(ww) G.S. 15A-1369 reads as rewritten:

"**§ 15A-1369. Definitions.**

For purposes of this Article, the term:

…

(1a) "Department" means the Department of Adult Correction.

~~(2)~~ ~~"Division" means the Division of Adult Correction and Juvenile Justice of the Department of Public Safety.~~

…

(4) "Inmate" means any person sentenced to the custody of the ~~Division of Adult Correction and Juvenile Justice of the Department of Public Safety.~~Department.

…."

SECTION 19C.9.(xx) G.S. 15A-1369.1 reads as rewritten:

"**§ 15A-1369.1. Authority to release.**

The Commission shall establish a medical release program to be administered by the ~~Department.~~ Department in conjunction with the Division of Community Supervision and Reentry of the Department of Public Safety. The Commission shall prescribe when and under

what conditions an inmate may be released for medical release, consistent with the provisions of G.S. 15A-1369.4. The Commission may adopt rules to implement the medical release program."

SECTION 19C.9.(yy) G.S. 15A-1369.4(a) reads as rewritten:

"(a) The Commission shall set reasonable conditions upon an inmate's medical release that shall apply through the date upon which the inmate's sentence would have expired. These conditions shall ~~include:~~include all of the following:

(1) That the released inmate's care be consistent with the care specified in the medical release plan as approved by the ~~Commission;~~Commission.

(2) That the released inmate shall cooperate with and comply with the prescribed medical release plan and with reasonable requirements of medical providers to whom the released inmate is to be referred to continued ~~treatment;~~treatment.

(3) That the released inmate shall be subject to supervision by the ~~Section of Community Corrections of the Division of Adult Correction and Juvenile Justice~~ Division of Community Supervision and Reentry of the Department of Public Safety and shall permit officers from the Division to visit the inmate at reasonable times at the inmate's home or ~~elsewhere;~~elsewhere.

(4) That the released inmate shall comply with any conditions of release set by the ~~Commission; and~~Commission.

(5) That the Commission shall receive periodic assessments from the inmate's treating physician."

SECTION 19C.9.(zz) G.S. 15A-1376 reads as rewritten:

"**§ 15A-1376. Arrest and hearing on parole violation.**

…

(c) Officers to Conduct Hearing. – The preliminary hearing on parole violation must be conducted by a judicial official, or by a hearing officer designated by the Post-Release Supervision and Parole Commission. No person employed by the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety may serve as a hearing officer at a hearing provided in this section unless he is a member of the Post-Release Supervision and Parole Commission or is employed solely as a hearing officer.

(d) Procedure for Preliminary Hearing on Parole Violation. – The Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety must give the parolee notice of the preliminary hearing and its purpose, including a statement of the violations alleged. At the hearing, the parolee may appear and speak in his own behalf, may present relevant information, and may, on request, personally question witnesses and adverse informants, unless the hearing officer finds good cause for not allowing confrontation. If the person holding the hearing determines there is probable cause to believe the parolee violated his parole, he must summarize the reasons for his determination and the evidence he relied on. Formal rules of evidence do not apply at the hearing. If probable cause is found, the parolee may be held in the custody of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ to serve the appropriate term of imprisonment, subject to the outcome of a revocation hearing under subsection (e).

…."

SECTION 19C.9.(aaa) G.S. 15A-2000(e) reads as rewritten:

"(e) Aggravating Circumstances. – Aggravating circumstances which may be considered are limited to the following:

…

(8) The capital felony was committed against a law-enforcement officer, employee of the Division of Prisons of the Department of Adult ~~Correction and Juvenile Justice~~ Correction, an employee of the Division of Community Supervision and Reentry of the Department of Public Safety, an employee of

the Division of Juvenile Justice of the Department of Public Safety, jailer, fireman, judge or justice, former judge or justice, prosecutor or former prosecutor, juror or former juror, or witness or former witness against the defendant, while engaged in the performance of his official duties or because of the exercise of his official duty.

…."

SECTION 19C.9.(bbb) G.S. 15B-21 reads as rewritten:

"**§ 15B-21. Annual report.**

The Commission shall, by March 15 each year, prepare and transmit to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and to the chairs of the House and Senate Appropriations Committees on Justice and Public Safety a report of its activities in the prior fiscal year and the current fiscal year to date. The report shall include:

…

(9) The amount of funds expected to be received in the current fiscal year, as well as the amount actually received in the current fiscal year on the date of the report, from ~~the Division of Adult Correction and Juvenile Justice of~~ the Department of Public ~~Safety~~ Safety, the Department of Adult Correction, and from the compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.

…."

SECTION 19C.9.(ccc) G.S. 17C-3 reads as rewritten:

"**§ 17C-3. North Carolina Criminal Justice Education and Training Standards Commission established; members; terms; vacancies.**

(a) There is established the North Carolina Criminal Justice Education and Training Standards Commission, hereinafter called "the Commission." The Commission shall be composed of ~~34~~ 36 members as follows:

…

(3) Departments. – The Attorney General of the State of North Carolina; the Secretary of Public Safety; the Secretary of the Department of Adult Correction, the Director of the State Bureau of Investigation, the Commander of the State Highway Patrol, and the President of the North Carolina Community Colleges System.

…

(6) ~~Adult Correction~~ Prisons, Community Supervision and Reentry, and Juvenile Justice. – Four correctional officers in management positions ~~employed by the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall be appointed, two from the ~~Section~~ Division of Community Supervision and Reentry of the Department of Public Safety upon the recommendation of the Speaker of the House of Representatives and two from the ~~Section of~~ Division of Prisons of the Department of Adult Correction upon the recommendation of the President Pro Tempore of the Senate. Appointments by the General Assembly shall be made in accordance with G.S. 120-122. Appointments by the General Assembly shall serve two-year terms to conclude on June 30th in odd-numbered years or until the appointee no longer serves in a management position with the ~~Division of Adult Correction and Juvenile Justice,~~ Division, whichever occurs first. The Governor shall appoint one correctional officer employed by the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ and assigned to the Office of Staff Development and Training, one employee of the Division of Community Supervision and Reentry of the Department of Public Safety assigned to the Office of State

Development and Training, and one juvenile justice officer employed by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice.~~ of the Department of Public Safety. The Governor's appointments shall serve three-year terms or until the appointee is no longer assigned to the Office of Staff Development and Training or is no longer a juvenile justice officer, whichever occurs first.

(b) The members shall be appointed for staggered terms. The initial appointments shall be made prior to September 1, 1983, and the appointees shall hold office until July 1 of the year in which their respective terms expire and until their successors are appointed and qualified as provided hereafter:

…

The Attorney General, the President of The University of North Carolina, the Dean of the School of Government at the University of North Carolina at Chapel Hill, the President of the North Carolina Community Colleges System, the Director of the State Bureau of Investigation, the Commander of the State Highway Patrol, the Secretary of Adult Correction, and the Secretary of Public Safety shall be continuing members of the Commission during their tenure. These members of the Commission shall serve ex officio and shall perform their duties on the Commission in addition to the other duties of their offices. The ex officio members may elect to serve personally at any or all meetings of the Commission or may designate, in writing, one member of their respective office, department, university or agency to represent and vote for them on the Commission at all meetings the ex officio members are unable to attend.

…."

SECTION 19C.9.(ddd) G.S. 90-113.75E(a) reads as rewritten:

"(a) There is hereby created the Opioid and Prescription Drug Abuse Advisory Committee, to be housed in and staffed by the Department. The Committee shall develop and, through its members, implement a statewide strategic plan to combat the problem of opioid and prescription drug abuse. The Committee shall include representatives from the following, as well as any other persons designated by the Secretary of Health and Human Services:

…

(5) The ~~Divisions of Adult Correction and~~ Division of Juvenile Justice of the Department of Public Safety.

(5a) The Division of Community Supervision and Reentry of the Department of Public Safety.

(5b) The Division of Prisons of the Department of Adult Correction.

…."

SECTION 19C.9.(eee) G.S. 108A-14(a)(9) reads as rewritten:

"(a) The director of social services shall have the following duties and responsibilities:

…

(9) To assist and cooperate with the Division of ~~Adult Correction and~~ Prisons of the Department of Adult Correction, the Division of Juvenile Justice of the Department of Public Safety, and the Division of Community Supervision and Reentry of the Department of Public Safety and their respective representatives;"

SECTION 19C.9.(fff) G.S. 115C-112.1(b) reads as rewritten:

"(b) The Council shall consist of a minimum of 24 members to be appointed as follows: four ex officio members; one individual with a disability and one representative of a private school appointed by the Governor; one member of the Senate and one parent of a child with a disability between the ages of birth and 26 appointed by the President Pro Tempore of the Senate; one member of the House of Representatives and one parent of a child with a disability appointed by the Speaker of the House of Representatives; and 14 members appointed by the State Board of Education. The State Board shall appoint members who represent individuals with disabilities,

teachers, local school administrative units, institutions of higher education that prepare special education and related services personnel, administrators of programs for children with disabilities, charter schools, parents of children with disabilities, a State or local official who carries out activities under the federal McKinney-Vento Homeless Assistance Act, vocational, community, or business organizations concerned with the provision of transition services, and others as required by IDEA. The majority of members on the Council shall be individuals with disabilities or parents of children with disabilities. The Council shall designate a chairperson from among its members. The designation of the chairperson is subject to the approval of the State Board of Education. The Board shall adopt rules to carry out this subsection.

Ex officio members of the Council shall be the following:

…

(2) The Secretary of Public Safety or the Secretary's designee.

(3) The Secretary of ~~Public Safety~~ Adult Correction or the Secretary's designee.

…."

SECTION 19C.9.(ggg) G.S. 115D-5 reads as rewritten:

"**§ 115D-5. Administration of institutions by State Board of Community Colleges; personnel exempt from North Carolina Human Resources Act; extension courses; tuition waiver; in-plant training; contracting, etc., for establishment and operation of extension units of the community college system; use of existing public school facilities.**

…

(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds. The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for the following:

…

(2) Courses requested by the following entities that support the organizations' training needs and are on a specialized course list approved by the State Board of Community Colleges:

…

g. The Division of Prisons of the Department of Adult Correction and the Division of Juvenile Justice of the Department of Public Safety for the training of full-time custodial employees and employees of the ~~Division~~ Divisions required to be certified under Article 1 of Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission.

…."

SECTION 19C.9.(hhh) G.S. 120-12.1 reads as rewritten:

"**§ 120-12.1. Reports on vacant positions in ~~the Judicial Department and two other~~ various departments.**

The Judicial Department, the Department of Justice, the Department of Adult Correction, and the Department of Public Safety shall each report by February 1 of each year to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety on all positions within that department that have remained vacant for 12 months or more. The report shall include the original

position vacancy dates, the dates of any postings or repostings of the positions, and an explanation for the length of the vacancies."

SECTION 19C.9.(iii) G.S. 120-70.94(a) reads as rewritten:

"(a) The Joint Legislative Oversight Committee on Justice and Public Safety shall examine, on a continuing basis, the correctional, law enforcement, and juvenile justice systems in North Carolina, in order to make ongoing recommendations to the General Assembly on ways to improve those systems and to assist those systems in realizing their objectives of protecting the public and of punishing and rehabilitating offenders. In this examination, the Committee shall:

(1) Study the budget, programs, and policies of the Department of Public Safety and the Department of Adult Correction to determine ways in which the General Assembly may improve the effectiveness of the ~~Department.~~Departments.

(2) Examine the effectiveness of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ in implementing the public policy stated in G.S. 148-26 of providing work assignments and employment for inmates as a means of reducing the cost of maintaining the inmate population while enabling inmates to acquire or retain skills and work habits needed to secure honest employment after their release.

…

(2b) Examine the effectiveness of the Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety in implementing the duties and responsibilities charged to the Division in Part 3 of Article 13 of Chapter 143B of the General Statutes and the overall effectiveness and efficiency of the juvenile justice system in the State.

…

(10) Study the needs of juveniles. This study may include, but is not limited to:

a. Determining the adequacy and appropriateness of services:

1. To children and youth receiving child welfare ~~services;~~services.
2. To children and youth in the juvenile court ~~system;~~system.
3. Provided by the Division of Social Services of the Department of Health and Human Services and the Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public ~~Safety;~~Safety.
4. To children and youth served by the Mental Health, Developmental Disabilities, and Substance Abuse Services system.

…."

SECTION 19C.9.(jjj) G.S. 122C-22(a) reads as rewritten:

"(a) All of the following are excluded from the provisions of this Article and are not required to obtain licensure under this Article:

…

(10) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the ~~Division~~ Department of Adult Correction and ~~Juvenile Justice of the Department of Public Safety,~~ offenders under the supervision of the Division of Community Supervision and Reentry of the Department of Public Safety, as described in G.S. 148-19.1.

…."

SECTION 19C.9.(kkk) The title of Part 10 of Article 5 of Chapter 122C of the General Statutes reads as rewritten:

"Part 10. Voluntary Admissions, Involuntary Commitments and Discharges, Inmates and ~~Parolees, Division of Adult Correction and Juvenile Justice of the Department of Public Safety.~~Parolees."

SECTION 19C.9.(*lll*) G.S. 122C-421(b) reads as rewritten:

"(b) These special police officers may exercise any and all of the powers enumerated in this Part upon or in pursuit from the property formerly occupied by the Black Mountain Center and now occupied by the Division of ~~Adult Correction~~ Community Supervision and Reentry of the Department of Public Safety. These special police officers shall exercise said powers upon the property transferred to the Division of ~~Adult Correction~~ Community Supervision and Reentry of the Department of Public Safety only by agreement of the Division of ~~Adult Correction~~ Community Supervision and Reentry of the Department of Public Safety and the Department of Health and Human Services."

SECTION 19C.9.(mmm) G.S. 127A-54(c) reads as rewritten:

"(c) Any defendant whose sentence by a military court includes confinement shall be placed into the custody of the Division of Prisons of the Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~ Correction. The Division of ~~Adult Correction~~ Prisons of the Department of ~~Public Safety~~ Adult Correction is authorized to transfer physical custody of the defendant to a local confinement facility."

SECTION 19C.9.(nnn) G.S. 131E-184(d) reads as rewritten:

"(d) In accordance with, and subject to the limitations of G.S. 148-19.1, the Department shall exempt from certificate of need review the construction and operation of a new chemical dependency or substance abuse facility for the purpose of providing inpatient chemical dependency or substance abuse services solely to inmates of the ~~Division~~ Department of Adult Correction and ~~Juvenile Justice~~ offenders under the supervision of the Division of Community Supervision and Reentry of the Department of Public Safety. If an inpatient chemical dependency or substance abuse facility provides services ~~both~~ to inmates of the Division of Prisons of the Department of Adult ~~Correction and Juvenile Justice~~ Correction, offenders under the supervision of the Division of Community Supervision and Reentry of the Department of Public ~~Safety~~ Safety, and to members of the general public, only the portion of the facility that serves inmates and offenders shall be exempt from certificate of need review."

SECTION 19C.9.(ooo) G.S. 143-63.1(d) reads as rewritten:

"(d) Notwithstanding the provisions of this section, but subject to the provisions of G.S. 20-187.2, the North Carolina State Highway Patrol, the ~~North Carolina~~ Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety, the Division of Community Supervision and Reentry of the Department of Public Safety, the Division of Prisons of the Department of Adult Correction, the Alcohol Law Enforcement Division of the Department of Public Safety, and the North Carolina State Bureau of Investigation may sell, trade, or otherwise dispose of any or all surplus weapons they possess to any federally licensed firearm dealers. The sale, trade, or disposal of these weapons shall be in a manner prescribed by the Department of Administration. Any moneys or property obtained from the sale, trade, or disposal shall go to the general fund."

SECTION 19C.9.(ppp) G.S. 143-138(g) reads as rewritten:

"(g) Publication and Distribution of Code. – The Building Code Council shall cause to be printed, after adoption by the Council, the North Carolina State Building Code and each amendment thereto. It shall, at the State's expense, distribute copies of the Code and each amendment to State and local governmental officials, departments, agencies, and educational institutions, as is set out in the table below. (Those marked by an asterisk will receive copies only on written request to the Council.)

OFFICIAL OR AGENCY	NUMBER OF COPIES
…	
Division of Prisons of the Department of Adult Correction	1

~~and~~ Division of Juvenile Justice of the
Department of Public Safety 1
Division of Community Supervision and Reentry
of the Department of Public Safety 1
…."

SECTION 19C.9.(qqq) G.S. 143-166.1 reads as rewritten:

"**§ 143-166.1. Purpose.**

In consideration of hazardous public service rendered to the people of this State, there is hereby provided a system of benefits for dependents of law-enforcement officers, firefighters, rescue squad workers, and senior Civil Air Patrol members killed in the discharge of their official duties, ~~and~~ for dependents of noncustodial employees of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ killed by an individual or individuals in the custody of the Division of Prisons of the Department of Adult ~~Correction~~ Correction, and for dependents of noncustodial employees of the Division of Juvenile Justice and the Division of Community Supervision and Reentry of the Department of Public Safety killed by an individual or individuals in the custody of the Division of Juvenile Justice or the Division of Community Supervision and Reentry of the Department of Public Safety."

SECTION 19C.9.(rrr) G.S. 143-166.2 reads as rewritten:

"**§ 143-166.2. Definitions.**

The following definitions apply in this Article:

(1) Covered person. – This term shall apply to all of the following individuals:
   a. Firefighters.
   b. Law enforcement officers.
   c. Noncustodial employees of either the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public ~~Safety.~~Safety or the Division of Prisons of the Department of Adult Correction.
   d. Rescue squad workers.
   e. Senior Civil Air Patrol members.

(2) Custodial employee. – An employee of either the Division of Prisons of the Department of Adult ~~Correction and~~ Correction, the Division of Community Supervision and Reentry of the Department of Public Safety, or the Juvenile Justice of the Department of Public Safety who is a detention officer or a correctional officer or who otherwise has direct care and control over individuals in the custody of the Division of Prisons of the Department of Adult ~~Correction and~~ Correction, the Division of Community Supervision and Reentry of the Department of Public Safety, or the Division of Juvenile Justice of the Department of Public Safety.

…

(6) Killed in the line of duty. – This term shall apply to all of the following deaths:
   …
   c. The death of a noncustodial employee who, while performing his or her official duties, is killed in a manner reasonably determined by the Industrial Commission to be directly caused by an individual or individuals in the custody of either the Division of Prisons of the Department of Adult ~~Correction and~~ Correction, Division of Community Supervision and Reentry of the Department of Public Safety, or the Division of Juvenile Justice of the Department of Public Safety.
   …

(7) Law enforcement officer or officer. – This term shall apply to all of the following individuals:

…

b. Full-time custodial employees of the Division of Prisons of the Department of Adult Correction and probation and parole officers of the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety.

c. Full-time institutional and full-time, permanent part-time, and temporary detention employees of the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.

d. Full-time, permanent part-time, and temporary detention officers employed by any sheriff, county or municipality, whether paid or unpaid.

…

(8) Noncustodial employee. – An employee of the Division of Prisons of the Department of Adult ~~Correction and~~ Correction, the Division of Community Supervision and Reentry of the Department of Public Safety, or the Division of Juvenile Justice of the Department of Public Safety who is not a custodial employee.

…."

SECTION 19C.9.(sss) G.S. 143-166.7 reads as rewritten:

"**§ 143-166.7. Applicability of Article.**

The provisions of this Article shall apply and be in full force and effect with respect to any law-enforcement officer, firefighter, rescue squad worker or senior Civil Air Patrol member killed in the line of duty on or after May 13, 1975. The provisions of this Article shall apply with respect to full-time, permanent part-time and temporary employees of the North Carolina Forest Service of the Department of Agriculture and Consumer Services killed in the line of duty on or after July 1, 1975. The provisions of this Article shall apply to county fire marshals and emergency services coordinators killed in the line of duty on and after July 1, 1988. The provisions of this Article shall apply to noncustodial employees of the Division of ~~Adult~~ Prisons of the Department of Adult Correction and noncustodial employees of the Division of Juvenile Justice of the Department of Public Safety who are killed in the line of duty on and after April 1, 2017."

SECTION 19C.9.(ttt) G.S. 143-166.13(a) reads as rewritten:

"(a) The following persons who are subject to the Criminal Justice Training and Standards Act are entitled to benefits under this Article:

…

(2) State Correctional Officers, Division of Prisons of the Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety;~~Correction.

(3) State Probation and Parole Officers, Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public ~~Safety;~~Safety.

(4) Sworn State Law-Enforcement Officers with the power of arrest, Division of Adult Correction and Juvenile Justice of the Department of Public ~~Safety;~~Safety.

…

(9) Juvenile Justice Officers, Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public ~~Safety;~~Safety.

…."

SECTION 19C.9.(uuu) G.S. 143B-179(a) reads as rewritten:

"(a) The Council on Developmental Disabilities of the Department of Health and Human Services shall consist of 32 members appointed by the Governor. The composition of the Council shall be as follows:

(1) Eleven members from the General Assembly and State government agencies as follows: One person who is a member of the Senate, one person who is a member of the House of Representatives, one representative of the Department of Public Instruction, one representative of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety,~~ Correction, and seven representatives of the Department of Health and Human Services to include the Secretary or his designee.

…."

SECTION 19C.9.(vvv) G.S. 143B-394.15(c) reads as rewritten:

"(c) Membership. – The Commission shall consist of ~~38~~ 39 members, who reflect the geographic and cultural regions of the State, as follows:

…

(4) The following persons or their designees, ex officio:

a. The Governor.
b. The Lieutenant Governor.
c. The Attorney General.
d. The Secretary of Administration.
e. Repealed by Session Laws 2017-102, s. 24, effective July 12, 2017.
f. The Superintendent of Public Instruction.
g. The Secretary of Public Safety.
g1. The Secretary of the Department of Adult Correction.
h. The Secretary of Health and Human Services.
i. The Director of the Office of State Human Resources.
j. The Chair of the North Carolina Council for Women.
k. The Dean of the School of Government at the University of North Carolina at Chapel Hill.
l. The Chairman of the Governor's Crime Commission."

SECTION 19C.9.(www) G.S. 143B-1100 reads as rewritten:

"(a) There is hereby created the Governor's Crime Commission of the Department of Public Safety. The Commission shall consist of ~~37~~ 38 voting members and five nonvoting members. The composition of the Commission shall be as follows:

(1) The voting members shall be:

a. The Governor, the Chief Justice of the Supreme Court of North Carolina (or the Chief Justice's designee), the Attorney General, the Director of the Administrative Office of the Courts, the Secretary of the Department of Health and Human Services, the Secretary of Public Safety (or the Secretary's designee), the Secretary of the Department of Adult Correction (or the Secretary's designee), and the Superintendent of Public Instruction;

…

(2) The nonvoting members shall be the Director of the State Bureau of Investigation, the Deputy ~~Chief~~ Director of the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety who is responsible for Intervention/Prevention programs, the Deputy ~~Chief~~ Director of the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the

Department of Public Safety who is responsible for Youth Development programs, the ~~Section Chief of the Section~~ Director of Prisons of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice and~~ Correction, and the ~~Section Chief~~ Director of the ~~Section~~ Division of Community Supervision and Reentry of the ~~Division of Adult Correction and Juvenile Justice.~~Department of Public Safety.

(b) The membership of the Commission shall be selected as follows:

(1) The following members shall serve by virtue of their office: the Governor, the Chief Justice of the Supreme Court, the Attorney General, the Director of the Administrative Office of the Courts, the Secretary of the Department of Health and Human Services, the Secretary of Public Safety, the Secretary of the Department of Adult Correction, the Director of the State Bureau of Investigation, the ~~Section Chief of the Section~~ Director of the Division of Prisons of the ~~Division of Adult Correction and Juvenile Justice,~~ Department of Adult Correction, the ~~Section Chief of the Section~~ Director of the Division of Community Supervision and Reentry of the ~~Division of Adult Correction and Juvenile Justice,~~ Department of Public Safety, the Deputy ~~Chief~~ Director who is responsible for Intervention/Prevention of the Juvenile Justice ~~Section~~ Division of the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of Public Safety, the Deputy ~~Chief~~ Director who is responsible for Youth Development of the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety, and the Superintendent of Public Instruction. Should the Chief Justice of the Supreme Court choose not to serve, his alternate shall be selected by the Governor from a list submitted by the Chief Justice which list must contain no less than three nominees from the membership of the Supreme Court.

…."

SECTION 19C.9.(xxx) G.S. 143B-1311(d) reads as rewritten:

"(d) The following office holders or their designee, shall serve as nonvoting ex officio members of the Commission:

(1) The Lieutenant Governor.
(2) Secretary of Public Safety.
(2a) Secretary of the Department of Adult Correction.
(3) Secretary of Commerce.
(4) The Secretary of Transportation.
(5) The Secretary of Environmental Quality.
(6) The Commissioner of Agriculture.
(7) Adjutant General of the North Carolina National Guard.
(8) The Mayor of Elizabeth City, or designee.
(9) The Mayor of Fayetteville, or designee.
(10) The Mayor of Goldsboro, or designee.
(11) The Mayor of Havelock, or designee.
(12) The Mayor of Jacksonville, or designee.
(13) The Assistant Secretary for Veterans Affairs, Department of Administration.
(14) The President of The University of North Carolina.
(15) The President of the North Carolina Community College System.
(16) The Superintendent of Public Instruction."

SECTION 19C.9.(yyy) G.S. 148-4.1 reads as rewritten:

"**§ 148-4.1. Release of inmates.**

(a) Whenever the Secretary of ~~Public Safety~~ the Department of Adult Correction determines from data compiled by the Division of ~~Adult Correction and Juvenile Justice of the~~

~~Department of Public Safety~~ Prisons that it is necessary to reduce the prison population to a more manageable level or to meet the State's obligations under law, ~~he shall~~ the Secretary in consultation with the Secretary of the Department of Public Safety may direct the Post-Release Supervision and Parole Commission to release on parole over a reasonable period of time a number of prisoners sufficient to that purpose. From the time the Secretary directs the Post-Release Supervision and Parole Commission until the prison population has been reduced to a more manageable level, the Secretary may not accept any inmates ordered transferred from local confinement facilities to the State prison system under G.S. 148-32.1(b). Further, the Secretary may return any inmate housed in the State prison system under an order entered pursuant to G.S. 148-32.1(b) to the local confinement facility from which the inmate was transferred. In order to meet the requirements of this section, the Parole Commission shall not parole any person convicted under Article 7B of Chapter 14 of a sex offense, under G.S. 14-39, 14-41, or 14-43.3, under G.S. 90-95(h) of a drug trafficking offense, or under G.S. 14-17, or any other violent felon as defined in subsection (a1) of this section. The Parole Commission may continue to consider the suitability for release of such persons in accordance with the criteria set forth in Articles 85 and 85A of Chapter 15A.

(a1) Notwithstanding any other provision of this section, the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ shall at all times secure the necessary prison space to house any violent felon or habitual felon for the full active sentence imposed by the court. For purposes of this subsection, the term "violent felon" means any person convicted of the following felony offenses: first or second degree murder, voluntary manslaughter, first or second degree rape, first or second degree sexual offense, any sexual offense involving a minor, robbery, kidnapping, or assault, or attempting, soliciting, or conspiring to commit any of those offenses.

…."

SECTION 19C.9.(zzz) G.S. 148-13 reads as rewritten:

"**§ 148-13. Regulations as to custody grades, privileges, gain time credit, etc.**

(a) The Secretary of ~~Public Safety~~ the Department of Adult Correction may issue regulations regarding the grades of custody in which State prisoners are kept, the privileges and restrictions applicable to each custody grade, and the amount of cash, clothing, etc., to be awarded to State prisoners after their discharge or parole. The amount of cash awarded to a prisoner upon discharge or parole after being incarcerated for two years or longer shall be at least forty-five dollars ($45.00).

(a1) The Secretary of ~~Public Safety~~ the Department of Adult Correction shall adopt rules to specify the rates at, and circumstances under, which earned time authorized by G.S. 15A-1340.13(d) and G.S. 15A-1340.20(d) may be earned or forfeited by persons serving activated sentences of imprisonment for felony or misdemeanor convictions. Such rules shall include any person serving an activated sentence of imprisonment who is confined in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice.~~of the Department of Public Safety.

(b) With respect to prisoners who are serving sentences for impaired driving offenses under G.S. 20-138.1, the Secretary of ~~Public Safety~~ the Department of Adult Correction may, in ~~his~~ the Secretary's discretion, issue regulations regarding deductions of time from the terms of such prisoners for good behavior, meritorious conduct, work or study, participation in rehabilitation programs, and the like.

(c), (d) Repealed by Session Laws 1993, c. 538, s. 32, effective January 1, 1995.

(e) The Secretary's regulations concerning earned time and good time credits authorized by this section shall be distributed to and followed by local jail administrators and by personnel of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of Juvenile Justice ~~Section~~ with regard to sentenced jail prisoners, including prisoners housed in a detention

facility approved by the ~~Juvenile Justice Section of the Division of Adult Correction and~~ Division of Juvenile Justice.

(f) The provisions of this section do not apply to persons sentenced to a term of special probation under G.S. 15A-1344(e) or G.S. 15A-1351(a)."

SECTION 19C.9.(aaaa) G.S. 148-19.1 reads as rewritten:

"**§ 148-19.1. Exemption from licensure and certificate of need.**

(a) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice~~ or offenders under the supervision of the Division of Community Supervision and Reentry of the Department of Public Safety shall be exempt from licensure by the Department of Health and Human Services under Chapter 122C of the General Statutes. If an inpatient chemical dependency or substance abuse facility provides services both to inmates ~~of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ or offenders under supervision and to members of the general public, the portion of the facility that serves inmates or offenders under supervision shall be exempt from licensure.

(b) Any person who contracts to provide inpatient chemical dependency or substance abuse services to inmates of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice~~ or to offenders under the supervision of the Division of Community Supervision and Reentry of the Department of Public Safety may construct and operate a new chemical dependency or substance abuse facility for that purpose without first obtaining a certificate of need from the Department of Health and Human Services pursuant to Article 9 of Chapter 131E of the General Statutes. However, a new facility or addition developed for that purpose without a certificate of need shall not be licensed pursuant to Chapter 122C of the General Statutes and shall not admit anyone other than inmates unless the owner or operator first obtains a certificate of need."

SECTION 19C.9.(bbbb) G.S. 148-29 reads as rewritten:

"**§ 148-29. Transportation of convicts to prison; reimbursement to counties; sheriff's expense affidavit.**

(a) The sheriff having in charge any prisoner to be taken to the State prison system shall send the prisoner to the custody of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ after sentencing and the disposal of all pending charges against the prisoner, if no appeal has been taken. Beginning on the day after the ~~Section of Prisons of the~~ Division ~~of Adult Correction and Juvenile Justice~~ has been notified by the sheriff that a prisoner is ready for transfer and the Division has informed the sheriff that bedspace is not available for that prisoner, and continuing through the day the prisoner is received by the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice,~~ Division, the Division ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall pay the county:

(1) A standard sum set by the General Assembly in its appropriations acts for the cost of providing food, clothing, personal items, supervision, and necessary ordinary medical services to the prisoner awaiting transfer to the State prison system; and

(2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by prisoners awaiting transfer to the State prison system.

If the ~~Section of Prisons of the~~ Division ~~of Adult Correction and Juvenile Justice~~ determines that bedspace is not available for a prisoner after the sheriff has notified the Division that the prisoner is ready for transfer, reimbursement under this subsection shall be made beginning on the day after the sheriff gave the notification.

(b) The sheriff having in charge any parolee or post-release supervisee to be taken to the State prison system shall send the prisoner to the custody of the Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ after preliminary hearing held under G.S. 15A-1368.6(b) or G.S. 15A-1376(b). Beginning on the day

after the ~~Section of Prisons of the~~ Division ~~of Adult Correction and Juvenile Justice~~ has been notified by the sheriff that a prisoner is ready for transfer and the Division has informed the sheriff that bedspace is not available for that prisoner, and continuing through the day the prisoner is received by the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice,~~ Division, the Division ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall pay the county:

(1) A standard sum set by the General Assembly in its appropriations acts for the cost of providing food, clothing, personal items, supervision, and necessary ordinary medical services to the parolee or post-release supervisee awaiting transfer to the State prison system; and

(2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by parolees or post-release supervisees awaiting transfer to the State prison system.

If the ~~Section of Prisons of the~~ Division ~~of Adult Correction and Juvenile Justice~~ determines that bedspace is not available for a prisoner after the sheriff has notified the Division that the prisoner is ready for transfer, reimbursement under this subsection shall be made beginning on the day after the sheriff gave the notification.

…."

SECTION 19C.9.(cccc) G.S. 148-32.3 reads as rewritten:

"**§ 148-32.3. Inmate Construction Program.**

Notwithstanding any other provision of law, but subject to the provisions of this Article, the State Construction Office may utilize inmates in the custody of the Division of ~~Adult Correction~~ Prisons of the Department of ~~Public Safety~~ Adult Correction through the Inmate Construction Program for repair and renovation projects on State-owned facilities, with priority given to Department of ~~Public Safety~~ Adult Correction construction projects. State agencies utilizing the Inmate Construction Program shall reimburse the Division of Prisons of the Department of Adult Correction ~~of the Department of Public Safety~~ for the cost of transportation, custody, and wages for the inmate crews."

SECTION 19C.9.(dddd) G.S. 148-40 reads as rewritten:

"**§ 148-40. Recapture of escaped prisoners.**

The rules and regulations for the government of the State prison system may provide for the recapture of convicts that may escape, or any convicts that may have escaped from the State's prison or prison camps, or county road camps of this State, and the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety~~ Adult Correction may pay to any person recapturing an escaped convict such reward or expense of recapture as the regulations may provide. Any citizen of North Carolina shall have authority to apprehend any convict who may escape before the expiration of ~~his~~ the convict's term of imprisonment whether ~~he~~ the convict be guilty of a felony or misdemeanor, and retain ~~him~~ the convict in custody and deliver ~~him~~ the convict to the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department of ~~Public Safety.~~ Adult Correction."

SECTION 19C.9.(eeee) G.S. 148-118.8 reads as rewritten:

"**§ 148-118.8. Appointment, salary, and authority of Executive Director and inmate grievance examiners.**

(a) The Grievance Resolution Board, in consultation with the Secretary of ~~Public Safety,~~ the Department of Adult Correction, shall provide the Governor with at least three nominees, and the Governor shall appoint an Executive Director from those nominees. The Grievance Resolution Board shall appoint grievance examiners. The Executive Director shall manage the staff and perform such other functions as are assigned to the Director by the Grievance Resolution Board. The Executive Director shall serve at the pleasure of the Governor. The grievance examiners shall serve at the pleasure of the Grievance Resolution Board. The grievance examiners shall be subject to Article 2 of Chapter 126 of the North Carolina General Statutes for

purposes of salary and leave. Support staff, equipment, and facilities for the Board shall be provided by the ~~Division~~ Department of Adult ~~Correction of the Department of Public Safety.~~Correction.

(b) The inmate grievance examiners shall investigate inmate grievances pursuant to the procedures established by the Administrative Remedy Procedure. Examiners shall attempt to resolve grievances through mediation with all parties. Otherwise, the inmate grievance examiners shall either (i) order such relief as is appropriate; or (ii) deny the grievance. The decision of the grievance examiner shall be binding, unless the Secretary of ~~Public Safety~~ the Department of Adult Correction (i) finds that such relief is not appropriate, (ii) gives a written explanation for this finding, and (iii) makes an alternative order of relief or denies the grievance."

SECTION 19C.9.(ffff) G.S. 148-128 reads as rewritten:

"**§ 148-128. Authorization for Correction Enterprises.**

The ~~Section~~ Division of Correction Enterprises ~~of the Division of Adult Correction and Juvenile Justice~~ is established as a division of the ~~Division~~ Department of Adult ~~Correction and Juvenile Justice of the Department of Public Safety.~~ Correction. The ~~Section~~ Division of Correction Enterprises ~~of the Division of Adult Correction and Juvenile Justice~~ may develop and operate industrial, agricultural, and service enterprises that employ incarcerated offenders in an effort to provide them with meaningful work experiences and rehabilitative opportunities that will increase their employability upon release from prison. Enterprises operated under this Article shall be known as "Correction Enterprises.""

SECTION 19C.9.(gggg) G.S. 148-131 reads as rewritten:

"**§ 148-131. Powers and responsibilities.**

In order to fulfill the purposes set forth in G.S. 148-129, the ~~Section~~ Division of Correction Enterprises of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice~~ is authorized and empowered to take all actions necessary in the operation of its enterprises, including any of the following actions to:

…."

SECTION 19C.9.(hhhh) G.S. 148-132 reads as rewritten:

"**§ 148-132. Distribution of products and services.**

The ~~Section~~ Division of Correction Enterprises of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice~~ is empowered and authorized to market and sell products and services produced by Correction Enterprises to any of the following entities:

…."

SECTION 19C.9.(iiii) G.S. 148-134 reads as rewritten:

"**§ 148-134. Preference for Division of Prisons of Department of Adult Correction ~~and Juvenile Justice of the Department of Public Safety~~ products.**

All departments, institutions, and agencies of this State that are supported in whole or in part by the State shall give preference to Correction Enterprises products in purchasing articles, products, and commodities that these departments, institutions, and agencies require and that are manufactured or produced within the State prison system and offered for sale to them by Correction Enterprises. No article or commodity available from Correction Enterprises shall be purchased by any State department, institution, or agency from any other source unless the prison product does not meet the standard specifications and the reasonable requirements of the department, institution, or agency as determined by the Secretary of Administration or the requisition cannot be complied with because of an insufficient supply of the articles or commodities required. The provisions of Article 3 of Chapter 143 of the General Statutes respecting contracting for the purchase of all supplies, materials, and equipment required by the State government or any of its departments, institutions, or agencies under competitive bidding shall not apply to articles or commodities available from Correction Enterprises. The ~~Section~~ Division of Correction Enterprises of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice~~ shall be required to keep the price of such articles or commodities substantially in accord

with that paid by governmental agencies for similar articles and commodities of equivalent quality."

SECTION 19C.9.(jjjj) G.S. 150B-1(e) reads as rewritten:

"(e) Exemptions From Contested Case Provisions. – The contested case provisions of this Chapter apply to all agencies and all proceedings not expressly exempted from the Chapter. The contested case provisions of this Chapter do not apply to the following:

…

(7) The Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety.~~Prisons of the Department of Adult Correction.

…."

SECTION 19C.9.(kkkk) G.S. 153A-218 reads as rewritten:

"**§ 153A-218. County confinement facilities.**

A county may establish, acquire, erect, repair, maintain, and operate local confinement facilities and may for these purposes appropriate funds not otherwise limited as to use by law. Subject to the holdover provisions in G.S. 7B-2204, no person under the age of 18 may be held in a county confinement facility unless there is an agreement between the county confinement facility and the Division of ~~Adult Correction and~~ Juvenile Justice allowing the housing of persons under the age of 18 at the facility or a portion of the facility that has been approved as a juvenile detention facility by the Division of Juvenile ~~Justice Section.~~ Justice. A juvenile detention facility may be located in the same facility as a county jail provided that the juvenile detention facility meets the requirements of this Article and G.S. 147-33.40."

SECTION 19C.9.(*llll*) G.S. 162-39(b1) reads as rewritten:

"(b1) The ~~Department of Public Safety, Health Services Section,~~ Division of Health Services of the Department of Adult Correction shall maintain records of prisoners transferred to a unit of the State prison system pursuant to subsection (b) of this section. The records shall utilize unique identifiers for each transferred prisoner and shall include all of the following information:

…."

SECTION 19C.9.(mmmm) G.S. 164-40 reads as rewritten:

"**§ 164-40. Correction population simulation model; ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ juvenile justice facilities population simulation model.**

(a) The Commission shall develop a correctional population simulation model, and shall have first priority to apply the model to a given fact situation, or theoretical change in the sentencing laws, when requested to do so by the Chairman, the Executive Director, or the Commission as a whole.

The Executive Director or the Chairman shall make the model available to respond to inquiries by any State legislator, ~~or~~ by the Secretary of the Department of Public Safety, or by the Secretary of the Department of Adult Correction, in second priority to the work of the Commission.

(b) The Commission shall develop a ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety facilities~~ population simulation ~~model,~~ model for juvenile justice facilities and shall have first priority to apply the model to a given fact situation, or theoretical change in the dispositional laws set forth in Chapter 7B of the General Statutes, when requested to do so by the Chairman, the Executive Director, or the Commission as a whole.

The Executive Director or the Chairman shall make the model available to respond to inquiries by any State legislator, or by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety, in second priority to the work of the Commission."

SECTION 19C.9.(nnnn) G.S. 164-43 reads as rewritten:

"**§ 164-43. Priority of duties; reports; continuing duties.**

…

(d) Once the primary duties of the Commission have been accomplished, it shall have the continuing duty to monitor and review the criminal justice and corrections systems and the juvenile justice system in this State to ensure that sentences and dispositions remain uniform and consistent, and that the goals and policies established by the State are being implemented by sentencing and dispositional practices, and it shall recommend methods by which this ongoing work may be accomplished and by which the correctional population simulation model and the ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ juvenile justice facilities population simulation model developed under G.S. 164-40 shall continue to be used by the State.

…

(h) The Commission or its successor shall meet within 10 days after the last day for filing general bills in the General Assembly for the purpose of reviewing bills as described in subsections (e), (f), and (g). The Commission or its successor shall include in its report on a bill an analysis based on an application of the correctional population simulation model or the ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ juvenile justice facilities population simulation model to the provisions of the bill."

SECTION 19C.9.(oooo) G.S. 164-47 reads as rewritten:

"**§ 164-47. Biennial Report on Recidivism.**

The Judicial Department, through the North Carolina Sentencing and Policy Advisory Commission, the Division of Prisons of the Department of Adult Correction, and the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public Safety shall jointly conduct ongoing evaluations of community corrections programs and in-prison treatment programs and make a biennial report to the General Assembly. The report shall include composite measures of program effectiveness based on recidivism rates, other outcome measures, and costs of the programs.

During the 1998-99 fiscal year, the Sentencing and Policy Advisory Commission shall coordinate the collection of all data necessary to create an expanded database containing offender information on prior convictions, current conviction and sentence, program participation, and outcome measures. Each program to be evaluated shall assist the Commission in the development of systems and collection of data necessary to complete the evaluation process. The first evaluation report shall be presented to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by April 15, 2000, and future reports shall be made by April 15 of each even-numbered year."

MEMORANDUM OF UNDERSTANDING/REPORTING/EFFECTIVE DATE

SECTION 19C.9.(pppp) No later than July 1, 2022, the Department of Public Safety and the Department of Adult Correction shall enter into a memorandum of understanding (MOU) related to the transfer of custody of inmates and offenders between the Division of Prisons of the Department of Adult Corrections and the Division of Community Supervision and Reentry of the Department of Public Safety. In addition to any other matters necessary for the successful and timely transfer of custody of inmates and offenders between the divisions, the MOU shall address specific lines of responsibility, establish official lines of communication, and identify the mechanisms to be used for sharing of information and records.

SECTION 19C.9.(qqqq) The Office of State Budget and Management, in consultation with the Department of Public Safety, shall make an interim report on or before January 15, 2022, on progress implementing this section to the Joint Legislative Oversight Committee on Justice and Public Safety. The interim report shall include information regarding

the proposed memorandum of understanding required by subsection (pppp) of this section. The Office of State Budget and Management, in consultation with the Department of Public Safety and the Department of Adult Correction, shall make a final report on or before July 15, 2022, on progress implementing this section to the Joint Legislative Oversight Committee on Justice and Public Safety. The final report shall include information regarding:

(1) Any reclassifications of positions or reductions in force.

(2) Any recommendations for changes to the statutes that organize the Department of Public Safety or the Department of Adult Correction.

(3) The memorandum of understanding required by subsection (pppp) of this section.

SECTION 19C.9.(rrrr) In addition to the reporting requirements of G.S. 143C-6-9, the Department of Public Safety shall report for the 2021-2022, the 2022-2023, and the 2023-2024 fiscal years the following information to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

(1) The amount of lapsed salary generated by fund code for the previous six months.

(2) An itemized accounting of the use of lapsed salary funds, including:

a. Fund code.

b. Current certified budget.

c. Annual projected expenditure.

d. Annual projected shortfall.

e. Amount of lapsed salary funds transferred to date.

The reports shall be submitted by August 1, November 1, February 1, and May 1 of each fiscal year. The August report shall also include an annual accounting of this information for the previous fiscal year.

SECTION 19C.9.(ssss) In addition to the reporting requirements of G.S. 143C-6-9, the Department of Adult Correction shall report for the 2022-2023 and the 2023-2024 fiscal years the following information to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

(1) The amount of lapsed salary generated by fund code for the previous six months.

(2) An itemized accounting of the use of lapsed salary funds, including:

a. Fund code.

b. Current certified budget.

c. Annual projected expenditure.

d. Annual projected shortfall.

e. Amount of lapsed salary funds transferred to date.

The reports shall be submitted by August 1, November 1, February 1, and May 1 of each fiscal year. The August report shall also include an annual accounting of this information for the previous fiscal year.

SECTION 19C.9.(tttt) This subsection is effective when this act becomes law. The remainder of this section becomes effective July 1, 2022. On and after that date, any references or directives in this act to the Division of Adult Correction and Juvenile Justice, the Section of Adult Correction in the Division of Adult Correction and Juvenile Justice, the Section of Juvenile Justice of the Division of Adult Correction and Juvenile Justice, or the Section of Community Corrections of the Division of Adult Correction and Juvenile Justice shall be construed to apply to the appropriate division of either the Department of Public Safety or the Department of Adult Correction pursuant to the departmental changes enacted by this section.

INCREASED MISDEMEANANT CONFINEMENT REIMBURSEMENT RATE IF UTILIZING INMATE LABOR TO CLEAN ROADWAYS AND REQUIRE RELATED REPORTING

SECTION 19C.10.(a) G.S. 148-26 is amended by adding a new subsection to read:

"(e2) Pursuant to the provisions of this Article that regulate inmate labor, sheriffs having custody of inmates under the Statewide Misdemeanant Confinement Program may hire those inmates to maintain the cleanliness of areas along local and State roadways.

A sheriff hiring inmates under this subsection shall coordinate with the Department of Transportation before and after a cleanup project to ensure that cleanup efforts are not unnecessarily duplicated by either the sheriff's office or the Department of Transportation. The sheriff shall also ensure that all inmates hired pursuant to this subsection are adequately guarded while working and that food, water, and bathroom facilities are accessible in reasonable amounts and times.

Sheriffs that utilize inmate labor pursuant to this section for a combined total of 500 work hours in one calendar month shall submit a record of those work hours to the Department of Public Safety and shall be reimbursed for caring for and housing the inmates of the Statewide Misdemeanant Confinement Program at a rate of at least sixty dollars ($60.00) per day, per inmate held under the Statewide Misdemeanant Confinement Program for each calendar month in which 500 work hours were completed."

SECTION 19C.10.(b) G.S. 148-32.1, as amended by this Part, reads as rewritten:

"**§ 148-32.1. Local confinement, costs, alternate facilities, parole, work release.**

…

(b1) It is the intent of the General Assembly to authorize the Division of Adult Correction and Juvenile Justice to enter into voluntary agreements with counties to provide housing for misdemeanants serving periods of confinement of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. It is further the intent of the General Assembly that the Division of Adult Correction and Juvenile Justice, in conjunction with the North Carolina Sheriffs' Association, Inc., establish a program for housing misdemeanants serving periods of confinement of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. It is also the intent of the General Assembly that the Division of Adult Correction and Juvenile Justice contract with the North Carolina Sheriffs' Association, Inc., to provide a service that identifies space in local confinement facilities that is available for housing these misdemeanants.

The General Assembly intends that the cost of housing and caring for these misdemeanants, including, but not limited to, care, supervision, transportation, medical, and any other related costs, be covered by State funds and not be imposed as a local cost. Therefore, the General Assembly intends that the funds appropriated for the Statewide Misdemeanant Confinement Program be used to provide funding to cover the costs of managing a system for providing that housing of misdemeanants in local confinement facilities as well as reimbursing the counties for housing and related expenses for those misdemeanants. For the calendar month that a sheriff utilizes inmate labor pursuant to G.S. 148-26(e2), the payment for housing and caring for those misdemeanants for that calendar month shall be paid at a rate pursuant to the provisions of that section.

(b2) The Statewide Misdemeanant Confinement Program is established. The Program shall provide for the housing of misdemeanants from all counties serving sentences imposed for a period of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement facilities except as provided in subsections (b3) and (b4) of this section. The Program shall address methods for the placement and transportation of inmates and reimbursement to counties for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants

from that county or from other counties pursuant to the Program may enter into a written agreement with the Division of Adult Correction and Juvenile Justice to do so.

The North Carolina Sheriffs' Association shall:

(1) Report no later than the fifteenth day of each month to the Office of State Budget and Management and the Fiscal Research Division on the Statewide Misdemeanant Confinement Program. Each monthly report shall include all of the following:

…

h. The counties with sheriffs' offices that utilized inmate labor pursuant to G.S. 148-26(e2), the number of total hours worked by inmates in each participating county, and the number of road miles cleaned by inmates in each participating county.

(2) Report no later than October 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the Statewide Misdemeanant Confinement Program. The report shall include the following with respect to the prior fiscal year:

…

g. The counties with sheriffs' offices that utilized inmate labor pursuant to G.S. 148-26(e2), the number of total hours worked by inmates in each participating county, and the number of road miles cleaned by inmates in each participating county.

…."

PART XIX-D. JUVENILE JUSTICE

LIMIT USE OF COMMUNITY PROGRAM FUNDS

SECTION 19D.1.(a) Funds appropriated in this act to the Department of Public Safety for the 2021-2023 fiscal biennium for community program contracts, that are not required for or used for community program contracts, may be used only for the following:

(1) Other statewide residential programs that provide Level 2 intermediate dispositional alternatives for juveniles.

(2) Statewide community programs that provide Level 2 intermediate dispositional alternatives for juveniles.

(3) Regional programs that are collaboratives of two or more Juvenile Crime Prevention Councils which provide Level 2 intermediate dispositional alternatives for juveniles.

(4) The Juvenile Crime Prevention Council funds to be used for the Level 2 intermediate dispositional alternatives for juveniles listed in G.S. 7B-2506(13) through (23).

SECTION 19D.1.(b) Funds appropriated by this act to the Department of Public Safety for the 2021-2023 fiscal biennium for community programs may not be used for staffing, operations, maintenance, or any other expenses of youth development centers or detention facilities.

SECTION 19D.1.(c) The Department of Public Safety shall submit an electronic report by October 1 of each year of the 2021-2023 fiscal biennium on all expenditures made in the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division. The report shall include all of the following: an itemized list of the contracts that have been

executed, the amount of each contract, the date the contract was executed, the purpose of the contract, the number of juveniles that will be served and the manner in which they will be served, the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.

PART XIX-E. EMERGENCY MANAGEMENT AND NATIONAL GUARD

TRANSFER OF NCNG TUITION ASSISTANCE PROGRAM

SECTION 19E.1.(a) The North Carolina National Guard Tuition Assistance Program administered by the State Education Assistance Authority is transferred to the Department of Public Safety. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6. The State Education Assistance Authority shall transfer all associated program administration funds to the Department of Public Safety.

SECTION 19E.1.(b) Part 2 of Article 23 of Chapter 116 of the General Statutes, G.S. 116-209.50 through G.S. 116-209.55, is recodified as Article 15 of Chapter 127A of the General Statutes, G.S. 127A-190 through G.S. 127A-195.

SECTION 19E.1.(c) Article 15 of Chapter 127A of the General Statutes, as recodified by subsection (b) of this section, reads as rewritten:

"Article 15.

"North Carolina National Guard Tuition Assistance Act of 1975.

"**§ 127A-190. Short title.**

This ~~Part~~ Article shall be known and may be cited as the North Carolina National Guard Tuition Assistance Act of 1975.

"**§ 127A-191. Purpose.**

The General Assembly of North Carolina, recognizing that the North Carolina National Guard is the only organized, trained and equipped military force subject to the control of the State, hereby establishes a program of tuition assistance for qualifying guard members for the purpose of encouraging voluntary membership in the North Carolina National Guard, improving the educational level of its members, and thereby benefiting the State as a whole.

"**§ 127A-192. Definitions.**

The following definitions apply in this ~~Part:~~Article:

(1) Academic Year. – The annual enrollment period used by the ~~Authority.~~Secretary.

(2) Private Educational Institutions. – Any junior college, senior college or university which is operated and governed by private interests not under the control of the federal, State or any local government, which is located within and licensed by the State of North Carolina, which does not operate for profit, whose curriculum is primarily directed toward the awarding of associate, baccalaureate or graduate degrees, which agrees to the applicable administration and funding provisions of this ~~Part.~~Article.

(3) Proprietary School. – An educational institution that is (i) defined as a proprietary school in G.S. 115D-87(2), (ii) licensed by the State Board of Community Colleges, ~~and~~ or (iii) listed by the North Carolina State Approving Agency for Veterans and Military Education as an approved proprietary school for purposes of this ~~Part.~~Article.

(3a) Secretary. – The Secretary of Public Safety or the Secretary's designee.

(4) State Educational Institutions. – Any of the constituent institutions of the University of North Carolina, or any community college operated under the provisions of Chapter 115D of the General Statutes of North Carolina.

(5) Student Loan. – A loan or loans made to eligible students or parents of students to aid in attaining an education beyond the high school level.

"**§ 127A-193. Benefit.**

The benefit provided under this ~~Part~~ Article shall consist of a monetary educational assistance grant not to exceed the highest amount charged by a State educational institution per academic year or a lesser amount, as prescribed by the ~~Authority,~~ Secretary, to remain within the funds appropriated, to qualifying members of the North Carolina National Guard. Benefits provided under ~~G.S. 116-209.55(g)~~ G.S. 127A-195(g) shall be payable for a period of one year at a time, renewable at the option of the ~~Authority.~~ Secretary. All other benefits provided under this ~~Part~~ Article shall be payable for a period of one academic year at a time, renewable at the option of the ~~Authority.~~Secretary.

"**§ 127A-194. Eligibility.**

(a) Active members of the North Carolina National Guard who are enrolled or who shall enroll in any proprietary school, private educational institution, or State educational institution shall be eligible to apply for this tuition assistance benefit: Provided, that the applicant has a minimum obligation of two years remaining as a member of the North Carolina National Guard from the end of the academic period for which tuition assistance is provided or that the applicant commit himself or herself to extended membership for at least two additional years from the end of that academic period.

(b) This tuition assistance benefit shall be applicable to students in the following categories:

(1) Students seeking to achieve completion of their secondary school education at a community college or technical institute.
(2) Students seeking trade or vocational training or education.
(3) Students seeking to achieve a two-year associate degree.
(4) Students seeking to achieve a four-year baccalaureate degree.
(5) Students seeking to achieve a graduate degree.
(6) Students enrolled in a program granting a graduate certificate.
(7) Students enrolled in a professional certification program recommended by the Director of the North Carolina National Guard Education and Employment Center and approved by the North Carolina National Guard Education Services Officer.

(c) The following persons shall be eligible to apply for disbursements to pay outstanding student loans pursuant to ~~G.S. 116-209.55(g):~~G.S. 127A-195(g):

(1) Persons described in subsections (a) and (b) of this section.
(2) Active members of the North Carolina National Guard who were previously enrolled in any proprietary school, private educational institution, or State educational institution, but only if:
    a. The applicant has a minimum obligation of two years remaining as a member of the North Carolina National Guard from the time of the application; or
    b. The applicant commits himself or herself to extended membership for at least two additional years from the time of the application.

"**§ 127A-195. Administration and funding.**

(a) The ~~Authority~~ Secretary is charged with the administration of the tuition assistance program under this ~~Part.~~Article. The Secretary may delegate administrative tasks to other persons within the Department of Public Safety as the Secretary deems best for the orderly administration of this program. The Department of Public Safety may also contract with the State Education Assistance Authority for the administration of these tuition benefit disbursements.

(b) The ~~Authority~~ Secretary shall determine the eligibility of applicants, select the benefit recipients, establish the effective date of the benefit, and may suspend or revoke the benefit if the ~~Authority~~ Secretary finds that the recipient does not maintain an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or

otherwise engages in disorderly conduct, breaches of the peace, or unlawful assemblies. The ~~Authority~~ Secretary shall maintain such records and shall promulgate such rules and regulations as the ~~Authority~~ Secretary deems necessary for the orderly administration of this program. The ~~Authority~~ Secretary may require of proprietary schools or State or private educational institutions such reports and other information as the ~~Authority~~ Secretary may need to carry out the provisions of this ~~Part~~ Article and the ~~Authority~~ Secretary shall disburse benefit payments for recipients upon certification of enrollment by the enrolling institutions.

(c) All tuition benefit disbursements shall be made to the proprietary school or State or private educational institution concerned, for credit to the tuition account of each recipient. Funds disbursed pursuant to subsection (g) of this section shall be made to the student loan creditor concerned to be applied against the outstanding student loans of each North Carolina National Guard member beneficiary.

(d) The participation by any proprietary school or private educational institution in this program shall be subject to the applicable provisions of this ~~Part~~ Article and to examination by the State Auditor of the accounts of the benefit recipients attending or having attended such private schools or institutions. The ~~Authority~~ Secretary may defer making an award or may suspend an award in any proprietary school or private educational institution which does not comply with the provisions of this ~~Part~~ Article relating to said institutions. The manner of payment to any proprietary school or private educational institution shall be as prescribed by the ~~Authority.~~Secretary.

(e) Irrespective of other provisions of this ~~Part,~~ Article, the ~~Authority~~ Secretary may prescribe special procedures for adjusting the accounts of benefit recipients who, for reasons of illness, physical inability to attend classes or for other valid reason satisfactory to the ~~Authority,~~ Secretary, may withdraw from any proprietary school or State or private educational institution prior to the completion of the term, semester, quarter or other academic period being attended at the time of withdrawal.

(f) Any balance of the monetary educational assistance grant up to the maximum for the academic year remaining after tuition is paid pursuant to subsection (c) of this section may be disbursed to the recipient as reimbursement for required course books and materials. The manner of obtaining the reimbursement payment for these required books and materials shall be as prescribed by the ~~Authority.~~Secretary.

(g) Any funds not needed to accomplish the other purposes of this ~~Part~~ Article may be used to help members of the North Carolina National Guard repay outstanding student loans in accordance with rules to be adopted by the ~~Authority.~~ Secretary. These rules shall provide that the length of a member's deployment may be considered in determining whether or not, and in what amount, a member receives assistance pursuant to this subsection. There shall be no reimbursement under this subsection for payments already made on student loans, and funds shall not be provided under this subsection for the purpose of paying student loans obtained for courses from which the member withdrew or for which the member did not receive a passing grade. Payments for outstanding loans shall not exceed the maximum benefit available under ~~G.S. 116-209.53.~~G.S. 127A-193."

SECTION 19E.1.(d) This section becomes effective July 1, 2021.

TARHEEL CHALLENGE CODIFICATION

SECTION 19E.2.(a) Chapter 127A of the General Statutes is amended by adding a new Article to read:

"Article 18.

"Tarheel Challenge Academy.

"**§ 127A-220. Purpose; establishment.**

The purpose of this Article is to authorize the North Carolina National Guard's Tarheel Challenge Academy to operate independently of existing schools. The Tarheel Challenge

Academy is established as a Division of the North Carolina National Guard. The Tarheel Challenge Academy shall satisfy all of the following:

(1) Exist as a cost-free program.

(2) Be housed for administrative purposes within the North Carolina National Guard.

(3) Be a community-based school that leads, trains, and mentors at-risk youth.

(4) Be designated as an approved alternative learning program, as defined in this Article, and an innovative school option.

(5) Create at least a 22-week residential program that requires a 12-month post-residential mentoring period.

(6) Improve life skills and employment potential of participants by providing quasi-military based training and supervised work experience.

(7) Teach the "8 Core Components" of academic excellence, job skills, health and hygiene, physical fitness, life coping skills, responsible citizenship, leadership, and service to community.

(8) Increase opportunity for participants to receive a high school diploma or its equivalent.

(9) Enjoy the full cooperation of other State and local agencies in carrying out its program.

"**§ 127A-221. Definitions.**

The following definitions apply for the purposes of this Article:

(1) Academy. – Tarheel Challenge Academy, a Division of the North Carolina National Guard.

(2) Alternative learning program. – A program offered by the Academy that provides specialized services for at-risk students outside of a standard classroom setting. Services should be designed to meet the needs of students who have not been successful in the traditional school setting.

(3) Eligible participant. – An individual who meets all of the following criteria:

a. Is a minimum of 16 years of age and a maximum of 18 years of age at the time of entry into the program.

b. Has failed to complete or has left school for any reason before graduation or completion of a program of studies without transferring to another school and has not received a certificate from a program of equivalency or has not progressed in a traditional high school setting.

c. A citizen or legal resident of the United States.

d. Unemployed or underemployed.

e. Not currently on parole or probation and not accused or convicted of a crime that would be considered a felony if the individual was an adult.

f. Free from use of illegal drugs or substances.

g. Physically and mentally capable to participate in the alternative learning program.

"**§ 127A-222. Administration; supervision.**

The general supervision and administration of the Academy shall be vested in the North Carolina National Guard Adjutant General. It shall be the duty of the Adjutant General or his or her designee to do all of the following:

(1) Create a written document that incorporates the terms and conditions imposed on the Academy by the Federal Youth Challenge Program.

(2) Organize and establish all rules and regulations for the Academy, as necessary.

(3) Direct and control all Academy personnel matters.

(4) Oversee and direct the administration and functioning of the alternative learning program offered by the Academy."

SECTION 19E.2.(b) This section becomes effective October 1, 2021.

BUTNER TIMBER FUND SALE PROCEEDS

SECTION 19E.3.(a) G.S. 146-30 reads as rewritten:

"**§ 146-30. Application of net proceeds.**

(a) The net proceeds of any disposition made in accordance with this Subchapter shall be handled in accordance with the following priority:

(1) First, in accordance with the provisions of any trust or other instrument of title whereby title to real property was acquired.

(2) Second, as provided by any other act of the General Assembly.

(3) Third, by depositing the net proceeds with the State Treasurer.

Nothing in this section, however, prohibits the disposition of any State lands by exchange for other lands, but if the appraised value in fee simple of any property involved in the exchange is at least twenty-five thousand dollars ($25,000), then the exchange shall not be made without consultation with the Joint Legislative Commission on Governmental Operations.

…

(d) Notwithstanding any other provision of this Subchapter, the following exceptions apply:

…

(8) The net proceeds derived from the sale of any portion of the land owned by the State in the Camp Butner reservation shall be deposited with the State Treasurer in a capital improvement account to the credit of the Department of Health and Human Services to make capital improvements on or to property owned by the State in the Camp Butner reservation subject to approval by the Office of State Budget and Management. The net proceeds derived from the sale of timber from land owned by the State in the Camp Butner reservation shall be deposited with the State Treasurer in a capital improvement account to the credit of the Department of Public Safety to be used to support the North Carolina National Guard's Camp Butner Training Center and other North Carolina National Guard–operated Training Centers. The definition of "Camp Butner reservation" in G.S. 122C-3 applies to this subdivision.

…."

SECTION 19E.3.(b) This section becomes effective July 1, 2021.

NORTH CAROLINA NATIONAL GUARD RESERVE JOB ACT

SECTION 19E.4.(a) Article 13 of Chapter 126 of the General Statutes is amended by adding a new section to read:

"**§ 126-80.5. National Guard preference.**

(a) It shall be the policy of the State of North Carolina that, in recognition and appreciation for service to the State and this country, and in recognition of the time and advantage lost toward the pursuit of a civilian career, an eligible member of the National Guard as defined in G.S. 126-81(4) shall be granted preference in employment for positions subject to the provisions of this Chapter with every State department, agency, and institution.

(b) In all evaluations of applicants for positions with this State or any of its departments, agencies, or institutions, a preference shall be awarded to all eligible members of the National Guard who are citizens of the State. This preference applies to initial employment and extends to other employment events, including a subsequent hiring, promotion, reassignment, or horizontal transfer.

(c) The provisions of this section shall be subject to the provisions of Article 9 of Chapter 143B of the General Statutes."

SECTION 19E.4.(b) G.S. 126-81 reads as rewritten:

"**§ 126-81. Definitions.**

~~As used in this Article:~~The following definitions apply in this Article:

(1) ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917, through November 11, 1918), World War II (December 7, 1941, through December 31, 1946), the Korean Conflict (June 27, 1950, through January 31, 1955), the period of time between January 31, 1955, and the end of the hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or engagement for which a campaign badge or medal is authorized by the United States Department of Defense.

(2) ~~"Veteran" means a~~ Veteran. – A person who served in the Armed Forces of the United States on active duty, for reasons other than training, and has been discharged under other than dishonorable conditions.

(3) ~~"Eligible veteran" means:~~Eligible veteran. – Any of the following:

a. A veteran who served during a period of ~~war; or~~war.

b. The spouse of a disabled ~~veteran; or~~veteran.

c. The surviving spouse or dependent of a veteran who dies on active duty during a period of war either directly or indirectly as a result of such ~~service; or~~service.

d. A veteran who suffered a service-connected disability during ~~peacetime; or~~peacetime.

e. The spouse of a veteran described in ~~subdivision~~ sub-subdivision d. of this ~~subsection; or~~subdivision.

f. The surviving spouse or dependent of a person who served in the Armed Forces of the United States on active duty, for reasons other than training, who died for service-related reasons during peacetime.

(4) Eligible member of the National Guard. – Any of the following:

a. A resident of North Carolina who is a current member in good standing of either the North Carolina Army National Guard, the North Carolina Air National Guard, or the reserves of the Armed Forces of the United States.

b. A resident of North Carolina who is a former member of either the North Carolina Army National Guard, the North Carolina Air National Guard, or the reserves of the Armed Forces of the United States whose discharge condition is greater than dishonorable with a minimum of six years of creditable service.

c. The surviving spouse and dependent of a member of the North Carolina Army National Guard or the North Carolina Air National Guard who dies on State active duty either directly or indirectly as a result of that service.

d. The surviving spouse or dependent of a member of the North Carolina National Guard who died for service-related reasons during peacetime."

SECTION 19E.4.(c) G.S. 128-15 reads as rewritten:

"**§ 128-15. Employment preference for veterans and their spouses or surviving spouses.**

(a) It shall be the policy of the State of North Carolina that, in appreciation for their service to this State and this country during a period of war, and in recognition of the time and advantage lost toward the pursuit of a civilian career, veterans and eligible members of the

National Guard shall be granted preference in employment with every State department, agency, and institution.

(b) As used in this section:

(1) ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917, through November 11, 1918), World War II (December 7, 1941, through December 31, 1946), the Korean Conflict (June 27, 1950, through January 31, 1955), the period of time between January 31, 1955, and the end of the hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or engagement for which a campaign badge or medal is authorized by the United States Department of Defense.

(2) ~~"Veteran" means a~~ Veteran. – A person who served in the Armed Forces of the United States on active duty, for reasons other than training, and has been discharged under other than dishonorable conditions.

(3) ~~"Eligible veteran" means:~~Eligible veteran. – Any of the following:

a. A veteran who served during a period of ~~war; or~~war.

b. The spouse of a disabled ~~veteran; or~~veteran.

c. The surviving spouse or dependent of a veteran who dies on active duty during a period of war either directly or indirectly as the result of such ~~service; or~~service.

d. A veteran who suffered a disabling injury for service-related reasons during ~~peacetime; or~~peacetime.

e. The spouse of a veteran described in ~~subdivision~~ sub-subdivision d. of this ~~subsection; or~~subdivision.

f. The surviving spouse or dependent of a person who served in the Armed Forces of the United States on active duty, for reasons other than training, who dies for service-related reasons during peacetime.

(4) Eligible member of the National Guard. – Any of the following:

a. A resident of North Carolina who is a current member in good standing of either the North Carolina Army National Guard, the North Carolina Air National Guard, or the reserves of the Armed Forces of the United States.

b. A resident of North Carolina who is a former member of either the North Carolina Army National Guard, the North Carolina Air National Guard, or the reserves of the Armed Forces of the United States whose discharge condition is greater than dishonorable with a minimum of six years of credible service.

c. The surviving spouse and dependent of a member of the North Carolina Army National Guard or the North Carolina Air National Guard who dies on State active duty either directly or indirectly as a result of that service.

d. The surviving spouse or dependent of a member of the North Carolina National Guard who died for service-related reasons during peacetime.

(c) Hereafter, in all evaluations of applicants for positions with this State or any of its departments, institutions or agencies, a preference shall be awarded to all eligible veterans and eligible members of the National Guard who are citizens of the State and who served the State or the United States honorably in the military forces of this State or of the United States during a period of war. This preference applies to initial employment with the State and extends to other employment events including subsequent hirings, promotions, reassignments, and horizontal transfers.

(d) The provisions of this section shall be subject to the provisions of Article 1 of Chapter 165 of the General Statutes, G.S. 126-83, and Parts 13 and 19 of Article 9 of Chapter 143B of the General Statutes."

SECTION 19E.4.(d) This section is effective when it becomes law.

COMPETITIVE EMERGENCY MANAGEMENT GRANTS

SECTION 19E.5.(a) The funds appropriated in this act to the Department of Public Safety, Division of Emergency Management, to provide competitive grants to county emergency management agencies established in accordance with G.S. 166A-19.15 shall only be awarded to county emergency management agencies located in either a development tier one area or a development tier two area, as defined in G.S. 143B-437.08. Grants shall be used to ensure local emergency management offices are adequately equipped, trained, and prepared for all hazards and emergencies. The Division shall develop policies and procedures to implement a competitive grant program consistent with this section.

SECTION 19E.5.(b) The Division shall report on the awarding of grant funds pursuant to subsection (a) of this section by January 15, 2022, and by January 15 of each year thereafter until the funds appropriated by this section are expended.

EMERGENCY MANAGEMENT ACT REVISIONS

SECTION 19E.6.(a) G.S. 166A-19.3 reads as rewritten:

"**§ 166A-19.3. Definitions.**

…

(2a) Concurrence of the Council of State. – The consensus, within 10 calendar days of the issuance of an executive order, of a majority of the membership of the Council of State prior to the Governor exercising a power or authority requiring a concurrence of the Council of State. The Governor shall document the contact and response of each Council of State member and shall release the concurrence, nonconcurrence, or no response provided by each member by name and position on the same website in which the executive order is published. If consensus is achieved, the release of information by the Governor shall be prior to, or simultaneously with, exercising the stated authority.

(2b) Council of State. – The Lieutenant Governor, Secretary of State, Auditor, Treasurer, Superintendent of Public Instruction, Attorney General, Commissioner of Agriculture, Commissioner of Labor, Commissioner of Insurance, or any interim officer or acting officer appointed in accordance with Section 7 of Article III of the State Constitution.

…

(9a) Executive order. – A signed, written, and published directive issued by the Governor that carries the force of law.

…."

SECTION 19E.6.(b) G.S. 166A-19.30 reads as rewritten:

"**§ 166A-19.30. Additional powers of the Governor during state of emergency.**

(a) In addition to any other powers conferred upon the Governor by law, during a gubernatorially or legislatively declared state of emergency, with the concurrence of the Council of State, the Governor shall have the following powers:

…

(c) In addition to any other powers conferred upon the Governor by law, during a gubernatorially or legislatively declared state of emergency, if the Governor determines that local control of the emergency is insufficient to assure adequate protection for lives and property because (i) needed control cannot be imposed locally because local authorities responsible for

preservation of the public peace have not enacted appropriate ordinances or issued appropriate declarations as authorized by G.S. 166A-19.31; (ii) local authorities have not taken implementing steps under such ordinances or declarations, if enacted or declared, for effectual control of the emergency that has arisen; (iii) the area in which the emergency exists has spread across local jurisdictional boundaries, and the legal control measures of the jurisdictions are conflicting or uncoordinated to the extent that efforts to protect life and property are, or unquestionably will be, severely hampered; or (iv) the scale of the emergency is so great that it exceeds the capability of local authorities to cope with it, the Governor has the following ~~powers:~~powers, with the concurrence of the Council of State:

…

(c1) Any executive order issued by the Governor that exercises any of the powers granted under subsections (a), (b), and (c) of this section shall expire 10 calendar days after issuance unless the Council of State concurs as provided in G.S. 166A-19.3. If the Council of State fails to concur, the Governor shall not issue a substantially similar executive order arising from the same events that form the basis to issue the initial executive order that failed to receive a concurrence of the Council of State.

(c2) If the Council of State concurs with the executive order in accordance with subsection (c1) of this section, the executive order shall expire 45 calendar days from the date of issuance, unless the General Assembly extends the executive order by the enactment of a general law. If the General Assembly does not extend the executive order by enactment in accordance with this subsection, the Governor shall not issue a substantially similar executive order arising from the same events that formed the basis to issue the initial executive order that was not extended.

…."

SECTION 19E.6.(c) This section becomes effective September 1, 2021.

NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

SECTION 19E.7. Section 5.7(a) of S.L. 2018-136, as amended by Section 12.5 of S.L. 2020-78, reads as rewritten:

"**SECTION 5.7.(a)** The Office of Recovery and Resiliency (Office) is created in the Department of Public Safety. The Office shall execute multi-year recovery and resiliency projects and administer funds provided by the Community Development Block Grant Disaster Recovery program.

"**SECTION 5.7.(a1)** The Secretary may reassign up to 15 existing positions of the Division of Emergency Management to the Office. In addition, the Secretary may create new ~~three-year time-limited positions.~~ positions if State and federal funds are available to support those positions. The reassigned positions assigned to the Office shall retain the employment status of the positions at the time of the reassignment after implementation of this act is completed. The ~~three-year time-limited~~ new positions created in this section shall be ~~temporary positions~~ based upon availability of State and federal funds and are exempt from the provision of the State Human Resources Act, Chapter 126 of the General Statutes, except Articles 6 and 7 of that Chapter.

"**SECTION 5.7.(a2)** The Office will provide general disaster recovery coordination and public information; citizen outreach and application case management; audit, finance, compliance, and reporting on disaster recovery funds; and program and construction management services. The Office shall also contract for services from vendors specializing in housing, construction, and project management services."

PART XX. ADMINISTRATION

MANAGEMENT OF STATE-OWNED AND STATE-LEASED REAL PROPERTY PORTFOLIO

SECTION 20.1.(a) G.S. 143-341.2 reads as rewritten:

"**§ 143-341.2. Proactive management of State-owned and State-leased real property portfolio.**

(a) Duties of the Department of Administration. – The Department of Administration shall have the following powers and duties:

(1) Development of comprehensive State facilities plan. – No later than ~~December 1, 2018,~~ April 1, 2022, and every five years thereafter, the Department of Administration shall develop and implement a plan to comprehensively manage, acquire, and dispose of the facilities and spaces required to fully support State government operations. The plan shall do all of the following:

…

f. Provide recommendations for disposing of existing State property and facilities, consolidating operations among existing facilities, and relocating State agencies from leased facilities to State-owned facilities.

g. Describe all changes made to space planning standards developed and distributed as provided in subdivision (4) of this subsection.

…

(3) Development of utilization measures. – ~~No later than December 1, 2016, the~~ The Department of Administration shall develop and distribute to State agencies procedures to be used to measure the utilization of State-owned and State-leased real property. The procedures developed pursuant to this subdivision shall be all of the following:

…

(4) Development and enforcement of space planning standards. – ~~No later than December 1, 2016, the~~ The Department of Administration shall develop and distribute to State agencies space planning standards to be used to determine workspace size and to govern the use of shared space. The standards developed pursuant to this subdivision shall be based on the Federal GSA's Office of Real Property Management Performance Measurement Division Workspace Utilization and Allocation Benchmark report unless the Department identifies another efficient industry standard upon which to base the space planning standards developed pursuant to this subdivision. The Department ~~shall annually~~ shall:

a. Annually perform audits of a portion of State agencies to determine each agency's adherence to the space planning standards developed pursuant to this subdivision and shall send formal letters of admonishment to any agency that fails to justify, in the sole discretion of the Department, any deviation from those standards.

b. Update the space planning standards developed pursuant to this subdivision at least once every five years and distribute those changes to State agencies.

…

(7) Reporting. – The Department of Administration shall make the following reports:

a. No later than ~~December 1, 2018,~~ April 1, 2022, and every five years thereafter, the Department shall report the following to the Joint Legislative Commission on Governmental Operations, ~~to the~~ Joint Legislative Oversight Committee on Capital Improvements, Joint Legislative Oversight Committee on General Government, and Fiscal Research ~~Division of the General Assembly, and to the Program Evaluation Division of the General Assembly:~~Division:

…

b. If any State agency fails to submit the information required by subdivision (b)(1) of this section, the Department shall report the failure to the chairs of the Joint Legislative Commission on Governmental ~~Operations and to~~ Operations, the chairs of the Joint Legislative Oversight Committee on Capital Improvements, and the chairs of the Joint Legislative ~~Program Evaluation~~ Oversight Committee on General Government within 30 days.

c. No later than ~~December 1, 2019,~~ April 1, 2023, and each year thereafter, the Department shall report to the Joint Legislative Commission on Governmental Operations, ~~to the~~ Joint Legislative Oversight Committee on Capital Improvements, Joint Legislative Oversight Committee on General Government, and Fiscal Research Division ~~of the General Assembly, and to the Program Evaluation Division of the General Assembly~~ on the State's portfolio of real property. This report shall include at least the following information:

…

8. A list of all audits performed that year pursuant to sub-subdivision a. of subdivision (4) of this subsection, a summary of the findings of each audit, and the agency's plans for addressing the findings of the audit.

(b) Duties of Other State Agencies. – Each State agency shall have the following powers and duties:

(1) Collection and reporting of information on property use. – No later than ~~July 1, 2018,~~ November 1, 2021, and each year thereafter, each State agency shall submit to the Department of Administration all of the information described in G.S. 143-341(4)b.1. through 15. for each building, facility, or space in any building or facility that the agency occupies. This shall be in addition to any reports required pursuant to G.S. 143-341(4)h.

…

(4) Development of five-year property management plan. – No later than ~~July 1, 2018,~~ November 1, 2021, and every five years thereafter, each State agency shall develop a five-year real property management plan and shall submit the plan to the Department of Administration for review. Each plan shall do all of the following:

…."

SECTION 20.1.(b) The Department of Administration, State Property Office, shall include in the April 1, 2022, comprehensive State facilities plan required by G.S. 143-341.2, as enacted in subsection (a) of this section, a report on any changes to the space needs of State agencies as a result of employees working from home due to the COVID-19 pandemic. The State Property Office shall consult with the Office of State Human Resources in preparing the report, which shall include all of the following:

(1) The percentage of employees in each State agency that, on average, worked from home at least one day each week from March 1, 2020, to March 1, 2021.

(2) The percentage of employees in each State agency that, on average, worked from home at least four days each week from March 1, 2020, to March 1, 2021.

(3) Information from State agencies about the continued duration of their work-from-home policies, including anticipated termination of the policies.

(4) Recommendations for reducing or consolidating State agency facilities in response to expanded State agency work-from-home policies.

DOA DIVISION OF NONPUBLIC EDUCATION/REPORTING REQUIREMENT

SECTION 20.2. The Department of Administration, Division of Nonpublic Education (Division), shall report to the Joint Legislative Oversight Committee on General Government, the Joint Legislative Oversight Committee on Education, and the Fiscal Research Division on the use of State Fiscal Recovery Funds appropriated in this act to the Division for the purpose of ensuring compliance with the provisions of G.S. 115C-552. The report shall be compiled as follows:

(1) An initial report submitted no later than February 1, 2022, which shall include all of the following:
   a. A description of the increase in home school notice of intent filings as a result of the COVID-19 pandemic, and the number of those home schools that have since submitted termination notices.
   b. The current approach to tracking the number of operational home schools in the State.
   c. Challenges in maintaining an accurate count of operational home schools.
   d. Efforts underway to determine which home schools are no longer operational.
   e. The current methodology for compiling annual statistical reports on operational home schools, and any planned database improvements and changes to the statistical report methodology.
   f. Year-to-date and planned expenditures.

(2) A final report submitted no later than August 1, 2022, which shall be appended to the Division's annual statistical report on home schools and shall include all of the following:
   a. An assessment of the long-term impact of the COVID-19 pandemic on the number of home schools in the State, including whether the increase in the number of home schools experienced during the pandemic is likely to continue to rise or decline, and the factors contributing to those decisions.
   b. An assessment of the accuracy of current data on the number of operational home schools.
   c. An update on efforts undertaken to determine which home schools are no longer operational.
   d. Any changes made to the way in which the annual statistical report is compiled, including any completed database improvements and changes to the statistical report methodology.
   e. Recommendations on ways in which the collection and compilation of data on the number of operational home schools can be further improved.

NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT DUTIES

SECTION 20.3. G.S. 143B-393 reads as rewritten:

"**§ 143B-393. North Carolina Council for Women and Youth Involvement – creation; powers and duties.**

(a) There is hereby created the North Carolina Council for Women and Youth Involvement of the Department of Administration. The Council shall ~~have~~ perform the following functions and duties:

(1) ~~To advise~~ Advise the Governor, the principal State departments, and the State legislature concerning the education and employment of women in the State of North Carolina.

(1a) ~~To advise~~ Advise the Governor or Secretary of Administration upon any matter relating to the following programs and organizations:

a. North Carolina Internship Council and the North Carolina State Government Internship Program.

b. SADD (Students Against Destructive Decisions).

c. State Youth Councils.

(2) ~~To advise~~ Advise the Secretary of Administration upon any matter the Secretary may refer to the Council.

(3) Repealed by Session Laws 2013-30.2(b), effective July 1, 2013.

(4) Administer the Domestic Violence Center Fund, as provided in G.S. 50B-9.

(5) Administer the Sexual Assault and Rape Crisis Center Fund, as provided in G.S. 143B-394.21.

(6) Recommend a person to serve as State Coordinator of the office of Coordinator of Services for Victims of Sexual Assault, as provided in G.S. 143B-394.2.

(7) Provide staff support to the Domestic Violence Commission, as provided in G.S. 143B-394.16.

(8) Serve as a member of the North Carolina Child Fatality Task Force, as provided in G.S. 7B-1402.

(9) Consult with the Department of Public Safety on a reporting system and database on certain domestic violence-related homicides, as provided in G.S. 143B-903.

(10) Provide staff support for the North Carolina Internship Council and the State Youth Advisory Council, as provided in G.S. 143B-394.32 and G.S. 143B-394.26, respectively.

…."

FACILITY IMPROVEMENT GRANTS FOR ORGANIZATIONS THAT PROVIDE SERVICES TO VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ASSAULT

SECTION 20.4.(a) Of the funds appropriated in this act to the Department of Administration, North Carolina Council for Women and Youth Involvement (hereinafter "Council"), for the 2022-2023 fiscal year, the sum of four million eight hundred thousand dollars ($4,800,000) in nonrecurring funds shall be used to establish a grant program to provide funds to qualifying domestic violence and sexual assault agencies for the purpose of making one-time facility upgrades or undertaking construction projects. The following criteria shall apply to the grant program:

(1) Only organizations that qualify for existing domestic violence or sexual assault grant programs pursuant to G.S. 50B-9 and G.S. 143B-394.21, respectively, are eligible.

(2) The maximum amount of each grant shall be forty-five thousand dollars ($45,000). Additional grant funds shall be made available during a second round of applications based on availability of funds. The maximum amount of second-round grants shall be determined by the Council. The provisions of this section shall apply if a second round of grants is administered.

(3) The Council shall establish matching requirements for grants, as it deems appropriate, and may accept in-kind matching in lieu of cash matching.

(4) The Council shall establish policies and procedures for the distribution of grants awarded pursuant to this section.

SECTION 20.4.(b) The Council shall submit a written report on the administration of the grants authorized by subsection (a) of this section to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division within 60 days after the grants have been made. The report shall contain all of the following:

(1) The names of the grant recipients, the number of grants awarded, the average amount of each grant awarded, and the range of the amounts of the grants.

(2) A description of the facility upgrades and construction projects that were funded by the grants.

ECONOMIC ASSISTANCE FUNDS FOR ORGANIZATIONS THAT PROVIDE SERVICES TO VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ASSAULT

SECTION 20.5. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Administration, North Carolina Council for Women and Youth Involvement (Council), the sum of fifteen million dollars ($15,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to reduce the negative economic impact of the COVID-19 pandemic on organizations that provide domestic violence and sexual assault services across the State. The Council shall allocate the funds as follows:

(1) Seven million five hundred thousand dollars ($7,500,000) to domestic violence organizations across the State eligible to receive grants pursuant to G.S. 50B-9(b). Eligible grant recipients shall receive an equal amount as provided in G.S. 50B-9(b).

(2) Seven million five hundred thousand dollars ($7,500,000) to sexual assault programs and organizations across the State eligible to receive grants pursuant to G.S. 143B-394.21. Eligible grant recipients shall receive an amount based on the formula provided in G.S. 143B-394.21.

NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT REPORTING REQUIREMENTS

SECTION 20.6. G.S. 50B-9 reads as rewritten:

"**§ 50B-9. Domestic Violence Center Fund.**

(a) The Domestic Violence Center Fund is established within the State Treasury. The fund shall be administered by the Department of Administration, North Carolina Council for ~~Women,~~ Women and Youth Involvement, and shall be used to make grants to centers for victims of domestic violence and to The North Carolina Coalition Against Domestic Violence, Inc. This fund shall be administered in accordance with the provisions of the ~~Executive~~ State Budget Act. The Department of Administration shall make quarterly grants to each eligible domestic violence center and to The North Carolina Coalition Against Domestic ~~Violence, Inc. Effective July 1, 2017, and each fiscal year thereafter, the~~ Violence. The Department of Administration shall send the contracts to grantees within 10 business days of the date the Current Operations Appropriations Act, as defined in G.S. 143C-1-1, is certified for that fiscal year.

(b) Each grant recipient shall receive the same amount. To be eligible to receive funds under this section, a domestic violence center must meet the following requirements:

(1) It shall have been in operation on the preceding July 1 and shall continue to be in operation.

(2) It shall offer all of the following services: a hotline, transportation services, community education programs, daytime services, and call forwarding during the night and it shall fulfill other criteria established by the Department of Administration.

(3) It shall be a nonprofit corporation or a local governmental entity.

(c) ~~The~~ On or before September 1, the North Carolina Council for Women and Youth Involvement shall report on the quarterly distributions of the grants from the Domestic Violence Center Fund to the House and Senate chairs of the General Government Appropriations Committee ~~within five business days of distribution.~~ and the Fiscal Research Division. The report shall include the ~~date,~~ following:

(1) Date, amount, and recipients of the fund disbursements. ~~The report shall also include any eligible~~

(2) Eligible programs which are ineligible to receive funding during the relative reporting cycle as well as the reason of the ineligibility for that relative reporting cycle."

GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES TO VICTIMS OF HUMAN TRAFFICKING

SECTION 20.7.(a) Of the funds appropriated in this act to the Department of Administration, North Carolina Council for Women and Youth Involvement (Council), the sum of five hundred ninety-five thousand dollars ($595,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium shall be used to develop, strengthen, or expand human trafficking victim service programs. These funds shall be allocated each fiscal year as follows:

(1) Two hundred fifty thousand dollars ($250,000) to Compassion to Act, Inc.

(2) Three hundred twenty thousand dollars ($320,000) to the North Carolina Institute Against Human Trafficking.

(3) Up to twenty-five thousand dollars ($25,000) to the Council for administrative costs.

SECTION 20.7.(b) Each grantee shall submit to the Council a detailed proposal of its human trafficking service program which shall, at a minimum, include all of the following:

(1) A description of the geographic area the organization serves and the needs of victims of human trafficking in that area.

(2) A plan to address the needs of victims, including the goals and objectives of each proposed initiative.

(3) The time line for implementing each proposed initiative to achieve the desired objective and the names of any partners with whom the organization will be working and the role of those partners in the proposed initiative.

(4) A list of the specific services each proposed initiative will deliver, which may include case management, client safety, client well-being, and other services, including health, transportation, housing, education, and employment assistance.

(5) The anticipated planning and administrative costs for each proposed initiative, sorted by type, including staffing, fixed costs, contracts, and information technology.

(6) A description of the organization's capacity to implement its plan to address the needs of victims, including the organization's staffing level, systems, partnerships, existing funding, and existing programs.

(7) A description of the applicant's plans and capability to continue each proposed initiative beyond June 30, 2023, if the applicant plans to do so.

(8) Any additional information deemed appropriate by the Council.

SECTION 20.7.(c) The Council shall review each proposal submitted and, if it determines it meets the requirements of subsection (b) of this section, shall enter into a contract with the grantees to provide the human trafficking services. If the Council determines a proposal does not contain all of the information required by subsection (b) of this section, the Council shall notify the grantee of the deficiency, which shall be corrected before any funds for the 2021-2022 fiscal year are disbursed. Funds appropriated for the 2021-2022 fiscal year shall be

disbursed to each grantee in a lump sum only after the grantee has submitted a complete detailed proposal. Funds appropriated for the 2022-2023 fiscal year shall be disbursed by the Council to the grantees on a quarterly basis so long as the grantees have submitted the detailed proposal required by subsection (b) of this section in the 2021-2022 fiscal year. The Council shall post on its website the detailed proposal required by subsection (b) of this section and the report required by subsection (d) of this section. Grant recipients shall comply with all reporting requirements in G.S. 143C-6-23 and the contract between the recipient and the Council.

SECTION 20.7.(d) On or before March 1 and September 1 of 2022 and 2023, each grantee shall submit a report to the Council that includes all of the following:

(1) Progress on the development and implementation of each of its program initiatives.
(2) Progress on meeting goals and objectives for each program initiative.
(3) The number of human trafficking victims assisted through each program initiative.
(4) A description and explanation of any delays in implementation of program initiatives.
(5) A description and explanation of any changes in the proposal submitted pursuant to subsection (b) of this section.
(6) Planning and administrative costs to date for each program initiative, sorted by type, including staffing, fixed costs, contracts, and information technology.
(7) Any additional information required by the Council.

SECTION 20.7.(e) On or before March 1 and September 1 of 2022 and 2023, the Council shall submit a report on the grants awarded pursuant to subsection (a) of this section to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division that contains all of the following:

(1) The number of applications received.
(2) The number of grants awarded.
(3) The names and locations of the grant recipients.
(4) The amount of each grant awarded.
(5) A description of the human trafficking program initiatives that were funded by each grant awarded, including the geographic area in which services were provided.
(6) The total number of victims of human trafficking that were served, to date, by each grant recipient.

GRANT PROGRAM FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES TO VICTIMS OF HUMAN TRAFFICKING

SECTION 20.8.(a) Of the funds appropriated in this act to the Department of Administration, North Carolina Council for Women and Youth Involvement (Council), the sum of one million eight hundred five thousand dollars ($1,805,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one million four hundred five thousand dollars ($1,405,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used to award and administer grants to organizations that provide direct services to victims of human trafficking. The Council shall develop the grant program and, in consultation with the North Carolina Human Trafficking Commission, establish program guidelines. The following criteria shall apply to the grant program:

(1) Each applicant shall submit a detailed proposal of its human trafficking service program as provided in subsection (b) of this section.

(2) The Council shall establish matching requirements for grants, as it deems appropriate, and shall accept in-kind matching in lieu of cash matching.
(3) The Council shall post the program guidelines on its website and distribute them directly to the eligible nonprofit organizations.
(4) Grant recipients shall comply with all reporting requirements in G.S. 143C-6-23 and the contract between the recipient and the Council.
(5) Only the following nonprofit organizations are eligible to participate in the grant program:
a. A Fresh Start CLT, Inc.
b. Safe Place, Inc.
c. AbolitionNC
d. Beloved Haven, Inc.
e. Christian Recovery Centers, Inc. (Brunswick Christian Recovery Center)
f. Changing Destinies Ministry
g. CrossRoads: Sexual Assault Response & Resource Center, Inc.
h. Wayne Pregnancy Care Center, Inc. (Cry Freedom Missions)
i. Five 14 Revolution, Inc.
j. Haven House, Inc.
k. Help, Incorporated: Center Against Violence
l. Ministry Seven (Hendersonville Rescue Mission)
m. Hyde County Hotline, Inc.
n. JusticeMatters, Inc.
o. Lily Pad Haven, Inc.
p. On Eagles Wings
q. The Outer Banks Hotline, Inc.
r. Randolph County Family Crisis Center, Inc.
s. Resources, Education, Assistance, Counseling and Housing of Macon County, Inc. (REACH of Macon and Jackson)
t. The Salvation Army (Salvation Army Project Fight)
u. Onslow County Partnership for Children, Inc. (The One Place Child Advocacy Center)
v. Triad Ladder of Hope
w. World Relief Corporation of National Association of Evangelicals (World Relief Triad)

SECTION 20.8.(b) Each grantee shall submit to the Council a detailed proposal of its human trafficking service program which shall, at a minimum, include all of the following:
(1) A description of the geographic area the organization serves and the needs of victims of human trafficking in that area.
(2) A plan to address the needs of victims, including the goals and objectives of each proposed initiative.
(3) The time line for implementing each proposed initiative to achieve the desired objective and the names of any partners with whom the organization will be working and the role of those partners in the proposed initiative.
(4) A list of the specific services each proposed initiative will deliver, which may include case management, client safety, client well-being, and other services, including health, transportation, housing, education, and employment assistance.
(5) The anticipated planning and administrative costs for each proposed initiative, sorted by type, including staffing, fixed costs, contracts, and information technology.

(6) A description of the organization's capacity to implement its plan to address the needs of victims, including the organization's staffing level, systems, partnerships, existing funding, and existing programs.

(7) A description of the applicant's plans and capability to continue each proposed initiative beyond June 30, 2023, if the applicant plans to do so.

(8) Any additional information deemed appropriate by the Council.

SECTION 20.8.(c) The Council shall review each proposal submitted and, if it determines it meets the requirements of subsection (b) of this section, shall enter into a contract with the grantees to provide the human trafficking services. If the Council determines a proposal does not contain all of the information required by subsection (b) of this section, the Council shall notify the grantee of the deficiency, which shall be corrected before any funds for the 2021-2022 fiscal year are disbursed. Funds appropriated for the 2021-2022 fiscal year shall be disbursed to each grantee in a lump sum only after the grantee has submitted a complete detailed proposal. Funds appropriated for the 2022-2023 fiscal year shall be disbursed by the Council to the grantees on a quarterly basis so long as the grantees have submitted the detailed proposal required by subsection (b) of this section in the 2021-2022 fiscal year. The Council shall post on its website the detailed proposal required by subsection (b) of this section and the report required by subsection (d) of this section.

SECTION 20.8.(d) On or before March 1 and September 1 of 2022 and 2023, each grantee shall submit a report to the Council that includes all of the following:

(1) Progress on the development and implementation of each of its program initiatives.

(2) Progress on meeting goals and objectives for each program initiative.

(3) The number of human trafficking victims assisted through each program initiative.

(4) A description and explanation of any delays in implementation of program initiatives.

(5) A description and explanation of any changes in the proposal submitted pursuant to subsection (b) of this section.

(6) Planning and administrative costs to date for each program initiative, sorted by type, including staffing, fixed costs, contracts, and information technology.

(7) Any additional information required by the Council.

SECTION 20.8.(e) On or before March 1 and September 1 of 2022 and 2023, the Council shall submit a report on the grant program established pursuant to this section to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division that contains all of the following:

(1) The number of applications received.

(2) The number of grants awarded.

(3) The names and locations of the grant recipients.

(4) The amount of each grant awarded.

(5) A description of the human trafficking program initiatives that were funded by the grant awarded, including the geographic area in which services were provided.

(6) The total number of victims of human trafficking that were served, to date, by each grant recipient.

SECTION 20.8.(f) Of the funds appropriated for the grant program in this section, the Council may use up to twenty-five thousand dollars ($25,000) in each fiscal year of the 2021-2023 fiscal biennium for administrative costs.

COUNCIL OF STATE REIMBURSEMENT FOR COMMUTING IN STATE-OWNED MOTOR VEHICLES

SECTION 20.9. G.S. 143-341 reads as rewritten:

"**§ 143-341. Powers and duties of Department.**

The Department of Administration has the following powers and duties:

…

(8) General Services:

…

i. To establish and operate a central motor fleet and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

…

7a. …

Every individual who uses a State-owned passenger motor vehicle, pickup truck, or van to drive between the individual's official work station and his or her home, shall reimburse the State for these trips at a rate computed by the Department. This rate shall ~~approximate~~ be derived from a method that approximates the benefit derived from the use of the vehicle as prescribed by federal ~~law.~~ law, which may include the lease value rule described in Publication 15-B of the Internal Revenue Service. Reimbursement for a member of the Council of State shall be for the actual number of days the member uses the vehicle to commute during the month. Reimbursement for any other individual shall be for 20 days per month regardless of how many days the individual uses the vehicle to commute during the month. Reimbursement shall be made by payroll deduction. Funds derived from reimbursement on vehicles owned by the Motor Fleet Management Division shall be deposited to the credit of the Division; funds derived from reimbursements on vehicles initially purchased with appropriations from the Highway Fund and not owned by the Division shall be deposited in a Special Depository Account in the Department of Transportation, which shall revert to the Highway Fund; funds derived from reimbursement on all other vehicles shall be deposited in a Special Depository Account in the Department of Administration which shall revert to the General Fund. Commuting, for purposes of this sub-sub-subdivision, does not include those individuals whose office is in their home, as determined by the Department of Administration, Division of Motor Fleet Management. Also, this sub-sub-subdivision does not apply to the following vehicles: (i) clearly marked police and fire vehicles, (ii) delivery trucks with seating only for the driver, (iii) flatbed trucks, (iv) cargo carriers with over a 14,000 pound capacity, (v) school and passenger buses with over 20 person capacities, (vi) ambulances, (vii) [Repealed]. (viii) bucket trucks, (ix) cranes and derricks, (x) forklifts, (xi) cement mixers, (xii) dump trucks, (xiii) garbage trucks, (xiv) specialized utility repair trucks (except vans and pickup trucks), (xv) tractors, (xvi) unmarked law-enforcement vehicles that are used in undercover work and are operated by full-time, fully sworn

law-enforcement officers whose primary duties include carrying a firearm, executing search warrants, and making arrests, and (xvii) any other vehicle exempted under Section 274(d) of the Internal Revenue Code of 1954, and Federal Internal Revenue Service regulations based thereon. The Department of Administration, Division of Motor Fleet Management, shall report quarterly to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office on individuals who use State-owned passenger motor vehicles, pickup trucks, or vans between their official work stations and their homes, who are not required to reimburse the State for these trips.

…."

DOA LEASE LAKE WHEELER FIELD LAB PROPERTY TO USDA

SECTION 20.10. The Department of Administration (Department) may lease to the United States Department of Agriculture, Agricultural Research Service (USDA ARS), for nominal monetary consideration, up to 15 acres of real property owned by the State and allocated to North Carolina State University as part of the University's Lake Wheeler Field Lab in the City of Raleigh near the intersection of Lake Wheeler Road and Inwood Road. The lease may be for a term of up to 40 years, including renewals, and may permit the construction, as well as the use and operation, by USDA ARS of an interdisciplinary plant research facility and related improvements to facilitate, encourage, and strengthen collaboration with university researchers in related fields. The lease shall provide that USDA ARS shall be responsible for all costs related to the construction, use, and operation of the facility. Notwithstanding the provisions of G.S. 146-29.1, the lease shall be effective upon execution and the satisfaction of any conditions precedent to its effectiveness stated in the lease. The Department shall comply with the reporting requirements of G.S. 146-29(c) prior to entering or renewing any lease under this section.

PART XXI. ADMINISTRATIVE HEARINGS

OFFICE OF ADMINISTRATIVE HEARINGS/USE OF FUNDS FOR HUMAN RELATIONS SPECIALIST POSITION

SECTION 21.1. Of the funds appropriated in this act to the Office of Administrative Hearings for a new Human Relations Specialist position, the sum of two thousand five hundred dollars ($2,500) in FY 2021-22 may be used for start-up costs, including the purchase of furniture and other necessary equipment.

PART XXII. AUDITOR [RESERVED]

PART XXIII. BUDGET AND MANAGEMENT

EVIDENCE-BASED GRANTS

SECTION 23.1. Of the funds appropriated in this act to the Office of State Budget and Management (OSBM), the sum of three hundred thousand dollars ($300,000) in nonrecurring funds in each year of the 2021-2023 fiscal biennium shall be used to provide grants to State agencies to, in partnership with research institutions, evaluate the outcomes of one or more programs administered by the State agency. OSBM shall develop guidelines and procedures for the administration and distribution of these funds to State agencies through a competitive process and shall, by June 30, 2022, and June 30, 2023, submit reports on the administration and use of

the funds to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division. Each report shall include the following information:

(1) The criteria used by OSBM to evaluate applications from State agencies for grant funds.
(2) The number of applications received.
(3) The number of applications accepted and rejected.
(4) The names of the research institutions that partnered with State agencies to conduct evaluations of State program outcomes.
(5) The name of each State agency program that was evaluated and a description of the program.
(6) The amount of funds spent for each evaluation.
(7) A description of the data used to perform the evaluation and the evaluation methodology.
(8) The findings of each evaluation conducted in the fiscal year.

NCPRO/EXTENSION OF OPERATIONS

SECTION 23.2. Section 4.3 of S.L. 2020-4, as amended by Section 3.5 of S.L. 2021-1, reads as rewritten:

"**SECTION 4.3.(a)** OSBM shall establish a temporary North Carolina Pandemic Recovery Office (Office) to oversee and coordinate funds made available under COVID-19 Recovery Legislation. This Office shall also provide technical assistance and ensure coordination of federal funds received by State agencies and local governments and ensure proper reporting and accounting of all funds. The authorization set forth in this section expires on ~~December 31, 2021,~~ June 30, 2023, and the Office shall cease to operate upon expiration of the authorization."

LOCAL FISCAL RECOVERY FUNDS/TECHNICAL ASSISTANCE

SECTION 23.3. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management, Pandemic Recovery Office, the sum of thirty million dollars ($30,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated equally to the North Carolina League of Municipalities, North Carolina Association of County Commissioners, and North Carolina Association of Regional Councils of Government to provide guidance and technical assistance to units of local government in the administration of funds from the Local Fiscal Recovery Fund, as established in Section 2.6 of S.L. 2021-25.

FUNDING FOR STATE RECOGNIZED INDIAN TRIBES

SECTION 23.4. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management, Pandemic Recovery Office, the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated to the American Indian tribes named in Chapter 71A of the General Statutes. The funds shall be allocated based on the number of members enrolled in the tribes on July 1, 2021.

PART XXIV. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS

SYMPHONY CHALLENGE GRANT

SECTION 24.1.(a) Of the funds appropriated in this act to the Office of State Budget and Management – Special Appropriations, the sum of two million dollars ($2,000,000) in recurring funds for each year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina Symphony as provided in this section. It is the intent of the General Assembly that the North Carolina Symphony raise at least five million dollars ($5,000,000) in non-State funds for the 2021-2022 fiscal year and nine million dollars ($9,000,000) in non-State funds for the 2022-2023 fiscal year. The North Carolina Symphony cannot use funds transferred from the

organization's endowment to its operating budget to achieve the fundraising targets set out in subsections (b) and (c) of this section.

SECTION 24.1.(b) For the 2021-2022 fiscal year, the North Carolina Symphony shall receive allocations from the Office of State Budget and Management as follows:

(1) Upon raising the initial sum of two million dollars ($2,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars ($600,000).

(2) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of four million dollars ($4,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars ($700,000).

(3) Upon raising an additional sum of one million dollars ($1,000,000) in non-State funding for a total amount of five million dollars ($5,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2021-2022 fiscal year.

SECTION 24.1.(c) For the 2022-2023 fiscal year, the North Carolina Symphony shall receive allocations from the Office of State Budget and Management as follows:

(1) Upon raising the initial sum of four million dollars ($4,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars ($600,000).

(2) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of six million dollars ($6,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars ($700,000).

(3) Upon raising an additional sum of three million dollars ($3,000,000) in non-State funding for a total amount of nine million dollars ($9,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2022-2023 fiscal year.

REGISTER OF DEEDS GRANT PROGRAM

SECTION 24.2. Of the funds appropriated in this act to the Office of State Budget and Management – Special Appropriations for the 2021-2022 fiscal year, the sum of one hundred thousand dollars ($100,000) in nonrecurring funds shall be used to create a grant program for county register of deeds offices. The Office of State Budget and Management (OSBM) shall administer the program and disburse grant funds as follows:

(1) County register of deeds offices shall apply for the funds in the manner prescribed by OSBM.

(2) Applicants shall use grant funds for the preservation of historic records and files. Allowable uses of the funds include, but are not limited to, document restoration, reparation, deacidification, and placement in protected archival binders.

(3) Funds may be used for document digitization only if the original documents will continue to be maintained and preserved.

(4) The maximum grant amount to each office shall be one thousand dollars ($1,000). Additional grant funds shall be disbursed in a second round of applications based on availability of funds. The maximum amount of the second-round grants shall be determined by OSBM. The provisions of this section shall apply if a second round of grants is administered.

(5) Grantees must provide a one hundred percent (100%) match for all grant funds awarded.

PART XXV. CONTROLLER

OVERPAYMENT AUDITS

SECTION 25.1.(a) During the 2021-2023 fiscal biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as required by G.S. 147-86.22(c).

SECTION 25.1.(b) Of the funds appropriated in this act from the Special Reserve Account 24172, and for each fiscal year of the 2021-2023 fiscal biennium, two hundred fifty thousand dollars ($250,000) of the funds shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

SECTION 25.1.(c) The State Controller shall report annually to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into Special Reserve Account 24172 and the disbursement of that revenue.

PART XXVI. ELECTIONS

PHASE OUT POSITIONS FUNDED WITH HAVA AND OTHER FEDERAL FUNDS

SECTION 26.1.(a) The State Board of Elections shall, in coordination with the Office of State Budget and Management, develop and implement a plan to phase out 30 time-limited full-time positions that are currently funded with Help America Vote Act and other federal funds. Fifteen of the positions described in this section shall expire no later than June 30, 2022, and 15 shall expire no later than June 30, 2023. The full-time position of Chief Information Security Officer, authorized in S.L. 2018-5, shall not be phased out unless authorized by the General Assembly.

SECTION 26.1.(b) The State Board of Elections shall submit to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division:

(1) No later than October 1, 2021, the phase-out plan required by subsection (a) of this section.

(2) No later than August 1, 2022, an interim report on the implementation of the phase-out plan which shall include, for each of the initial 15 positions phased out, (i) the position title, (ii) the position number, and (iii) the total amount of funds, salary, and benefits being reduced.

(3) No later than September 1, 2023, a final report on the implementation of the phase-out plan which shall include, for each of the remaining 15 positions phased out, (i) the position title, (ii) the position number, and (iii) the total amount of funds, salary, and benefits being reduced.

PART XXVII. GENERAL ASSEMBLY

FUNDING TO MITIGATE COVID-19 PANDEMIC FISCAL IMPACT ON LEGISLATURE

SECTION 27.1. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the General Assembly, the sum of twenty-one million eight hundred thousand dollars ($21,800,000) in nonrecurring funds for the 2021-2022 fiscal year to be used for the 2021-2023 fiscal biennium shall be allocated as follows:

(1) Two million three hundred fifty thousand dollars ($2,350,000) for premium pay and bonuses for essential workers.

(2) Eleven million dollars ($11,000,000) for staff resources dedicated to support legislative activities, including research and analysis, developing and drafting legislation, monitoring spending and compliance with State and federal requirements, and related activities.

(3) Four hundred fifty thousand dollars ($450,000) for replacing revenue lost by legislative food services due to the negative impact of the COVID-19 pandemic.

(4) Eight million dollars ($8,000,000) for making broadband and other information technology improvements in the legislative complex and for making improvements in the functionality of committee rooms.

PART XXVIII. GOVERNOR [RESERVED]

PART XXIX. HOUSING FINANCE AGENCY

STUDY MODIFYING QUALIFIED ALLOCATION PLAN AND PILOT PROGRAM FOR LOW-INCOME HOUSING DEVELOPMENT

SECTION 29.1.(a) The Housing Finance Agency (hereinafter "Agency") shall study potential modifications to the amenities policies in the Qualified Allocation Plan it uses to establish selection criteria and application requirements for housing credits to allow for siting of development projects in high-opportunity neighborhoods, downtowns, and other areas and the rehabilitation or renovation of historic properties. In conducting the study, the Agency shall, at a minimum, consider all of the following:

(1) Eliminating or deprioritizing and redefining the "shopping," "grocery," and "pharmacy" categories in the amenity scoring model to include a more diverse range of retail and commercial businesses, including locally owned businesses.

(2) Eliminating the distinction between primary and secondary amenities in the scoring model.

(3) Establishing a threshold score to include amenities and measures of opportunity.

(4) Removing the cap on construction costs for historic rehabilitation projects.

(5) Using best practices from programs in other states.

SECTION 29.1.(b) No later than July 1, 2022, the Agency shall submit the results of the study required by subsection (a) of this section, and any proposed modifications to the amenities policies in the Qualified Allocation Plan, to the North Carolina Federal Tax Reform Allocation Committee (hereinafter "Committee"), established pursuant to Article 51B of Chapter 143 of the General Statutes, and the Fiscal Research Division. The Committee may propose any recommended modifications resulting from the study as part of the 2023 Qualified Allocation Plan.

SECTION 29.1.(c) In the 2022 and 2023 housing credit award cycle, the Agency shall set aside ten percent (10%) of the State's federal tax credit allocation for low-income housing for (i) development projects located within 1 mile of a municipality's downtown and (ii) historic property rehabilitation or renovation projects located anywhere in the State. If, in either the 2022 or 2023 award cycle, the tax credits are not allocated as a result of a lack of eligible projects under this subsection, the Agency shall, in that same award cycle, reallocate the unused tax credits to eligible developers of projects that do not meet the criteria provided in (i) and (ii) of this subsection.

SECTION 29.1.(d) Of the funds appropriated in this act to the Agency, the sum of three million five hundred thousand dollars ($3,500,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium shall be used by the Agency to make loans to developers of

low-income housing who also receive a share of the State's federal tax credit allocation for low-income housing set aside as required by subsection (c) of this section. The amount of the loans shall be based on the income level of the county in which the property is being developed. The loan funds shall be used by developers for low-income housing development projects described in subsection (c) of this section.

SECTION 29.1.(e) For purposes of this section, the following definitions apply:

(1) Downtown. – An area of a municipality that has been zoned a "central business district," as that district is defined by the governing body of the municipality, or an area that has been designated a municipal service district pursuant to Article 23 of Chapter 160A of the General Statutes.

(2) Historic property. – A building or structure (i) designated as a local historic landmark, (ii) listed in the National Register of Historic Places, (iii) located in a locally designated historic district, (iv) located in a historic district listed in the National Register of Historic Places, (v) named on the North Carolina study list for the National Register of Historic Places, or (vi) otherwise deemed eligible for listing in the National Register of Historic Places.

BUDGETING AND REPORTING REQUIREMENTS

SECTION 29.2.(a) Chapter 122A of the General Statutes is amended by adding a new section to read:

"**§ 122A-16.1. Budgeting requirements.**

In addition to the requirements set forth in G.S. 143C-3-3 and G.S. 143C-3-5, the Agency shall include in the report required under G.S. 122A-16 a recommended base budget for operations of, and programs administered by, the Agency showing accounting detail corresponding to the Agency budget recommendation for each budget code and purpose or program. The recommended base budget required under this subsection shall meet all of the following requirements:

(1) Employ the North Carolina Accounting System Uniform Chart of Accounts adopted by the State Controller to show both uses and sources of funds by line-item detail and shall display in separate parallel columns all of the following: (i) actual expenditures and receipts for the most recent fiscal year for which actual information is available, (ii) the certified budget for the preceding fiscal year, (iii) the currently authorized budget for the preceding fiscal year, (iv) program base budget requirements for the upcoming fiscal year, (v) proposed expenditures and receipts for the upcoming fiscal year, and (vi) proposed increases and decreases.

(2) Identify all budget and fund code titles.

(3) Include accurate projections of receipts, expenditures, and fund balances. Estimated receipts, including federal funds, shall be adjusted to reflect actual collections from the previous fiscal year, unless there is a more reasonable basis upon which to accurately project receipts. Revenue and expenditure detail provided in the Budget Support Document shall be no less detailed than the two-digit level in the North Carolina Accounting System Uniform Chart of Accounts as prescribed by the State Controller.

(4) Clearly identify all proposed expenditures supported by existing or proposed appropriations, including statutory appropriations.

(5) Include a list of budget adjustments made during the prior fiscal year that are included in the proposed base budget for the upcoming fiscal year. The list of budget adjustments shall identify the revision number, revision type, revision title, the purpose or programs affected, the amount of funds moving between the purpose or programs, and the justification for the adjustment."

SECTION 29.2.(b) G.S. 143C-1-1(b) reads as rewritten:

"(b) The provisions of this Chapter shall apply to every State agency, unless specifically exempted herein, and to every non-State entity that receives or expends any State funds. No State agency or non-State entity shall expend any State funds except in accordance with an act of appropriation and the requirements of this Chapter. Except for the provisions set forth in G.S. 143C-3-3 and G.S. 143C-3-5, the provisions of Chapter 122A of the General Statutes shall continue to apply to the North Carolina Housing Finance Agency created under Chapter 122A of the General Statutes and to control its expenditures and, in the event of a conflict with the sections of this Chapter other than G.S. 143C-3-3 and G.S. 143C-3-5, the provisions of Chapter 122A of the General Statutes shall control. The provisions of Chapter 120 of the General Statutes shall continue to apply to the General Assembly and to control its expenditures and in the event of a conflict with this Chapter, the provisions of Chapter 120 of the General Statutes shall control. Nothing in this Chapter abrogates or diminishes the inherent power of the legislative, executive, or judicial branch."

SECTION 29.2.(c) G.S. 143C-3-3 is amended by adding a new subsection to read:

"(f) Applicability to Housing Finance Agency. – The provisions of this section apply to the North Carolina Housing Finance Agency created under Chapter 122A of the General Statutes. Nothing in this section shall be construed as requiring the Housing Finance Agency to receive approval for the exercise of any of the powers granted by Chapter 122A of the General Statutes."

SECTION 29.2.(d) G.S. 143C-3-5(d) reads as rewritten:

"(d) Funds Included in Budget. – Consistent with requirements of the North Carolina Constitution, Article 5, Section 7(1), the Governor's Recommended State Budget, together with the Recommended Base Budget and Recommended Capital Improvements Budget Support Document, shall include recommended expenditures of State funds from all Governmental and Proprietary Funds, as those funds are described in G.S. 143C-1-3, and all funds established for (i) The University of North Carolina and its constituent institutions that are subject to this ~~Chapter.~~ Chapter and (ii) the North Carolina Housing Finance Agency created under Chapter 122A of the General Statutes that are appropriated from the State Treasury. Except where provided otherwise by federal law, funds received from the federal government become State funds when deposited in the State treasury and shall be classified and accounted for in the Governor's budget recommendations no differently than funds from other sources. Nothing in this section shall be construed as requiring the Housing Finance Agency to receive approval for the exercise of any of the powers granted by Chapter 122A of the General Statutes."

SECTION 29.2.(e) G.S. 122A-16 reads as rewritten:

"**§ 122A-16. Oversight by committees of General Assembly; annual ~~reports.~~report; audit; construction of Chapter.**

(a) Oversight. – The Finance Committee of the House of ~~Representatives and~~ Representatives, the Finance Committee of the ~~Senate~~ Senate, and the Joint Legislative Oversight Committee on General Government shall exercise continuing oversight of the Agency in order to assure that the Agency is effectively fulfilling its statutory ~~purpose; provided, however, that nothing in this Chapter shall be construed as required by the Agency to receive legislative approval for the exercise of any of the powers granted by this Chapter.~~purpose.

(b) Comprehensive Report. – The Agency shall, ~~promptly following the close of each fiscal year,~~ on or before December 1 of each year, submit an annual comprehensive report of its activities for the preceding year to the Governor, the Office of State Budget and Management, State Auditor, ~~the aforementioned committees of the General Assembly and~~ the Local Government ~~Commission. Each such~~ Commission, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division. The comprehensive report required under this subsection shall ~~set forth a complete operating and financial statement of the Agency during such year.~~include at least all of the following:

(1) The goals and objectives of each program administered by the Agency.

(2) The number and types of activities funded by the Agency.
(3) The number of individuals or families served for each program administered by the Agency.
(4) The information required under G.S. 45-104, 122A-5.14, 122A-5.15, 122A-16.1, and Section 20.1 of S.L. 2005-276.

(c) Audit. – The Agency shall cause an audit of its books and accounts to be made at least once in each year by an independent certified public accountant and the cost thereof may be paid from any available moneys of the Agency. ~~The Agency shall on January 1 and July 1 of each year submit a written report of its activities to the Joint Legislative Commission on Governmental Operations. The Agency shall also at the end of each fiscal year submit a written report of its budget expenditures by line item to the Joint Legislative Commission on Governmental Operations.~~

(d) Construction. – Nothing in this Chapter shall be construed as requiring the Agency to receive legislative approval for the exercise of any of the powers granted by this Chapter."

SECTION 29.2.(f) Section 20.1(a) of S.L. 2005-276 reads as rewritten:

"**SECTION 20.1.(a)** Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and
(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

~~The~~ As part of the report required under G.S. 122A-16, the Housing Finance Agency shall report ~~to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning~~ on the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded."

SECTION 29.2.(g) G.S. 45-104(f) reads as rewritten:

"(f) ~~The~~ As part of the report required under G.S. 122A-16, the Housing Finance Agency shall report ~~to the General Assembly describing~~ on the operation of the program established by this act ~~not later than May 1 of each year~~ until the funds are completely disbursed from the State Home Foreclosure Prevention Trust Fund. Information in the report shall be presented in aggregate form and may include the number of clients helped, the effectiveness of the funds in preventing home foreclosure, recommendations for further efforts needed to reduce foreclosures, and provide any other aggregated information the Housing Finance Agency determines is pertinent or that the General Assembly requests."

SECTION 29.2.(h) G.S. 122A-5.14(d) reads as rewritten:

"(d) Annual Report. – ~~By April 1 of each year, the~~ As part of the report required under G.S. 122A-16, the Agency shall report ~~to the House Appropriations Subcommittee on General Government and Senate Appropriations Subcommittee on General Government and Information Technology~~ on the effectiveness of the Program in accomplishing its purposes and provide any other information the Agency determines is pertinent or that the General Assembly requests."

SECTION 29.2.(i) G.S. 122A-5.15(d) reads as rewritten:

"(d) ~~By February 1 of each year, the~~ As part of the report required under G.S. 122A-16, the Agency shall report ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division~~ on the number of loans made under this section, the amount of each loan, and whether the low-income housing development is located in a low-, moderate-, or high-income county, as designated by the Agency."

SECTION 29.2.(j) Subsections (b) through (d) of this section become effective July 1, 2021, and apply beginning with the 2022-2023 fiscal year. Subsections (b) and (c) of G.S. 122A-16, as amended by subsection (e) of this section, and subsections (f) through (i) of this section become effective July 1, 2021, and apply to reports due on or after that date. The remainder of this section becomes effective July 1, 2021.

STATE HOMEOWNER ASSISTANCE FUND

SECTION 29.3.(a) The North Carolina Housing Finance Agency shall establish and administer the State Homeowner Assistance Fund (Fund) to mitigate financial hardships associated with the COVID-19 pandemic by providing funds for qualified expenses to eligible homeowners for the purpose of preventing mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020. The Agency shall do all of the following:

(1) Develop and submit a plan for the use of federal Housing Assistance Fund (HAF) funding in accordance with the guidelines established by the United States Department of the Treasury (Treasury).

(2) Upon submission of the plan described in subdivision (1) of this subsection, submit a copy of the plan to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division.

(3) Promptly notify the entities listed in subdivision (2) of this section upon receipt of decisions from the Treasury approving the plan, making recommendations to improve weaknesses in the plan prior to its approval, or any other decisions involving the receipt of federal funds for the purposes described in this section, including the schedule of disbursements of federal funds.

(4) Prior to adopting or amending procedures for administering the Fund, (i) publish the proposed procedures in the North Carolina Register at least 30 days prior to the adoption of the final procedures, (ii) accept oral and written comments on the proposed procedures, and (iii) hold at least one public hearing on the proposed procedures. For purposes of this section, the Agency is exempt from the requirements of Article 2A of Chapter 150B of the General Statutes.

(5) Allocate or expend funds from the Fund only in accordance with section 3206 of the American Rescue Plan Act (the HAF Statute) and the Guidance for the Homeowner Assistance Fund issued by the Treasury on April 14, 2021, as amended from time to time, and any other guidance issued by the Treasury regarding the HAF.

(6) Beginning in 2022, on or before March 1 and September 1, and on those dates in each year thereafter until the federal HAF funds are fully expended, report to the entities listed in subdivision (2) of this section for each program administered under the Fund by providing, at a minimum, all of the following:

a. An overview and description of program goals.

b. The date the program was established and the duration of the program.

c. The program's target population and geographic area.

d. Homeowner eligibility requirements.

e. The number of participating houseowners, type and amount of assistance provided to those houseowners, and the duration of the assistance.

f. Progress in meeting program goals to date.
g. Interaction with other programs administered under the Fund.
h. Agency planning and administrative costs, sorted by type, including staffing, fixed costs, contracts, and information technology.
i. Total of federal HAF funds spent to date, amount obligated, and amount unobligated.

SECTION 29.3.(b) This section expires on September 30, 2025, unless the period of performance under the federal HAF program is amended or extended by federal law.

WORKFORCE HOUSING LOAN PROGRAM/REVOLVING LOANS

SECTION 29.4.1.(a) G.S. 122A-5.15 reads as rewritten:

"**§ 122A-5.15. Workforce Housing Loan Program.**

(a) The North Carolina Housing Finance Agency shall establish and administer the Workforce Housing Loan Program for the purpose of making revolving loans for qualified low-income housing development in the State. Funds appropriated to the North Carolina Housing Trust Fund for the Workforce Housing Loan Program shall be used by the Agency only as provided in this section.

…."

SECTION 29.4.1.(b) This section is effective when it becomes law.

SECTION 29.4.2. Unless otherwise prohibited by federal law or guidelines, loans made from the Workforce Housing Loan Program using funds appropriated to the Program from the State Fiscal Recovery Fund shall be repaid to the Program for the purpose of making revolving loans as authorized by G.S. 122A-5.15.

PART XXX. INSURANCE

REGULATORY FEE & INSURANCE REGULATORY FUND

SECTION 30.1.(a) Notwithstanding the provisions of G.S. 58-6-25(b), the percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25(b) is five percent (5%) for the 2022 calendar year.

SECTION 30.1.(b) G.S. 58-6-25 reads as rewritten:

"**§ 58-6-25. Insurance regulatory charge.**

…

(b) Rates. – The rate of the charge for each taxable year shall be six and one-half percent (6.5%). When the Department prepares its budget request for each upcoming fiscal year, the Department shall propose a percentage rate of the charge levied in this section. The Governor shall submit that proposed rate to the General Assembly each fiscal year. It is the intent of the General Assembly ~~(i)~~ that the percentage rate not exceed the rate necessary to generate funds sufficient to defray the estimated cost of the operations of the Department for each upcoming fiscal year, including a reasonable margin for a reserve ~~fund, and (ii) that the amount of the reserve not exceed one-third of the estimated cost of operating the Department for each upcoming fiscal year.~~ that shall be used to provide for unanticipated expenditures requiring a budget adjustment as authorized by G.S. 143C-6-4. In calculating the amount of the reserve, the General Assembly shall consider all relevant factors that may affect the cost of operating the Department or a possible unanticipated increase or decrease in North Carolina premiums or other charge revenue.

…

(d) Use of Proceeds. – The Insurance Regulatory Fund is created ~~in the State treasury, under the control of the Office of State Budget and Management. The~~ as an interest-bearing special fund to which the proceeds of the charge levied in this section and all fees collected under Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General

Statutes shall be ~~credited to the Fund. The Fund shall be placed in an interest-bearing account and any interest or other income derived from the Fund shall be credited to the Fund.~~ credited. Moneys in the Fund may be spent only pursuant to appropriation by the General ~~Assembly~~ Assembly, and ~~in accordance with the line item budget enacted by the General Assembly. The~~ the Fund is subject to the provisions of the State Budget ~~Act, except that no unexpended surplus of the Fund shall revert to the General Fund.~~ Act. All money credited to the Fund shall be used to reimburse the General Fund for the following:

…."

VOLUNTEER FIRE DEPARTMENT GRANT PROGRAM CHANGES

SECTION 30.2.(a) Grants Authorized. – Notwithstanding the provisions of G.S. 58-87-1, the Commissioner of Insurance shall use funds from the Volunteer Fire Department Fund to provide grants to eligible fire departments in accordance with this section. The Commissioner may use up to one percent (1%) of the Fund for staff and resources to administer the grant programs authorized by this section. For purposes of this section, the term "eligible fire department" has the same meaning as in G.S. 58-87-1(b).

SECTION 30.2.(b) Base Allocation Grants. – Of the funds appropriated in this act to the Department of Insurance, the sum of five million dollars ($5,000,000) from the State Fiscal Recovery Fund and the sum of three million dollars ($3,000,000) in funds transferred to the Volunteer Fire Department Fund pursuant to G.S. 105-228.5 shall be used to provide eligible fire departments base allocation grants for purposes consistent with G.S. 58-87-1(a1)(3). An eligible fire department may apply to the Commissioner and shall be awarded a base allocation of ten thousand dollars ($10,000) for the 2021-2022 fiscal year to help mitigate the financial impact of the COVID-19 pandemic and its impact on the department's ability to conduct fundraising and generate revenue. Base allocations do not require a match and shall be made as soon as practicable, but not later than August 1, 2021.

SECTION 30.2.(c) Supplemental Grants. – An eligible fire department may apply to the Commissioner for a supplemental grant to be used to purchase equipment, make capital improvements, and other related purposes outlined in G.S. 58-87-1(a1)(3). The grants shall be awarded only during the 2021-2022 fiscal year, shall not exceed thirty-five thousand dollars ($35,000), and do not require a cash match. Grant funds shall be disbursed to eligible fire departments in single lump sum payments. The Commissioner shall award and release grant funds, as soon as practicable, and, to the extent possible, ensure an equitable distribution of grants across the State.

SECTION 30.2.(d) Emergency Reserve Grants. – The Commissioner shall reserve up to one million dollars ($1,000,000) in each fiscal year of the 2021-2023 fiscal biennium to provide grants to eligible fire departments in the event of an emergency. For purposes of this subsection, the term "emergency" has the same meaning as in G.S. 166A-19.3. Emergency reserve grants shall not exceed fifty thousand dollars ($50,000) and shall be used for purposes consistent with G.S. 58-87-1(a1)(3). Any unspent funds remaining in the emergency reserve on June 30 of each fiscal year of the 2021-2023 fiscal biennium shall revert to the Volunteer Fire Department Fund. If an eligible fire department is awarded an emergency reserve grant and thereafter receives a monetary settlement from its insurance carrier for the same loss or damages for which the grant was awarded, the fire department shall reimburse the State for the amount of the grant.

SECTION 30.2.(e) Report. – Within 60 days after all grants have been awarded under this section, the Commissioner shall submit a written report to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division which shall be posted on the Department of Insurance's website and shall contain all of the following:

(1) For base allocation grants under subsection (b) of this section, the total number of grants awarded.
(2) For supplemental grants under subsection (c) of this section:
a. The total number of grants awarded, the average amount of the grants awarded, and the range of the amounts of the grants awarded.
b. A description of the types of purchases made using grant funds and the other ways in which grant funds were used.
(3) For emergency reserve grants under subsection (d) of this section:
a. A list of the eligible fire departments that were awarded grants.
b. The amount of the grant award to each eligible fire department.
c. A description of the emergency for which grant funds were awarded.

WORKERS' COMPENSATION FUND FOR FIREFIGHTERS AND EMS/RESCUE WORKERS

SECTION 30.3. Notwithstanding the provisions of G.S. 58-87-10, for the 2021-2022 fiscal year and the 2022-2023 fiscal year, the State Fire and Rescue Commission shall not set an amount to be paid by every eligible unit and eligible entity, as those terms are defined in G.S. 58-87-10(a), that elects to participate in the Workers' Compensation Fund (Fund) created pursuant to G.S. 58-87-10(b). For the 2021-2022 fiscal year and the 2022-2023 fiscal year, no eligible unit or eligible entity shall be required to submit to the State Fire and Rescue Commission any payment to participate in the Fund.

PART XXXI. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]

PART XXXII. LIEUTENANT GOVERNOR [RESERVED]

PART XXXIII. MILITARY AND VETERANS AFFAIRS

ASSESSMENT OF AND LONG-TERM CARE PLANNING FOR VETERANS

SECTION 33.1.(a) Notwithstanding the provisions of G.S. 143B-1293, of the funds appropriated in this act to the Department of Military and Veterans Affairs (Department), the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used by the Department, in consultation with the Department of Health and Human Services (DHHS), to assess the long-term care needs of veterans across the State for the purpose of developing a plan to guide the State in enhancing long-term care and other services for veterans. The assessment and plan shall incorporate the following principles and objectives:
(1) Use State-specific veterans' demographic information, including the geographical distribution of veterans across the State.
(2) Allow for the fact that the needs of veterans are complex and broader than the traditional, institutional-based system of care.
(3) Take into account the needs of pre- and post-Gulf War veterans in planning services and support.
(4) Incorporate the presence and location of current State Veterans Homes, and the services they provide, in a larger long-term system of care to meet the needs of veterans in both rural and urban areas.
(5) Enhance and develop new partnerships, including with the existing nursing home industry, to encourage and promote the location and certification of nursing homes in target areas so that those facilities can qualify for reimbursement from the U.S. Department of Veterans Affairs.
(6) Explore partnerships with a broader system of nursing homes across the State to expand State resources.

(7) Encourage partnerships of home- and community-based services with existing providers and the U.S. Department of Veterans Affairs for enhanced services.
(8) Evaluate State planning to explore financially feasible and sustainable options for meeting veterans' needs.
(9) Evaluate current resources by determining programmatic approaches to avoid new construction of State veterans' homes.
(10) Consider alternate models of care prior to expanding veterans nursing homes.

SECTION 33.1.(b) To lead the assessment and develop the plan required by this section, the Department shall issue a request for proposals for an independent consultant with subject matter expertise in the field of long-term care planning for veterans. The provisions of Article 3 of Chapter 143 of the General Statutes shall apply to this subsection.

SECTION 33.1.(c) The Department, in consultation with DHHS, shall issue a progress report on the implementation of this section no later than December 1, 2021, and April 1, 2022, and a final report, including the results of the assessment and the plan required by this section, no later than October 1, 2022, to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division.

REPORT ON STATE VETERANS HOMES

SECTION 33.2. Part 10 of Article 14 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-1301. Detailed annual report.**

By March 1 of odd-numbered years and September 1 of even-numbered years, the Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division on the status of the State Veterans Homes program by providing a general overview of the State Veterans Homes and a specific description of each facility which shall include, at a minimum, all of the following:

(1) Facility location and date opened, which shall be included in the first report only, unless the information has changed.
(2) Services available, including specialty services offered.
(3) Staffing levels, including resident-to-nursing ratios.
(4) Partnerships with outside organizations and governments in delivery of services.
(5) Average daily census.
(6) Number of beds, by type.
(7) Admission eligibility, admission by type, such as long-term care and rehabilitation, and admissions by referral.
(8) Description of residents, including:
  a. Demographics by age, race, ethnicity, and gender.
  b. Resident's home county where domiciled prior to admission to facility.
  c. Number of admissions, discharges, and deaths.
(9) Results of resident and family satisfaction surveys.
(10) Waiting list data, including average length of wait time and priority for admission.
(11) Certification and quality rating by independent organizations and State and federal government.
(12) Daily rate by payor, including Medicare, Medicaid, Veterans Affairs, private pay, or any other source.

(13) Average out-of-pocket payment per resident.
(14) State administrative costs, sorted by type, including staffing, fixed costs, facility operation, and maintenance.
(15) Total receipts collected, by source, including Medicare, Medicaid, Veterans Affairs, private pay, or any other source."

SERVICES FOR VETERANS

SECTION 33.3.(a) Notwithstanding the provisions of G.S. 143B-1293, of the funds appropriated in this act to the Department of Military and Veterans Affairs, the sum of one million dollars ($1,000,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated as a directed grant to Purple Hearts Homes, Inc., to provide personalized housing solutions for service-connected disabled veterans and their families. These funds shall be distributed equally to the Charlotte office, Piedmont Chapter, High Country Chapter, and North Wake Chapter. By September 1, 2023, Purple Heart Homes, Inc., shall provide a report to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division on the use of these funds, including the number of individuals served and the type of services provided to those individuals.

SECTION 33.3.(b) Notwithstanding the provisions of G.S. 143B-1293, of the funds appropriated in this act to the Department of Military and Veterans Affairs, the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to Veterans Life Center, a nonprofit organization, for the Veterans Life Center located in Butner, North Carolina. By September 1, 2022, Veterans Life Center shall report to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division on the use of these funds, including the number of individuals served and the type of services provided to those individuals.

REPORT ON SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS

SECTION 33.4. Part 2 of Article 14 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-1228. Report on scholarships.**

By September 1 of each year, the Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division the following data on the Scholarships for Children of Wartime Veterans program:

(1) Description of the scholarship program, by year, including statutory establishment, purpose, and eligibility.
(2) Number of scholarships awarded, by year, beginning with the 2017-2018 fiscal year, and sorted by:
  a. Number of full-time students receiving scholarships and grouped by public, private, and community colleges.
  b. Number of new applicants for scholarships.
  c. Number of new scholarship awards offered, denied, and accepted.
  d. Range and average amount of scholarships awarded.
  e. Actual amount of award provided.
  f. Scholarship awards offered and accepted by county.

g. Total expenditures for scholarship awards classified by source, including State funds and Escheats Fund.
h. Total costs of administering the scholarship program."

PART XXXIV. REVENUE

TAX COLLECTION ASSISTANCE FEE/SPECIAL FUND

SECTION 34.1. G.S. 105-243.1 reads as rewritten:

"**§ 105-243.1. Collection of tax debts.**

…

(e) Use. – The fee is a receipt of the Department and ~~must be applied to the costs of collecting and reducing the incidence of overdue tax debts. The proceeds of the fee must be credited to a special account within the Department and~~ may be expended only ~~as provided in this subsection. The proceeds of the fee may not be used for any purpose that is not directly and primarily related to collecting and reducing the incidence of overdue tax debts. The Department may apply the proceeds of the fee for the purposes listed in this subsection. The remaining proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The fee proceeds do not revert but remain in the special account until spent for the purposes listed in this subsection. The Department and the Office of State Budget and Management must account for all expenditures using accounting procedures that clearly distinguish costs allocable to the purposes listed in this subsection from costs allocable to other purposes and must demonstrate that none of the fee proceeds are used for any other purpose.~~pursuant to appropriation by the General Assembly.

~~The Department may apply the fee proceeds for the following purposes:~~

~~(1) To pay (i) contractors for collecting overdue tax debts under subsection (b) of this section and (ii) auditors responsible for identifying overdue tax debts.~~

~~(2) To pay the fee the United States Department of the Treasury charges for setoff to recover tax owed to North Carolina.~~

~~(3) To pay for taxpayer locator services, not to exceed three hundred fifty thousand dollars ($350,000) a year.~~

~~(4) To pay for postage or other delivery charges for correspondence directly and primarily relating to collecting overdue tax debts, not to exceed seven hundred fifty thousand dollars ($750,000) a year.~~

~~(5) To pay for operating expenses for Project Collection Tax and the Taxpayer Assistance Call Center.~~

~~(6) To pay for expenses of the Examination and Collection Division directly and primarily relating to collecting overdue tax debts.~~

~~(7) To pay the direct and indirect expenses of information technology upgrades to the Department of Revenue computer systems that are intended to upgrade Department of Revenue capabilities to (i) allow for electronic filing of returns by taxpayers and the electronic issuance of refunds by the Department for all remaining tax schedules and (ii) accomplish other mission-critical information technology tasks of the Department as approved by the Office of State Budget and Management in consultation with the State CIO.~~

…."

COVID-19 PANDEMIC RECOVERY GRANT PROGRAMS

SECTION 34.2A.(a) Purpose; Use. – The purpose of this section is to use funds from the American Rescue Plan Act to provide financial support to businesses in the State that suffered substantial economic damage from the COVID-19 pandemic for which they were not otherwise fully compensated.

SECTION 34.2A.(b) JOBS Grant Program. – There is created the Job Opportunity and Business Saving Grant Program (the Program) to be administered by the Department of Revenue. The Department may provide a one-time grant for each award amount to a qualifying business. Each grant awarded under the Program must include a description of the award amount used to calculate the grant. The Department's grant determinations are final.

SECTION 34.2A.(c) Grant Amount. – The grant amount a qualifying business may receive per award amount is equal to seven and one-half percent (7.5%) of the award amount, not to exceed eighteen thousand seven hundred fifty dollars ($18,750).

SECTION 34.2A.(d) Grant Program Limits. – The total of all funds granted under the Program, including the amount the Department of Revenue may use for administration of the Program, may not exceed the sum of one billion dollars ($1,000,000,000) plus any amount used for the Program pursuant to Section 34.2C(a) of this act.

SECTION 34.2A.(e) Automatic Award. – The Department of Revenue shall use currently available data from the Department, the Small Business Administration, and any other available sources to identify qualifying businesses in this State that have been approved for an award amount on or before June 30, 2021. The Department must award a grant under this subsection to the last known address of an identified qualifying business for each ascertainable award amount by September 30, 2021.

SECTION 34.2A.(f) Initial Application; Award. – A qualifying business that was approved for an award amount on or before June 30, 2021, but does not receive a grant under subsection (e) of this section by September 30, 2021, for that award amount may apply to the Department of Revenue for a grant on a form prescribed by the Department. The applicant must include any supporting documentation required by the Department, and the Department must confirm that the applicant did not previously receive a grant under the Program for the applicable award amount. Grants will be paid on a rolling basis to qualifying businesses that submit their applications on or before November 19, 2021.

SECTION 34.2A.(g) Secondary Application; Award. – If the limit under subsection (d) of this section has not been met by December 31, 2021, the Department of Revenue must reopen the Program for additional applications. A qualifying business that was approved for an award amount but did not receive a grant for that award amount under subsection (e) or (f) of this section may file an application with the Department to receive a grant under this subsection. The applicant must include any supporting documentation required by the Department, and the Department must confirm that the applicant did not previously receive a grant under the Program for the applicable award amount. The application must be filed with the Department on or before February 18, 2022. The Department may not accept late applications. The Department may not award grants under this subsection until the application deadline has passed. If the total amount to be awarded for applications submitted pursuant to this subsection, when added to the amounts awarded under subsections (e) and (f) of this section, exceeds the maximum amount of funds available under subsection (d) of this section, the Department must reduce each grant awarded under this subsection on a proportionate basis so the maximum amount is not exceeded. The Department must award grants under this subsection as soon as practicable after the application deadline has passed.

SECTION 34.2A.(h) Clawback. – For grants awarded under the Program pursuant to an application, the Department shall require a business to apply, under oath, on a form prescribed by the Department that includes (i) a certification that the business was approved for the applicable award amount, (ii) a certification that the business will promptly inform the Department of any reduction or recapture of the award amount and return any grant amount calculated on the reduced or recaptured award amount, and (iii) any information necessary for the Department to evaluate the application. The Department shall include with every grant awarded under the Program a notice that (i) the award must be returned or forfeited by a business to the extent the calculation of the award is premised on an award amount the qualifying business

did not receive or did receive that was subsequently recaptured and (ii) a business is responsible for returning or forfeiting any amount improperly received.

SECTION 34.2A.(i) Definitions. – The following definitions apply in this section:

(1) Award amount. – Amount awarded from any of the following:

a. COVID-19 Job Retention Program. – Defined in Section 4.2B of S.L. 2020-4, as enacted by Section 1.1(e) of S.L. 2020-80, as amended.

b. EIDL Advance. – An Economic Injury Disaster Loan Advance defined in any of the following:

1. 15 U.S.C. § 9009(e).

2. Section 331 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, Title III of Division N of Public Law 116–260.

3. Section 5002 of the American Rescue Plan Act of 2021, P.L. 117-2.

c. Paycheck Protection Program. – Defined in 15 U.S.C. § 636(a)(36).

d. Restaurant Revitalization Fund. – Defined in section 5003 of the American Rescue Plan Act of 2021, P.L. 117-2.

e. Shuttered Venue Operators Grant Program. – Defined in section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, Title III of Division N of Public Law 116–260.

(2) Qualifying business. – A business that (i) listed a North Carolina address as its business address on the application for an award amount and (ii) was approved for that award amount.

SECTION 34.2A.(j) Outreach. – The Office of Historically Underutilized Businesses, Department of Administration, is directed to inform and educate minority-owned businesses that may be eligible to apply for the grants provided by the Program as soon as practicable so they may have the opportunity to access the grants provided by it.

SECTION 34.2A.(k) Allocation of Funds for JOBS Grant Program. – Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Revenue, the sum of one billion dollars ($1,000,000,000) in nonrecurring funds for the 2021-2022 fiscal year is allocated for the JOBS Grant Program to be used as provided in this section. The Department of Revenue may use up to one-quarter of one percent (0.25%) of the funds in this subsection for the administration of the Program under this section. The Department shall remit any funds remaining after disposition of all timely filed applications under subsection (g) of this section to the Office of State Budget and Management which shall deposit the funds into the State Fiscal Recovery Reserve. Amounts deposited into the Reserve under this section are receipts that do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 34.2A.(*l*) This section is effective when it becomes law.

SECTION 34.2B.(a) Allocation of Funds for the Small Business Pandemic Recovery Grant Program; Transfer to JOBS Grant Program. – Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Revenue, the sum of five hundred million dollars ($500,000,000) in nonrecurring funds for the 2021-2022 fiscal year is allocated for the Small Business Pandemic Recovery Grant Program to be used as provided in this section. The Department of Revenue may use up to one-quarter of one percent (0.25%) of the funds allocated in this subsection for the administration of this section. The Department shall use any funds remaining after disposition of all timely filed applications under this section for the Job Opportunity and Business Saving Grant Program as provided in Section 34.2A of this act.

SECTION 34.2B.(b) Purpose; Use. – The purpose of this section is to use funds from the American Rescue Plan Act to aid small businesses in North Carolina that suffered

substantial economic damage from the COVID-19 pandemic for which they were not otherwise compensated.

SECTION 34.2B.(c) Small Business Pandemic Recovery Grant Program. – There is created the Small Business Pandemic Recovery Grant Program (Program) to be administered by the Department of Revenue. The Department may provide one-time grants to a business that suffered economic damage from the COVID-19 pandemic and meets the conditions of this section.

SECTION 34.2B.(d) Eligibility. – A business is eligible for a grant under this Program if it meets all of the following conditions:

(1) It is a small business.

(2) It demonstrates that its sales for the taxable year 2020 are at least twenty percent (20%) below its sales for the taxable year 2019.

(3) It did not participate in a loan or grant program created or funded through the CARES Act, the Consolidated Appropriations Act, or the American Rescue Plan Act.

SECTION 34.2B.(e) Application. – A business must apply to the Department of Revenue for a grant on a form prescribed by the Department and must include any supporting documentation required by the Department. The application must be filed with the Department on or before November 19, 2021. The Department may not accept late applications.

SECTION 34.2B.(f) Grant Amount. – The grant amount is equal to the applicant's economic loss, not to exceed eighteen thousand seven hundred fifty dollars ($18,750).

SECTION 34.2B.(g) Grant Program Limit. – The total of all funds granted under this Program, including the amount the Department of Revenue may use for administration of the Program, may not exceed five hundred million dollars ($500,000,000). The Department must calculate the total amount of grants requested from the applications timely filed under subsection (e) of this section. If the total amount of grants requested exceeds the maximum amount of funds available under this subsection, the Department must reduce each grant award on a proportionate basis. The Department's grant determinations based on applications timely filed are final.

SECTION 34.2B.(h) Clawback. – If a business receives a grant under this program for which it is ineligible, the business forfeits the grant awarded under this section and is liable for the amounts received.

SECTION 34.2B.(i) Definitions. – The following definitions apply in this section:

(1) Business. – An entity subject to income tax under Article 4 of Chapter 105 of the General Statutes.

(2) CARES Act. – The federal Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136.

(3) Consolidated Appropriations Act of 2021. – The Consolidated Appropriations Act of 2021, P.L. 116-260.

(4) Economic loss. – The economic damage experienced in connection with the COVID-19 pandemic determined as the difference between the business's sales for the taxable year 2020 and its sales for the taxable year 2019.

(5) Sales. – Defined in G.S. 105-130.4.

(6) Small business. – Defined in section 35.3 of 31 C.F.R. Part 35.

SECTION 34.2B.(j) Outreach. – The Office of Historically Underutilized Businesses, Department of Administration, is directed to inform and educate minority-owned businesses that may be eligible to apply for the grants provided by the Small Business Pandemic Recovery Grant Program as soon as practicable so they may have the opportunity to access the grants provided by it.

SECTION 34.2B.(k) This section is effective when it becomes law.

SECTION 34.2C.(a) G.S. 105-130.5(b) reads as rewritten:

"(b) The following deductions from federal taxable income shall be made in determining State net income:

…

(31a) To the extent included in federal taxable income, the amount received by a taxpayer under the following:

a. The Job Opportunity and Business Saving Grant Program.

b. The Small Business Pandemic Recovery Grant Program."

SECTION 34.2C.(b) G.S. 105-153.5(b) reads as rewritten:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

…

(14a) The amount received by a taxpayer under the following:

a. The Job Opportunity and Business Saving Grant Program.

b. The Small Business Pandemic Recovery Grant Program."

SECTION 34.2C.(c) This section is effective for taxable years beginning on or after January 1, 2021, and applies to amounts received by a taxpayer on or after that date.

TAX FRAUD ANALYTICS

SECTION 34.3. Of the funds appropriated in this act to the Department of Revenue, the sum of four million four hundred thousand dollars ($4,400,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to continue and expand the Department's tax fraud analysis contract through the Government Data Analytics Center (GDAC). These funds shall be used in each fiscal year to fund detection analytics, information reporting, collections case management, collections optimization, managed services, and technical infrastructure. The Department of Revenue shall continue to coordinate with the GDAC and utilize the subject matter expertise and technical infrastructure available through existing GDAC public-private partnerships for fraud detection and analytics infrastructure.

PART XXXV. SECRETARY OF STATE [RESERVED]

PART XXXVI. TREASURER

IMPROVE SYSTEM FOR MONITORING THE FISCAL HEALTH OF LOCAL GOVERNMENT UNITS

SECTION 36.1.(a) The Department of State Treasurer, State and Local Government Finance Division, in consultation with the Local Government Commission (hereinafter "Commission"), shall evaluate the State's current system for monitoring the financial operations of local government units (hereinafter "unit" or "units") and approving their requests to issue new debt and amend current debt. For purposes of this section, the term "unit" has the same meaning as in G.S. 159-7(b)(15). The Department shall develop a plan to transition to a system for monitoring the financial operations of units that does all of the following:

(1) Uses a "value added" approach to reviewing the State's current practices and policies.

(2) Directs current Commission staffing resources to the units in greatest need and away from units with adequate governance, staff, resources, and technical expertise.

(3) Implements a schedule of reporting to the Commission based on a unit's financial health.

(4) Standardizes training of unit officials and staff, as deemed appropriate by the Commission.

(5) Authorizes the Commission to compel units to comply with Commission directives.
(6) Incorporates a clear definition of the term "fiscal distress."
(7) Implements a new fiscal warning system for units at risk of fiscal distress.
(8) Expands the criteria and parameters for measuring a unit's fiscal health to incorporate economic and demographic factors.
(9) Incorporates factors impacting a unit's fiscal health, including changes in population, tax base, and business and economic indicators.

SECTION 36.1.(b) The Department shall submit an interim report on the implementation of this section no later than December 15, 2021, and a final report and plan by April 1, 2022, to the Joint Oversight Committee on General Government, Senate Appropriations Committee on General Government and Information Technology, House Appropriations Committee on General Government, and Fiscal Research Division. The reports shall contain any recommendations for legislation deemed appropriate to implement the provisions of this section.

ELIMINATE REPORT ON CHIEF INVESTMENT OFFICER

SECTION 36.2. G.S. 147-69.3 reads as rewritten:

"**§ 147-69.3. Administration of State Treasurer's investment programs.**

…

~~(i1) The State Treasurer shall report the incentive bonus paid to the Chief Investment Officer to the Joint Legislative Commission on Governmental Operations by October 1 of each year.~~

…."

PART XXXVII. GENERAL GOVERNMENT

GENERAL GOVERNMENT OVERSIGHT REPORTING REQUIREMENTS

DEPARTMENT OF ADMINISTRATION

SECTION 37.1.(a) G.S. 116D-4 reads as rewritten:

"**§ 116D-4. Minority and historically underutilized business participation.**

(a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued under this section. The following State agencies shall monitor compliance with this requirement and shall report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government by January 1 of each year on the participation by minority businesses in these projects. The State Construction Office, Department of Administration, shall monitor compliance with regard to projects funded by the proceeds of university improvement general obligation bonds and notes and special obligation bonds and notes; the Board of Governors of The University of North Carolina shall provide the State Construction Office any information required by the State Construction Office to monitor compliance. The Community Colleges System Office shall monitor compliance with regard to projects funded by the proceeds of community college general obligation bonds and notes.

…."

SECTION 37.1.(b) G.S. 143-48 reads as rewritten:

"**§ 143-48. State policy; cooperation in promoting the use of small contractors, minority contractors, physically handicapped contractors, and women contractors; purpose; required annual reports.**

…

(d) The Department of Administration shall collect and compile the data described in this section and report it annually to the ~~General Assembly.~~Joint Legislative Oversight Committee on General Government.

…."

SECTION 37.1.(c) G.S. 143-128.3 reads as rewritten:

"**§ 143-128.3. Minority business participation administration.**

(a) All public entities subject to G.S. 143-128.2 shall report to the Department of Administration, Office of Historically Underutilized Business, the following with respect to each building project:

…

The reports shall be in the format and contain the data prescribed by the Secretary of Administration. The University of North Carolina and the State Board of Community Colleges shall report quarterly and all other public entities shall report semiannually. The Secretary of the Department of Administration shall make reports every six months to the Joint Legislative Committee on Governmental Operations and the Joint Legislative Oversight Committee on General Government on information reported pursuant to this subsection.

…

(c) The Secretary shall study and recommend to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government and other State agencies ways to improve the effectiveness and efficiency of the State capital facilities development, minority business participation program and good faith efforts in utilizing minority businesses as set forth in G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased utilization of minority businesses.

(d) The Secretary shall appoint an advisory board to develop recommendations to improve the recruitment and utilization of minority businesses. The Secretary, with the input of its advisory board, shall review the State's programs for promoting the recruitment and utilization of minority businesses involved in State capital projects and shall recommend to the ~~General Assembly,~~ Joint Legislative Oversight Committee on General Government, the State Construction Office, The University of North Carolina, and the community colleges system changes in the terms and conditions of State laws, rules, and policies that will enhance opportunities for utilization of minority businesses on these projects. The Secretary shall provide guidance to these agencies on identifying types of projects likely to attract increased participation by minority businesses and breaking down or combining elements of work into economically feasible units to facilitate minority business participation.

…

(g) ~~The~~ Annually, on or before September 1, beginning September 1, 2022, the Secretary shall report findings and ~~recommendations~~ recommendations, as required under this ~~section~~ section, to the Joint Legislative Committee on Governmental Operations ~~annually on or before June 1, beginning June 1, 2002.~~and the Joint Legislative Oversight Committee on General Government and shall post the report findings and recommendations on the Department's website."

SECTION 37.1.(d) G.S. 143-341 reads as rewritten:

"**§ 143-341. Powers and duties of Department.**

The Department of Administration has the following powers and duties:

…

(8) General Services:

…

i. To establish and operate a central motor fleet and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

…

11. To report annually to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government on any rules adopted, amended or repealed under sub-sub-subdivisions 3., 7., or 7a. of this sub-subdivision.

…

(12) Report on Vehicles Managed. – Beginning on September 1, 2021, and semiannually thereafter, the Department of Administration shall provide a report to the Joint Legislative Oversight Committee on General Government and the Joint Legislative Oversight Committee on Justice and Public Safety on the status of all motor vehicles managed by the Department of Administration for the Department of Public Safety. The report shall include all of the following information:

a. The number of motor vehicles managed by the Department of Administration for the Department of Public Safety.

b. The condition of each motor vehicle, including the mileage on each motor vehicle.

c. The average amount of time taken to repair or replace a motor vehicle.

d. The number and condition of any backup motor vehicles managed by the Department of Administration and available for use by the Department of Public Safety, including the location and condition of each motor vehicle."

SECTION 37.1.(e) Section 27.6(c) of S.L. 2015-241 is repealed.

SECTION 37.1.(f) G.S. 143-747 reads as rewritten:

"**§ 143-747. Council of Internal Auditing.**

…

(c) The Council shall:

…

(12) ~~Issue an annual report including, but not limited to,~~ No later than November 1 of each year, issue a report that shall include, but not be limited to, service efforts and accomplishments of State agency internal auditors and ~~to propose~~ proposed legislation for consideration by the Governor and General Assembly. The annual report shall be prepared by the Office of State Budget and Management and shall be submitted to the Joint Legislative Oversight Committee on General Government."

SECTION 37.1.(g) G.S. 143B-394.16(b) reads as rewritten:

"(b) Report. – The Commission shall report its findings and recommendations, including any legislative or administrative proposals, to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government no later than April 1 each year."

SECTION 37.1.(h) G.S. 143B-394.21 is amended by adding a new subsection to read:

"(c) The North Carolina Council for Women shall report on the quarterly distributions of the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs of the General Government Appropriations Committee within five business days of distribution. The report shall include the date, amount, and recipients of the fund disbursements. The report shall also include any eligible programs which are ineligible to receive funding during the relative reporting cycle, as well as the reason of the ineligibility for that relative reporting cycle."

SECTION 37.1.(i) G.S. 143B-409 reads as rewritten:

"**§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

The Commission shall prepare a written annual report giving an account of its proceedings, transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and the legislature.~~ Governor and the Joint Legislative Oversight Committee on General Government.

The report will become a matter of public record and will be maintained in the State Historical Archives. It may also be furnished to such other persons or agencies as the Commission may deem proper."

SECTION 37.1.(j) G.S. 143B-410 reads as rewritten:

"**§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical staff.**

Fiscal records shall be kept by the Secretary of Administration. The audit report will become a part of the annual report and will be submitted in accordance with the regulations governing preparation and submission of the annual report. The Commission shall submit the annual report to the Joint Legislative Oversight Committee on General Government."

SECTION 37.1.(k) G.S. 143B-411.2 reads as rewritten:

"**§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee – purpose or creation; powers and duties.**

The purpose of the Council is to study on a continuing basis the relationship between the Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of concern to the State or the Tribe. It shall be the duty of the Council:

(1) Identify existing and potential conflicts between the State of North Carolina and the Eastern Band of Cherokee ~~Indians;~~Indians.

(2) Propose State and federal legislation and agreements between the State of North Carolina and the Cherokee Tribe to resolve existing and potential ~~conflicts;~~conflicts.

(3) To study and make recommendations concerning any issue referred to the Council by any official of the Eastern Band of the Cherokee, the State of North Carolina, or the government of Haywood, Jackson, Swain, Graham, or Cherokee Counties.

(4) Study other issues of mutual concern to the Eastern Band of the ~~Cherokee;~~Cherokee.

~~(5) Make a report with recommendations as needed, but not less often than biannually to the Governor, the Chief of the Eastern Band of the Cherokee, the General Assembly, and the Tribal Council of the Eastern Band of the Cherokee.~~"

SECTION 37.1.(*l*) The North Carolina Farmworker Council, enacted as Part 26 of Article 9 of Chapter 143B of the General Statutes, is repealed.

ETHICS COMMISSION

SECTION 37.2. G.S. 138A-10 reads as rewritten:

"**§ 138A-10. Powers and duties.**

(a) In addition to other powers and duties specified in this Chapter, the Commission shall:

…

(11) Report annually to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government and the Governor on the Commission's activities and generally on the subject of public disclosure, ethics, and conflicts of interest, including recommendations for administrative and legislative action, as the Commission deems appropriate.

…."

OFFICE OF STATE HUMAN RESOURCES

SECTION 37.3. G.S. 143-583 reads as rewritten:

"**§ 143-583. Model program; technical assistance; reports.**

…

(c) Reports. – The Office of State Human Resources shall report annually to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on General Government on the safety, health, and workers' compensation activities of State agencies, compliance with this Article, and the fines levied against State agencies pursuant to Article 16 of Chapter 95 of the General Statutes."

OFFICE OF STATE AUDITOR

SECTION 37.4. G.S. 147-64.11 reads as rewritten:

"**§ 147-64.11. Review of office.**

The Auditor may, on ~~his~~ the Auditor's own initiative and as often as ~~he~~ the Auditor deems necessary, or as requested by the General ~~Assembly~~ Assembly or the Joint Legislative Oversight Committee on General Government, cause to be made a quality review audit of the operations of ~~his~~ the Auditor's office. Such a "peer review" shall be conducted in accordance with standards prescribed by the accounting profession. Upon the recommendation of the Joint Legislative Commission on Governmental ~~Operations~~ Operations, the Auditor may contract with an independent public accountant, qualified management consultant, or other professional person to conduct a financial and compliance, economy and efficiency, and program result audit of the State Auditor."

OFFICE OF STATE BUDGET AND MANAGEMENT

SECTION 37.5.(a) Article 6 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"**§ 143C-6-13. Results first annual report.**

By October 1 of each year, the Office of State Budget and Management shall submit an annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative Oversight Committee on General Government, and Joint Legislative Program Evaluation Oversight Committee on the progress in implementing the cost-benefit analysis model for use in crafting policy and budget decisions. The report may include recommendations for legislation."

SECTION 37.5.(b) Section 26.3(c) of S.L. 2017-57 is repealed.

SECTION 37.5.(c) G.S. 143C-6-23 reads as rewritten:

"**§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.**

…

(h) Report on Grant Recipients That Failed to Comply. – ~~Not later than May 1, 2007, and by May 1 of every succeeding year, the~~ The Office of State Budget and Management shall ~~report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on~~ post online at regular intervals a list of all grantees or subgrantees that failed to comply with this section with respect to grant funds received in the prior fiscal year.

…."

SECTION 37.5.(d) G.S. 143-194 is repealed.

STATE BOARD OF ELECTIONS

SECTION 37.6.(a) G.S. 66-58 reads as rewritten:

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

…

(c) The provisions of subsection (a) of this section shall not prohibit:

…

(17) The sale by the State Board of Elections to political committees and candidate committees of computer software designed by or for the State Board of Elections to provide a uniform system of electronic filing of the campaign finance reports required by Article 22A of Chapter 163 of the General Statutes and to facilitate the State Board's monitoring of compliance with that Article.

~~This computer software for electronic filing of campaign finance reports shall not exceed a cost of one hundred dollars ($100.00) to any political committee or candidate committee without the State Board of Elections first notifying in writing the Joint Legislative Commission on Governmental Operations.~~

…."

SECTION 37.6.(b) G.S. 163-165.9 reads as rewritten:

"**§ 163-165.9. Voting systems: powers and duties of county board of elections.**

…

(b) After the acquisition of any voting system, the county board of elections shall comply with any requirements of the State Board of Elections regarding training and support of the voting system by completing all of the following:

…

(2) The county board of elections shall annually maintain software license and maintenance agreements necessary to maintain the warranty of its voting system. A county board of elections may employ qualified personnel to maintain a voting system in lieu of entering into maintenance agreements necessary to maintain the warranty of its voting system. State Board of Elections is not required to provide routine maintenance to any county board of elections that does not maintain the warranty of its voting system. If the State Board of Elections provides any maintenance to a county that has not maintained the warranty of its voting system, the county shall reimburse the State for the cost. The State Board of Elections shall ~~annually~~ report annually by January 15 to the House and Senate Committees on Appropriations, to the Fiscal Research Division, to the Joint Legislative Oversight Committee on General Government, and to the Joint Legislative Commission on Governmental Operations on implementation of this subdivision. If requested by the county board of elections, the State Board of Elections may enter into contracts on behalf of that county under this subdivision, but such contracts must also be approved by the county board of elections. Any contract entered into under this subdivision shall be paid from non-State funds. Neither a county nor the State Board of Elections shall enter into any contract with any vendor for software license and maintenance agreements unless the vendor agrees to (i) operate a training program for qualification of county personnel under this subsection with training offered within the State of North Carolina and (ii) not dishonor warranties merely because the county is employing qualified personnel to maintain the voting system as long as the county:

…."

DEPARTMENT OF INSURANCE

SECTION 37.7.(a) G.S. 58-2-120 reads as rewritten:

"**§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.**

The Commissioner shall, from time to time, report to the Governor and ~~the General Assembly~~ the Joint Legislative Oversight Committee on General Government any change or changes that in the Commissioner's opinion should be made in the laws relating to insurance and other subjects pertaining to the Department."

SECTION 37.7.(b) G.S. 58-42-45 reads as rewritten:

"**§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.**

…

(b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38, the Commissioner shall provide copies of the notice to the Joint Regulatory Reform ~~Committee and to~~ Committee, the Joint Legislative Commission on Governmental ~~Operations.~~ Operations,

and the Joint Legislative Oversight Committee on General Government. The Commissioner shall provide the ~~Committee~~ Committees and Commission with copies of any plan promulgated by or approved by the Commissioner under G.S. 58-42-1(1) or (2)."

SECTION 37.7.(c) G.S. 58-79-20 reads as rewritten:

"**§ 58-79-20. Inspection of premises; dangerous material removed.**

The Commissioner of Insurance, or the chief of fire department or chief of police where there is no chief of fire department, or the city or county building inspector, electrical inspector, heating inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of examination, to enter into and upon all buildings and premises in their jurisdiction. When any of such officers find in any building or upon any premises overcrowding in violation of occupancy limits established pursuant to the North Carolina State Building Code, combustible material or inflammable conditions dangerous to the safety of such building or premises they shall order the same to be removed or remedied, and this order shall be forthwith complied with by the owner or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours, appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be at once investigated by ~~his~~ the Commissioner's direction, and unless by ~~his~~ the Commissioner's authority the order of the officer above named is revoked it remains in force and must be forthwith complied with by the owner or occupant. The Commissioner of Insurance, fire chief, or building inspector, electrical inspector, heating inspector, or fire prevention inspector shall make an immediate investigation as to the presence of combustible material or the existence of inflammable conditions in any building or upon any premises under their jurisdiction upon complaint of any person having an interest in such building or premises or property adjacent thereto. The Commissioner may, in person or by deputy, visit any municipality or county and make such inspections alone or in company with the local officer. The Commissioner shall submit annually, as early as consistent with full and accurate preparation, and not later than the first day of June, a detailed report of ~~his~~ the Commissioner's official action under this Article, and it shall be embodied in ~~his~~ the report to the ~~General Assembly.~~Joint Legislative Oversight Committee on General Government."

SECTION 37.7.(d) G.S. 58-87-1 reads as rewritten:

"**§ 58-87-1. Volunteer Fire Department Fund.**

…

(c) Report. – The Commissioner must submit a written report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government within 60 days after the grants have been made. This report must contain the following:

…."

SECTION 37.7.(e) G.S. 58-87-5 reads as rewritten:

"**§ 58-87-5. Volunteer Rescue/EMS Fund.**

…

(e) Report. – The Commissioner must submit a written report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government within 60 days after the grants have been made. This report must contain the following:

…."

SECTION 37.7.(f) G.S. 58-92-15(n) reads as rewritten:

"(n) The Commissioner shall review the effectiveness of this section and report every three years to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government the Commissioner's findings, and if appropriate, recommendations for legislation to improve the effectiveness of this Article. The report and legislative recommendations shall be submitted no later than June 30 following the conclusion of each three-year period."

INDUSTRIAL COMMISSION

SECTION 37.8.(a) G.S. 97-78 reads as rewritten:

"**§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners, and other staff assistance; annual report.**

…

(e) No later than October 1 of each year, the Commission shall publish annually for free distribution a report of the administration of this Article, together with such recommendations as the Commission deems advisable. No later than October 1 of each year, the Commission shall submit this report to the Joint Legislative Oversight Committee on ~~Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources.~~General Government, the Senate Appropriations Committee on General Government and Information Technology, and the House Appropriations Committee on General Government.

(f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2022, the Commission shall prepare and implement a strategic plan for accomplishing all of the following:

…

(g) The Commission shall demonstrate its success in implementing its strategic plan under subsection (f) of this section by including all of the following in its annual report under subsection (e) of this section:

(1) The total number of claims made during the preceding ~~calendar~~ fiscal year, the total number of claims in which compliance was not timely made, and, for each claim, the date the claim was filed, the date by which compliance was required, the date of actual compliance, and any sanctions or other remedial action imposed by the Commission.

(2) The total number of requests for, and disputes involving, medical compensation under G.S. 97-25 in which final disposition was not made within 75 days of the filing of the motion with the Commission, and, for each such request or dispute, the date the motion or other initial pleading was filed, the date on which final disposition was ~~made and, where reasonably ascertainable, the date on which any ordered medical treatment was actually provided.~~made."

SECTION 37.8.(b) G.S. 143-788(b) reads as rewritten:

"(b) No later than October 1 of each year, the Section shall publish annually to the Office of the Governor and to the Joint Legislative Commission on Governmental Operations a report of the administration of this Article, together with any recommendations as the Section deems advisable. This report shall include, at a minimum, the number of reports of employee misclassification received, the number of cases referred to each State agency, the number and amount of back taxes, wages, benefits, penalties, or other monies ~~assessed,~~ assessed, and, where reasonably ascertainable, the amount of back taxes, wages, benefits, penalties, or other monies ~~collected, and the number of cases referred to each State agency.~~collected."

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

SECTION 37.9.(a) G.S. 144-9 reads as rewritten:

"**§ 144-9. Retirement of a flag of the United States of America or the State of North Carolina.**

…

(b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or otherwise damaged flag of the United States of America or the State of North Carolina from a citizen of the State and shall make arrangements for its respectful disposal. The Division shall establish a flag retirement program to encourage citizens to send in or drop off such flags at the Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and may establish other locations for flag drop-off as it deems appropriate. The Division shall

advertise the flag retirement program on its Web site and by printed posters placed at all flag drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall report the number of flags received under the program to the Joint Legislative Committee on Governmental Operations.~~

…."

SECTION 37.9.(b) G.S. 143B-1300(a) reads as rewritten:

"(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee on General Government on the activities of the State Veterans Homes Program. This report shall contain an accounting of all monies received and expended, statistics on residents in the homes during the year, recommendations to the Secretary, the Governor, and the General Assembly as to the program, and such other matters as may be deemed pertinent."

SECTION 37.9.(c) G.S. 143B-1310 reads as rewritten:

"**§ 143B-1310. Commission established; purpose; transaction of business.**

…

(c) Transaction of Business. – The Commission shall meet, at a minimum, at least once during each quarter and shall provide a report on military affairs to the Secretary of Military and Veterans ~~Affairs and to the General Assembly~~ Affairs and the Joint Legislative Oversight Committee on General Government at least every six months. Prior to the start of a Regular Session of the General Assembly, the Commission shall report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government with recommendations, if any, for legislation. Priority actions or issues may be submitted at any time.

…."

DEPARTMENT OF REVENUE

SECTION 37.10. G.S. 105-256 reads as rewritten:

"**§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention progress.**

(a) Publications. – The Secretary shall prepare and publish the following:

…

(6) On an annual basis, a report on the quality of services provided to taxpayers through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer education. The report must be submitted to the Joint Legislative Commission on Governmental ~~Operations.~~Operations and the Joint Legislative Oversight Committee on General Government.

…

(8) By ~~January 1 and July 1~~ February 15 and August 15 of each year, a semiannual report on the Department's activities listed in this subdivision. The report must be submitted to the Joint Legislative Commission on Governmental ~~Operations~~ Operations, to the Joint Legislative Oversight Committee on General Government, and to the Revenue Laws Study Committee.

…."

SECRETARY OF STATE

SECTION 37.11.(a) G.S. 64-1.1 is repealed.

SECTION 37.11.(b) G.S. 147-54.5 reads as rewritten:

"**§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on use of the Fund.**

…

(f) Beginning January 1, 1997, the Department of the Secretary of State shall report annually to the ~~General Assembly's~~ Fiscal Research Division ~~and to~~ of the General Assembly,

the Joint Legislative Commission on Governmental ~~Operations~~ Operations, and the Joint Legislative Oversight Committee on General Government on the expenditures from the Investor Protection and Education Trust Fund and on the effectiveness of investor awareness education efforts of the Department of the Secretary of State."

DEPARTMENT OF STATE TREASURER

SECTION 37.12.(a) G.S. 147-68 reads as rewritten:

"**§ 147-68. To receive and disburse moneys; to make reports.**

…

~~(d2) After consulting with the Select Committee on Information Technology and the Joint Legislative Commission on Governmental Operations and after consultation with and approval of the Information Resources Management Commission, the Department of State Treasurer may spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the Department's investment banking operations system, retirement payroll systems, and other information technology infrastructure needs. The Department of State Treasurer shall report by January 1, 2001, and annually thereafter to the following regarding the amount and use of the departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs of the General Government Appropriations Subcommittees of both the House of Representatives and the Senate, and the Joint Legislative Committee on Information Technology.~~

…."

SECTION 37.12.(b) G.S. 147-69.2A reads as rewritten:

"**§ 147-69.2A. Investments; special funds held by the State Treasurer.**

…

(b) Organization and Reporting. – All documents of the Governor or the State Treasurer concerning the Fund are public records governed by Chapter 132 of the General Statutes and any applicable provisions of the General Statutes protecting confidential information.

The State Treasurer and the Governor shall jointly develop and adopt an investment policy statement for the Fund.

The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts of interests such that (i) the designees of the State Treasurer and Governor who selected the third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund, and (iii) the third-party investment management firm's employees selecting or overseeing Fund investments do not provide services for compensation (as an employee, consultant, or otherwise), within two years after the end of their service to the Fund, to any entity in which an investment from the Fund was made.

~~By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a report to the Governor, the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on investments made from the Fund and any return on investment. This report shall be made for the Fund in lieu of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).~~

…."

SECTION 37.12.(c) G.S. 147-69.12 reads as rewritten:

"**§ 147-69.12. Reporting on the State Treasurer's investment programs.**

(a) No later than the tenth day of February, May, August, and November of each year, the State Treasurer shall report on all investments for which the State Treasurer is in any way ~~responsible.~~ responsible, including investments made from the Escheat Fund and return on investment as provided in G.S. 147-69.2A. This report shall be made for the Escheat Fund in lieu of the report required by G.S. 147-69.8. The State Treasurer's quarterly report shall include each of the following:

…

(c) The Treasurer shall report to the Governor annually ~~and to the General Assembly at the beginning of each biennial session~~ the exact balance in the treasury to the credit of the State, with a summary of the receipts and payments of the treasury during the preceding fiscal year, and so far as practicable an account of the same down to the termination of the current calendar year.

…."

SECTION 37.12.(d) G.S. 147-86.45 is repealed.

SECTION 37.12.(e) G.S. 147-86.62 is repealed.

SECTION 37.12.(f) G.S. 147-86.84 is repealed.

SECTION 37.13. This Part is effective when this act becomes law and applies to reports submitted on or after that date.

PART XXXVIII. INFORMATION TECHNOLOGY

DIT/GREAT ACT CHANGES

SECTION 38.1. G.S. 143B-1373 reads as rewritten:

"**§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.**

(a) As used in this section, the following definitions apply:

…

(5) Eligible economically distressed ~~county.~~ area. – A county designated as a development tier one or tier two area, as defined in ~~G.S. 143B-437.08.~~ G.S. 143B-437.08, or a rural census tract, as defined in G.S. 143B-472.127, in any other county with total employment of less than 500,000, as of January 1, 2020, as measured pursuant to G.S. 143B-437.52(c)(3), are not eligible. For the purposes of this section, the tier designation that is in effect as of the beginning of a fiscal year shall be applied for all grants awarded for that fiscal year.

(6) Eligible project. – An eligible project is a discrete and specific project located in an unserved economically distressed area ~~of an economically distressed county~~ seeking to provide broadband service to homes, businesses, and community anchor points not currently served. Eligible projects do not include middle mile, backhaul, and other similar projects not directed at broadband service to end users. If a contiguous project area crosses from one eligible county into one or more eligible adjacent counties, for the purposes of this section, the project shall be deemed to be located in the county where the greatest number of unserved households are proposed to be served. ~~To qualify for an award under this section, no more than an incidental number of households or businesses, not to exceed ten percent (10%) of the total households or businesses within the boundaries of the project area submitted by the applicant, may have terrestrially deployed Internet access service with transmission speeds greater than 10 Mbps download and 1 Mbps upload.~~

…

(14) Unserved area. – A designated geographic area that is presently without access to broadband service, as defined in this section, offered by a wireline or fixed wireless provider. Areas where a private provider has been designated to receive funds through other ~~State~~ State- or federally funded programs designed specifically for broadband deployment shall be considered served if such funding is intended to result in construction of broadband in the area within 18 ~~months.~~months or for the duration of the federal funding program for that area, or if the funding recipient is otherwise in good standing with the funding agency's regulations governing the funding program.

…

(c) ~~Project areas comprised of census blocks, or portions thereof, within which a broadband provider is receiving matching funds to deploy broadband service within the next 18 months are ineligible for the GREAT program. It is essential for the Office to know the location of census blocks, or portions thereof, comprising these areas so it can determine project eligibility.~~ A private provider receiving ~~Universal Service or Connect America Phase II, or nonfederal~~ State or federal funds to deploy broadband service in unserved areas may qualify such area for protection by submitting ~~within 60 days of the application period~~ a listing of the census blocks, or portions thereof, comprising the State- or federally funded project areas ~~meeting this requirement and nothing more to~~ in a manner prescribed by the Office. ~~In future program years, the cutoff date for submitting this census block data shall be established by the Office, but shall be not less than 60 days prior to the beginning date of the application period. This will enable the office to update maps and advise applicants as to the unserved areas of the State that are eligible for consideration in that program year.~~ The Office shall only utilize this data to update maps of census blocks to reflect these census blocks, or portions thereof, as being served. Failure on the part of a provider to submit the listing of census blocks by the cutoff date shall result in those areas being eligible for inclusion under this program during ~~the upcoming~~ subsequent program ~~year.~~ years. The Office shall use the census block data provided only for mapping of unserved areas. ~~Upon expiration of the 18-month reservation period described in this subsection,~~ A project area shall remain protected for a period of 18 months from the submission of the listing information required under this subsection; provided, however, a private provider that has received ~~a reservation of census blocks~~ protection for a project area shall submit written documentation by April 30 of the year following the program year that broadband deployment has begun or been ~~completed~~ completed, or is otherwise in good standing, in the census blocks, or portions thereof, that have been deemed ineligible by the Office ~~due to the existence of a federally funded project area.~~ under this subsection. Upon submission of documentation satisfactory to the Office, a protected project area shall remain protected until project completion. A project area where a private provider has forfeited or otherwise defaulted on an agreement in connection with receipt of funds to deploy broadband service shall be eligible for inclusion in this program in subsequent program years. Information provided to the Office pursuant to this subsection is not a public record, as that term is defined in G.S. 132-1.

…

(d1) An application submitted pursuant to this section shall include a project area map that provides location-specific data in a format required by the Office. A provider submitting an application pursuant to this section shall bear the burden of proof that the proposed area to be served can, in fact, be served using the proposed technology. The burden of proof may be satisfied by the submission of data, maps, and any other information satisfactory to the Office, demonstrating that the area and number of prospective broadband recipients proposed to be served can be provided the minimum upload and download speeds indicated in the application.

(e) Applications shall be made publicly available by posting on the Web site of the Department of Information Technology for a period of at least ~~30~~ 20 calendar days prior to award. During the ~~30-day~~ 20-day period, any interested party may submit comments to the Secretary concerning any pending application. A broadband service provider ~~of broadband services~~ currently providing broadband service in a project area proposed in an application may submit a protest of any application on the grounds the proposed project covers an area that is ~~not an eligible~~ a protected area under subsection (c) of this ~~section.~~ section, or that the proposed project area contains ten percent (10%) or more of total households with access to broadband service as defined in this section. Protests shall be submitted in writing, accompanied by all credible and relevant supporting documentation, ~~and~~ including specific addresses, and detailed mapping demonstrating that the protesting broadband provider has installed infrastructure sufficient to provide broadband service to the specific addresses provided in the protest, along with an

attestation that broadband service is available in the public right-of-way at the specific addresses indicated. The protest shall be considered by the Office in connection with the review of the application. Upon submission of evidence satisfactory to the Office that the proposed project area includes a protected area or prospective broadband recipients that are presently served, as measured using a methodology satisfactory to the Office, the Office may work with an applicant to amend an application to reduce the number of unserved prospective broadband recipients in the project area to reflect an accurate level of current broadband service. The Office may revise application scores in accordance with amended applications; however, the Office may reject any amended application resulting in a lower application score to the extent that the lower score would have impacted the ranking of the application in the initial scoring process. For applications with filed protests, the Secretary shall issue a written decision to the protesting party at least 15 days prior to the approval of that application. Following a protest that is granted for a portion of the application, the Office may release to an applicant the locations or areas declared ineligible. The information released to the applicant is not a public record, as that term is defined under G.S. 132-1, and shall remain confidential. Any provider submitting a protest shall verify that the information in the protest is accurate and that the protest is submitted in good faith. The Office may deny any protest or application that contains inaccurate information.

As a means of resolving a protest, the Office may utilize speed tests to determine if the protested area or individual households or businesses currently have access to broadband service as defined in this section. The Department shall publish the speed test methodology it uses to assess speed levels pursuant to this section. All decisions regarding the speed test to be utilized and the manner by which the speed tests are applied shall be made by the Secretary or the Secretary's designee.

…

(g) Applications shall be scored based upon a system that awards a single point for criteria considered to be the minimum level for the provision of broadband service with additional points awarded to criteria that exceed minimum levels. The Office shall score project applications in accordance with the following:

(1) Partnership. – Projects involving partnership shall be given points in their application score. For the purposes of scoring under this subdivision, ~~a~~ an application utilizing a partner's infrastructure shall be awarded one point and an application utilizing one or more partners' financial contribution shall be awarded up to three points in accordance with this subdivision. A county may enter into an agreement as an infrastructure partner or a financial contribution partner with one or more applicants. A county that ~~provides a portion of the match required by this section or that~~ has entered into an agreement with the applicant to make available its infrastructure that has been installed for the county's enterprise, nonconsumer broadband purposes, or any other property, buildings, or structures owned by the county, for a proposed project under this section shall be considered ~~a partnership. A~~ an infrastructure partnership for the purposes of this subdivision. Notwithstanding Article 8 of Chapter 143 of the General Statutes or any provision of law to the contrary, a county that has entered into an agreement for a financial partnership with the applicant for a proposed project under this section may provide a portion of the match required by this ~~section pursuant to G.S. 153A-349.60. Projects involving partnerships shall be given six points in their application score.~~section with unrestricted general funds or federal funding allocated to the county for the purpose of broadband infrastructure improvements; provided, however, nothing in this subdivision shall be construed to authorize a county to provide broadband service to consumers. Points shall be awarded to applications for projects using county funds for a portion of the required match as follows:

% of Match	Points Given
10%, up to 20%	1
20%, up to 30%	2
30%, up to 50%	3

(2) Unserved households. – The Office shall give additional points to projects based upon the estimated number of unserved households within the eligible economically distressed county, as determined by the most recent data published by the Federal Communications Commission or any other information available to the Office. Points shall be given to projects that will be located in counties with estimated unserved households as follows:

Unserved Households	Points Given
500 or less	1
501-1400	2
Over 1400	3

(3) Unserved households to be served. – The Office shall give additional points to projects that will provide broadband service based upon the percentage of the total unserved households within the eligible economically distressed county that the project will serve. The number of unserved households shall be determined using the most recent data published by the Federal Communications Commission or any other information available to the Office. Points shall be given to projects that will serve a percentage of unserved households within the project area as follows:

% Unserved Households To Be Served	Points Given
~~Under~~ Less than 15%	1
15% to 25%	2
Over 25%	3

(4) Unserved businesses. – The Office shall give additional points to projects that will provide broadband service to unserved businesses located within the eligible economically distressed county, as determined by the most recent data published by the Federal Communications Commission or any other information available to the Office. Points shall be given to projects that serve unserved businesses within the project area as follows:

a. Projects proposing to serve between 1 and 4 businesses shall receive 1 point.

b. Projects proposing to serve between 5 and 10 businesses shall receive 2 points.

c. Projects proposing to serve either (i) more than 10 businesses or (ii) a business with 31 or more full-time employees shall receive 3 points.

(5) Cost per household or business. – The Office shall give additional points to projects that minimize the infrastructure cost of the proposed project per household or business, based upon information available to the Office. Points shall be given to projects based upon the estimated cost per household or business as follows:

a. For projects proposed in the Piedmont or Coastal Plain Regions:

Est. Cost per Household/Business	Partnership ~~Using Infrastructure~~	Private Provider Only
Up to $1,700	4	9
~~$1,701-2,200~~$1,700, up to $2,200	3	8
~~$2,201-2,700~~$2,200, up to $2,700	2	7
~~$2,701-3,200~~$2,700, up to $3,200	1	6

b. For projects located in the Mountain Region:

Est. Cost per Household/Business	Partnership ~~Using Infrastructure~~	Private Provider Only
Up to $2,500	4	9
~~$2,501-3,300~~$2,500, up to $3,300	3	8
~~$3,301-3,800~~$3,300, up to $3,800	2	7
~~$3,801-4,300~~$3,800, up to $4,300	1	6

(6) Base speed multiplier. – Projects that will provide minimum download and minimum upload speeds shall have the aggregate points given under subdivisions (1) through (5) of this subsection multiplied by a factor at the level indicated in the table below:

Minimum Download: Minimum Upload	Score Multiplier
25:3 Mbps. up to 100:10 Mbps.	1.35
100:10 Mbps. up to 200:20 Mbps.	1.75
200:20 Mbps. ~~or greater.~~up to 1 Gbps.	2.00
1 Gbps. or greater.	3.25

(h) The Office shall score applications based upon the metrics provided in subsection (g) of this section. In ~~awarding grants~~ scoring applications based upon the scoring metrics, the Office shall also award ~~an~~ additional ~~point~~ points to projects as follows:

(1) ~~where~~ One point if a county has a Community Broadband Planning Playbook that meets the guidelines established by the Office.

(2) Three points to projects where the county has used federal funds received from the American Rescue Plan Act of 2021 (P.L. 117-2) to provide a portion of the match required by this section.

(i) **(Effective until July 1, 2021)** Applications receiving the highest score shall receive priority status for the awarding of grants pursuant this section. As a means of breaking a tie for applications receiving the same score, the Office shall give priority to the application proposing to serve the highest number of new households at the lowest cost per household or business. Applicants awarded grants pursuant to this section shall enter into an agreement with the Office. The agreement shall contain all of the elements outlined in subsection (d) of this section and any other provisions the Office may require. The agreement shall contain a provision governing the time line and minimum requirements and thresholds for disbursement of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon verification by the Office that the terms of the agreement have been fulfilled according to the progress milestones contained in the agreement. At project completion, the grant recipient shall certify and provide to the Office evidence consistent with Federal Communications Commission attestation that either speeds greater than those identified in the application guidelines or the proposed upstream and downstream broadband speeds identified in the application guidelines, and for which a base speed multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project area prior to any end user connections. ~~A single grant award shall not exceed two million dollars ($2,000,000). No more than one grant may be awarded per fiscal year for a project in any one eligible economically distressed county; except that if funds remain available after all top scoring projects have been awarded a grant, then the next highest scoring projects may be awarded a grant even if the project is located in a county where a grant has been awarded in that fiscal year provided the total award associated with that county does not exceed two million dollars ($2,000,000) in that fiscal year.~~

No more than one-third of the funds appropriated to the fund established in subsection (b) of this section shall be disbursed for projects located in a development tier two county.

(i) **(Effective July 1, 2021)** Applications receiving the highest score shall receive priority status for the awarding of grants pursuant this section. As a means of breaking a tie for

applications receiving the same score, the Office shall give priority to the application proposing to serve the highest number of new households at the lowest cost per household. Applicants awarded grants pursuant to this section shall enter into an agreement with the Office. The agreement shall contain all of the elements outlined in subsection (d) of this section and any other provisions the Office may require. The agreement shall contain a provision governing the time line and minimum requirements and thresholds for disbursement of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon verification by the Office that the terms of the agreement have been fulfilled according to the progress milestones contained in the agreement. Information provided to the Office in connection with project progress milestones that would otherwise be considered confidential information under G.S. 132-1.1 shall not be deemed a public record, as that term is defined under G.S. 132-1. At project completion, the grant recipient shall certify and provide to the Office evidence consistent with Federal Communications Commission attestation that either speeds greater than those identified in the application guidelines or the proposed upstream and downstream broadband speeds identified in the application guidelines, and for which a base speed multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project area prior to any end user connections. ~~A single grant award shall not exceed two million dollars ($2,000,000). No more than one grant may be awarded per fiscal year for a project in any one eligible economically distressed county; except that if funds remain available after all top scoring projects have been awarded a grant, then the next highest scoring projects may be awarded a grant even if the project is located in a county where a grant has been awarded in that fiscal year provided the total award associated with that county does not exceed two million dollars ($2,000,000) in that fiscal year.~~

No more than one-half of the funds appropriated to the fund established in subsection (b) of this section shall be disbursed for projects located in a development tier two or tier three county. If the Office has not received enough grant applications for projects located in a development tier one county to disburse one-half of the funds appropriated to the fund established in subsection (b) of this section as of March 1 of each year, then the Office may allocate any unencumbered funds in the fund for projects located in a development tier two or tier three county.

(j) Grant recipients are required to provide matching funds based upon the application scoring pursuant to this section in the following minimum amounts:

Score	**Matching Requirement**
12.0 points or less	~~55%~~50%
Greater than 12.0 points, but less than 17.5 points	~~50%~~45%
17.5 points, up to 22.0 points	~~45%~~40%
Greater than 22.0 points	~~35%~~30%

Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of third-party funding including ~~funds from~~ federal and other grant ~~programs. Funds from the Universal Service Fund shall not be used for any portion of the required matching funds. Any other current or future federal funds may be used, including any future phase of the Connect America Fund, for the required matching funds within the parameters of this program.~~programs to the extent that the applicable grant program rules permit application of grant funds for that purpose.

…."

INTERNAL SERVICE FUND RATE SUBMISSION

SECTION 38.2. G.S. 143B-1333 reads as rewritten:

"**§ 143B-1333. Internal Service Fund.**

(a) The Internal Service Fund is established within the Department as a fund to provide goods and services to State agencies on a cost-recovery basis. The Department shall establish fees for subscriptions and chargebacks for consumption-based services. The Information

Technology Strategic Sourcing Office shall be funded through a combination of administrative fees as part of the IT Supplemental Staffing contract, as well as fees charged to agencies using their services. The State CIO shall establish and annually update consistent, fully transparent, easily understandable fees and rates that reflect industry standards for any good or service for which an agency is charged. These fees and rates shall be prepared ~~by October 1 and shall be approved by the Office of State Budget and Management.~~ and submitted by the Department to the Office of State Budget and Management and Fiscal Research Division on the date agreed upon by the State Budget Director and the Department's Chief Financial Officer. The rates shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall ensure that State agencies have the opportunity to adjust their budgets based on any rate or fee changes prior to submission of those budget recommendations to the General Assembly. The approved Information Technology Internal Service Fund budget and associated rates shall be included in the Governor's budget recommendations to the General Assembly.

(b) Repealed by Session Laws 2016-94, s. 7.4(d), effective July 1, 2016.

(c) Receipts shall be used solely for the purpose for which they were collected. In coordination with the Office of the State Controller and the Office of State Budget and Management, the State CIO shall ensure processes are established to manage federal receipts, maximize those receipts, and ensure that federal receipts are correctly utilized."

CYBERSECURITY REPORTING

SECTION 38.3.(a) The Department of Information Technology shall develop a plan for its use of funds received for cybersecurity purposes. In developing the cybersecurity plan, the Department shall include the following:

(1) A summary of all cybersecurity funds received and how those funds have been and will be utilized.

(2) The scope of activities and services planned to (i) prevent cybersecurity incidents and significant cybersecurity incidents in the State and (ii) mitigate and address cybersecurity incidents and significant cybersecurity incidents that have occurred.

(3) Potential funding, partnerships, and other resources available to the Department to assist in its role of preventing, mitigating, and addressing cybersecurity issues in the State.

SECTION 38.3.(b) The Department shall submit the cybersecurity plan outlined in this section to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on or before October 1, 2021.

STATE RECOVERY FUNDS/BROADBAND GRANTS

SECTION 38.4. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Information Technology for broadband infrastructure grants, the Department shall utilize those funds pursuant to G.S. 143B-1373, subject to applicable federal guidelines. In the event federal guidelines conflict with the provisions of G.S. 143B-1373, the federal guidelines shall control and the Department shall adapt the grant program to the extent necessary to give effect to the controlling federal guidelines.

STATE RECOVERY FUNDS/BROADBAND STOPGAP SOLUTIONS

SECTION 38.5. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Information Technology for broadband stopgap solutions, the Department shall utilize thirty million dollars ($30,000,000) each fiscal year through the 2023-2024 fiscal year to provide grants to internet service providers, local government entities, and nonprofits for the provision and installation of infrastructure, as that term is defined in G.S. 143B-1373(a), that will expand the provision of broadband service to unserved and

underserved households in this State. The Department shall ensure that grant funds are awarded and utilized in compliance with applicable federal guidelines.

PART XXXIX. SALARIES AND BENEFITS

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASES/EFFECTIVE JULY 1, 2021, AND JULY 1, 2022

SECTION 39.1.(a) Effective July 1, 2021, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2021, is awarded:

(1) A legislative salary increase in the amount of one and one-half percent (1.5%) of annual salary in the 2021-2022 fiscal year.

(2) Any salary adjustment otherwise allowed or provided by law.

SECTION 39.1.(a1) Effective July 1, 2022, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2022, is awarded:

(1) A legislative salary increase in the amount of one and one-half percent (1.5%) of annual salary in the 2022-2023 fiscal year.

(2) Any salary adjustment otherwise allowed or provided by law.

SECTION 39.1.(b) For the 2021-2023 fiscal biennium, the following persons are not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this section:

(1) Employees of local boards of education.

(2) Local community college employees.

(3) Employees of The University of North Carolina.

(4) Clerks of superior court compensated under G.S. 7A-101.

(5) Correctional employees to which Section 39.14 of this Part applies.

(6) Law enforcement officers to which Section 39.15 of this Part applies.

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

SECTION 39.1.(c) Part-time employees shall receive the increases authorized by this section on a prorated and equitable basis.

SECTION 39.1.(d) No eligible State-funded employee shall be prohibited from receiving the full salary increases provided in this section solely because the employee's salary after applying the legislative increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

BONUSES AWARDED TO STATE EMPLOYEES FOR WORK DURING THE PANDEMIC

SECTION 39.2.(a) The General Assembly finds that North Carolina's response efforts to the COVID-19 pandemic have included the extraordinary work of State employees and local school employees at all levels and in all agencies. Essential services were continuously provided throughout the pandemic to the citizens of North Carolina, including, but not limited to, public health, public safety, transportation, education, and public recreation. Therefore, it is appropriate that State employees and local education employees who worked to continue the operations and services of government during the pandemic receive additional pay for their efforts during the emergency.

SECTION 39.2.(b) Further, the General Assembly finds that certain employees were at increased risk of exposure to COVID-19 due to job duties that required significant in-person interaction. These employees should receive additional pay due to the increased personal risk involved in providing the essential services associated with their job duties.

SECTION 39.2.(c) By October 31, 2021, employers of State employees and local education employees shall administer a one-time, lump sum bonus of one thousand dollars ($1,000) to all permanent full-time State employees and local education employees who are employed as of October 1, 2021.

SECTION 39.2.(d) By October 31, 2021, employers of State employees and local education employees shall provide an additional one-time, lump sum bonus of five hundred dollars ($500.00) to all permanent full-time State employees and local education employees who are employed as of October 1, 2021, and who meet at least one of the following eligibility criteria for the additional bonus:

(1) The employee earns an annual salary that does not exceed seventy-five thousand dollars ($75,000).
(2) The employee is employed as a law enforcement officer.
(3) The employee is an employee in the Division of Adult Correction and Juvenile Justice of the Department of Public Safety with job duties requiring frequent in-person contact.
(4) The employee is employed in a position at a 24-hour residential or treatment facility operated by the Department of Health and Human Services.

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

(1) The term "State employee" includes all State employees in all State agencies, departments, and institutions regardless of funding source.
(2) The term "local education employee" includes all employees of community colleges, local school administrative units, innovative schools, regional schools, and public charter schools regardless of funding source.

SECTION 39.2.(f) Of the funds appropriated in this act from the State Fiscal Recovery Fund, the sum of five hundred forty-five million dollars ($545,000,000) for the 2021-2022 fiscal year is allocated to provide the one-time, lump sum bonuses authorized in this section to State employees and local education employees for work performed during the COVID-19 pandemic.

SECTION 39.2.(g) The premium pay bonuses awarded by this section:

(1) Are in addition to any regular wage or other bonuses the employee receives or is scheduled to receive.
(2) Are not considered compensation for any retirement system administered by the State.

SECTION 39.2.(h) Permanent part-time employees shall receive the bonuses authorized in this section on a prorated and equitable basis.

SECTION 39.2.(i) The Office of State Budget and Management shall ensure that the funds for the bonuses authorized by this section are used only for the purposes set forth in this section. If the Director of the Budget determines that funds appropriated to a State agency for these bonuses exceed the amount required by that agency, the Director may reallocate those funds to another State agency for payment of these bonuses. Notwithstanding G.S. 143C-4-9, funds appropriated for these bonuses in excess of the amounts required for implementation shall not be credited to the Pay Plan Reserve.

SECTION 39.2.(j) Any funds remaining after these bonuses are awarded in accordance with this section shall be credited to the State Fiscal Recovery Fund.

GOVERNOR AND COUNCIL OF STATE

SECTION 39.3.(a) Effective July 1, 2021, G.S. 147-11 reads as rewritten:

"**§ 147-11. Salary and expense allowance of Governor; allowance to person designated to represent Governor's office.**

(a) The salary of the Governor shall be ~~one hundred fifty-four thousand seven hundred forty-three dollars ($154,743)~~ one hundred fifty-seven thousand sixty-four dollars ($157,064) annually, payable monthly.

(b) ~~He~~ The Governor shall be paid annually the sum of eleven thousand five hundred dollars ($11,500) as an expense allowance in attending to the business for the State and for expenses out of the State and in the State in representing the interest of the State and people, incident to the duties of ~~his~~ the office, the said allowance to be paid monthly.

(c) In addition to the foregoing allowance, the actual expenses of the Governor while traveling outside the State on business incident to ~~his~~ the office shall be paid by a warrant drawn on the State Treasurer. Whenever a person who is not a State official or employee is designated by the Governor to represent the Governor's office, ~~such~~ the person shall be paid actual travel expenses incurred in the performance of such duty; provided that the payment of ~~such~~ the travel expense shall conform to the provisions of the biennial appropriation act in effect at the time the payment is made."

SECTION 39.3.(a1) Effective July 1, 2022, G.S. 147-11(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred fifty-seven thousand sixty-four dollars ($157,064)~~ one hundred fifty-nine thousand four hundred twenty dollars ($159,420) annually, payable monthly."

SECTION 39.3.(b) Effective July 1, 2021, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	Annual Salary
Lieutenant Governor	$138,749
Attorney General	138,749
Secretary of State	138,749
State Treasurer	138,749
State Auditor	138,749
Superintendent of Public Instruction	138,749
Agriculture Commissioner	138,749
Insurance Commissioner	138,749
Labor Commissioner	138,749

SECTION 39.3.(b1) Effective July 1, 2022, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	Annual Salary
Lieutenant Governor	$140,831
Attorney General	140,831
Secretary of State	140,831
State Treasurer	140,831
State Auditor	140,831
Superintendent of Public Instruction	140,831
Agriculture Commissioner	140,831
Insurance Commissioner	140,831
Labor Commissioner	140,831

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 39.4.(a) Effective July 1, 2021, the annual salaries, payable monthly, for the following executive branch officials for the 2021-2022 fiscal year are as follows:

Executive Branch Officials	Annual Salary

Chairman, Alcoholic Beverage Control Commission	$124,593
State Controller	173,491
Commissioner of Banks	139,837
Chair, Board of Review, Division of Employment Security	137,165
Members, Board of Review, Division of Employment Security	135,488
Chairman, Parole Commission	137,165
Full-Time Members of the Parole Commission	126,822
Chairman, Utilities Commission	155,485
Members of the Utilities Commission	139,837
Executive Director, North Carolina Agricultural Finance Authority	121,324

SECTION 39.4.(a1) Effective July 1, 2022, the annual salaries, payable monthly, for the following executive branch officials for the 2022-2023 fiscal year are as follows:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	$126,462
State Controller	176,093
Commissioner of Banks	141,934
Chair, Board of Review, Division of Employment Security	139,223
Members, Board of Review, Division of Employment Security	137,521
Chairman, Parole Commission	139,223
Full-Time Members of the Parole Commission	128,725
Chairman, Utilities Commission	157,817
Members of the Utilities Commission	141,934
Executive Director, North Carolina Agricultural Finance Authority	123,154

JUDICIAL BRANCH

SECTION 39.5.(a) Effective July 1, 2021, the annual salaries, payable monthly, for the following judicial branch officials for the 2021-2022 fiscal year are as follows:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	$163,251
Associate Justice, Supreme Court	159,014
Chief Judge, Court of Appeals	156,499
Judge, Court of Appeals	152,437
Judge, Senior Regular Resident Superior Court	148,324
Judge, Superior Court	144,213
Chief Judge, District Court	131,059
Judge, District Court	126,947
Chief Administrative Law Judge	128,035
District Attorney	139,460
Assistant Administrative Officer of the Courts	134,298
Public Defender	139,460
Director of Indigent Defense Services	143,736

SECTION 39.5.(a1) Effective July 1, 2022, the annual salaries, payable monthly, for the following judicial branch officials for the 2022-2023 fiscal year are as follows:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	$165,699
Associate Justice, Supreme Court	161,399
Chief Judge, Court of Appeals	158,846
Judge, Court of Appeals	154,723
Judge, Senior Regular Resident Superior Court	150,549
Judge, Superior Court	146,376
Chief Judge, District Court	133,025
Judge, District Court	128,851
Chief Administrative Law Judge	129,956
District Attorney	141,552
Assistant Administrative Officer of the Courts	136,312
Public Defender	141,552
Director of Indigent Defense Services	145,892

SECTION 39.5.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2021-2022 fiscal year, do not exceed eighty-three thousand eight hundred thirty-two dollars ($83,832) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-four thousand nine hundred ninety-four dollars ($44,994), effective July 1, 2021.

SECTION 39.5.(b1) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2022-2023 fiscal year, do not exceed eighty-five thousand eighty-nine dollars ($85,089) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-five thousand six hundred sixty-nine dollars ($45,669), effective July 1, 2022.

CLERKS OF SUPERIOR COURT

SECTION 39.6.(a) Effective July 1, 2021, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	~~$97,375~~$98,836
20-29	~~107,625~~109,239
30-49	~~117,875~~119,643
50-99	~~128,125~~130,047
100 and above	~~130,688.~~132,648.

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

SECTION 39.6.(a1) Effective July 1, 2022, G.S. 7A-101(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	~~$98,836~~$100,318
20-29	~~109,239~~110,878
30-49	~~119,643~~121,438
50-99	~~130,047~~131,998
100 and above	~~132,648~~134,638.

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

SECTION 39.7.(a) Effective July 1, 2021, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	~~$34,780~~$35,302
Maximum	~~64,258~~65,222

Deputy Clerks	Annual Salary
Minimum	~~$31,200~~$31,666
Maximum	~~50,466.~~51,223."

SECTION 39.7.(a1) Effective July 1, 2022, G.S. 7A-102(c1), as amended by subsection (a) of this section, reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	~~$35,302~~$35,831
Maximum	~~65,222~~66,200

Deputy Clerks	Annual Salary
Minimum	~~$31,666~~$32,143
Maximum	~~51,223.~~51,991."

MAGISTRATES

SECTION 39.8.(a) Effective July 1, 2021, G.S. 7A-171.1(a)(1) reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate

is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	~~$40,576~~$41,185
Step 1	~~$43,571~~$44,225
Step 2	~~$46,802~~$47,504
Step 3	~~$50,222~~$50,975
Step 4	~~$54,322~~$55,137
Step 5	~~$59,259~~$60,148
Step 6	~~$64,792.~~$65,764."

SECTION 39.8.(a1) Effective July 1, 2022, G.S. 7A-171.1(a)(1), as amended by subsection (a) of this section, reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	~~$41,185~~$41,802
Step 1	~~$44,225~~$44,888
Step 2	~~$47,504~~$48,217
Step 3	~~$50,975~~$51,740
Step 4	~~$55,137~~$55,964
Step 5	~~$60,148~~$61,050
Step 6	~~$65,764.~~$66,750."

LEGISLATIVE EMPLOYEES

SECTION 39.9.(a) Effective July 1, 2021, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2021, shall be legislatively increased by one and one-half percent (1.5%).

SECTION 39.9.(a1) Effective July 1, 2022, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2022, shall be legislatively increased by one and one-half percent (1.5%).

SECTION 39.9.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 39.10.(a) Effective July 1, 2021, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred sixteen thousand seven hundred thirty-two dollars ($116,732),~~ one hundred eighteen thousand four hundred eighty-three dollars ($118,483), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SECTION 39.10.(b) Effective July 1, 2022, G.S. 120-37(c), as amended by subsection (a) of this section, reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred eighteen thousand four hundred eighty-three dollars ($118,483),~~ one hundred twenty thousand two hundred sixty dollars ($120,260), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SERGEANTS-AT-ARMS/READING CLERKS

SECTION 39.11.(a) Effective July 1, 2021, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four hundred sixty dollars ($460.00)~~ four hundred sixty-seven dollars ($467.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

SECTION 39.11.(b) Effective July 1, 2022, G.S. 120-37(b), as amended by subsection (a) of this section, reads as rewritten:

"(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four hundred sixty-seven dollars ($467.00)~~ four hundred seventy-four dollars ($474.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES

SECTION 39.12.(a) Community college personnel shall receive the following legislative salary increases:

(1) Effective July 1, 2021, the State Board of Community Colleges shall provide community college personnel with an across-the-board salary increase in the amount of one and one-half percent (1.5%).

(2) Effective July 1, 2022, the State Board of Community Colleges shall provide community college personnel with an across-the-board salary increase in the amount of one and one-half percent (1.5%).

SECTION 39.12.(b) The minimum salaries for nine-month, full-time curriculum community college faculty for the 2021-2022 fiscal year are as follows:

Education Level	Minimum Salary 2021-2022
Vocational Diploma/Certificate or Less	$38,145
Associate Degree or Equivalent	38,675
Bachelor's Degree	40,977
Master's Degree or Education Specialist	43,018
Doctoral Degree	45,961

SECTION 39.12.(b1) The minimum salaries for nine-month, full-time curriculum community college faculty for the 2022-2023 fiscal year are as follows:

Education Level	Minimum Salary 2022-2023
Vocational Diploma/Certificate or Less	$38,717
Associate Degree or Equivalent	39,225
Bachelor's Degree	41,591
Master's Degree or Education Specialist	43,663
Doctoral Degree	46,651

SECTION 39.12.(c) No full-time faculty member shall earn less than the minimum salary for the faculty member's education level. The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

SECTION 39.12.(d) No State-funded community college employee shall earn less than thirteen dollars ($13.00) per hour.

THE UNIVERSITY OF NORTH CAROLINA

SECTION 39.13.(a) Employees of The University of North Carolina shall receive the following legislative salary increases:

(1) Effective July 1, 2021, the Board of Governors of The University of North Carolina shall provide employees with an across-the-board salary increase in the amount of one and one-half percent (1.5%).

(2) Effective July 1, 2022, the Board of Governors of The University of North Carolina shall provide employees with an across-the-board salary increase in the amount of one and one-half percent (1.5%).

SECTION 39.13.(b) All university employees, whether exempt or nonexempt from the State Human Resources Act, are eligible to receive the legislative salary increases awarded by subsection (a) of this section.

CORRECTIONAL OFFICER SALARY SCHEDULE

SECTION 39.14.(a) State employees serving as correctional officers in the Department of Public Safety, Division of Adult Correction, shall be compensated at a specific pay rate on the basis of a salary schedule determined according to the duration of the employee's correctional officer work experience.

SECTION 39.14.(b) The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective for each year on July 1, 2021, and July 1, 2022, respectively:

	FY 2021-22			FY 2022-23		
Experience	**COI**	**COII**	**COIII**	**COI**	**COII**	**COIII**
0	$33,130	$34,220	$36,598	$33,627	$34,733	$37,147
1	$35,449	$36,615	$39,160	$35,981	$37,164	$39,747
2	$37,576	$38,812	$41,510	$38,140	$39,394	$42,133
3	$39,455	$40,753	$43,586	$40,047	$41,364	$44,240
4	$41,033	$42,383	$45,329	$41,648	$43,019	$46,009
5	$42,264	$43,654	$46,689	$42,898	$44,309	$47,389
6+	$43,109	$44,527	$47,623	$43,756	$45,195	$48,337

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE

SECTION 39.15.(a) Law enforcement officers of the State Highway Patrol, Alcohol Law Enforcement, and the State Bureau of Investigation compensated pursuant to an experience-based salary schedule shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

SECTION 39.15.(b) The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for each respective fiscal year:

Years of Experience	FY 2021-22	FY 2022-23
0	46,921	47,625
1	49,971	50,721
2	53,219	54,018
3	56,678	57,529
4	60,362	61,268
5	64,286	65,250
6+	68,465	69,491

MOST STATE EMPLOYEES

SECTION 39.16. Unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2021, and June 30, 2022, shall be legislatively increased as provided by Section 39.1 of this act:

(1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
(2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
(3) Permanent, part-time State employees.
(4) Temporary and permanent hourly State employees.

ALL STATE-SUPPORTED PERSONNEL

SECTION 39.17.(a) The legislative salary increases provided by this act in each year of the 2021-2023 fiscal biennium do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2021, for the 2021-2022 fiscal year or June 30, 2022, for the 2022-2023 fiscal year.

SECTION 39.17.(b) For the 2021-2023 fiscal biennium, payroll checks issued to employees after July 1, 2021, and July 1, 2022, respectively, that represent payment of services

provided prior to July 1 of each year shall not be eligible for salary increases provided for in this act.

SECTION 39.17.(c) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES

SECTION 39.18.(a) The Office of State Budget and Management shall ensure that the appropriations made by this act for legislatively mandated salary increases and employee benefits are used only for those purposes.

SECTION 39.18.(b) If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases and employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for legislatively mandated salary increases and employee benefits.

SECTION 39.18.(c) Funds appropriated for legislatively mandated salary and employee benefit increases may not be used to adjust the budgeted salaries of vacant positions, to provide salary increases in excess of those required by the General Assembly, or to increase the budgeted salary of filled positions to the minimum of the position's respective salary range.

SECTION 39.18.(d) Any funds appropriated for legislatively mandated salary and employee benefit increases in excess of the amounts required to implement the increases shall be credited to the Pay Plan Reserve.

SECTION 39.18.(e) No later than May 1, 2022, for the 2021-2022 fiscal year, and subsequently May 1, 2023, for the 2022-2023 fiscal year, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the expenditure of funds for legislatively mandated salary increases and employee benefits. This report shall include at least the following information for each State agency for each year of the 2021-2023 fiscal biennium:

(1) The total amount of funds that the agency received for legislatively mandated salary increases and employee benefits.

(2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.

(3) The total amount of funds used by the agency for legislatively mandated salary increases and employee benefits.

(4) The amount of funds credited to the Pay Plan Reserve.

PAY PLAN RESERVE/CORRECTIONAL OFFICERS

SECTION 39.19. Effective July 1, 2021, G.S. 143C-4-9(a) reads as rewritten:

"(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to fund statutory and scheduled pay expenses authorized by:

(1) G.S. 20-187.3, for troopers of the State Highway Patrol compensated pursuant to an experience-based salary schedule.

(2) G.S. 7A-102.

(3) G.S. 7A-171.1.

(4) Teacher Salary Schedule, as enacted by the General Assembly.

(5) Pay Plans for Principals and Assistant Principals, as enacted by the General Assembly.

(6) The Act, for law enforcement officers of the State Bureau of Investigation and Alcohol Law Enforcement.

(7) The Act, for correctional officers compensated pursuant to the Correctional Officer Salary Schedule."

STATE AGENCY TEACHERS

SECTION 39.20. Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized under this act.

ONE-TIME BONUS PAYMENT PROGRAM FOR ELIGIBLE DIRECT CARE WORKERS

SECTION 39.21.(a) One-Time Bonus. – Of the funds appropriated in this act to the Department of Health and Human Services (DHHS) from the State Fiscal Recovery Fund, one hundred million dollars ($100,000,000) shall be used to distribute a one-time payment to eligible providers to be passed along as a one-time bonus payment to each of the eligible direct care workers employed by the eligible provider for continuing to provide critical services during the COVID-19 pandemic. Up to one million dollars ($1,000,000) of these funds may be used by DHHS to administer this one-time bonus payment program.

SECTION 39.21.(b) Eligible Provider. – For the purposes of this section, the term "eligible provider" means a provider that is enrolled in the Medicaid or NC Health Choice program in any of the following provider categories:

(1) Providers who provide services through the following Medicaid waiver programs:
   a. The Community Alternatives Program for Children (CAP/C).
   b. The Community Alternatives Program for Disabled Adults (CAP/DA).
   c. The North Carolina Innovations waiver.
   d. The Traumatic Brain Injury (TBI) waiver.

(2) Personal care services (PCS) providers.

(3) Intermediate care facilities for individuals with intellectual disabilities (ICF/IIDs), including ICF/IID-level group homes.

(4) Home health providers.

(5) Nursing homes.

(6) Behavioral health residential facilities, including Level III and Level IV residential treatment facilities, psychiatric residential treatment facilities (PRTFs), medical management and crisis stabilization facilities, and facilities providing inpatient substance use disorder treatment.

SECTION 39.21.(c) Eligible Direct Care Workers. – An eligible provider shall designate its employees who are direct care workers eligible for the one-time bonus payment program authorized by this section. Only employees who meet all of the following criteria may be so designated by an eligible provider:

(1) The employee is a direct care worker, as defined by DHHS, who interacts directly with patients or clients.

(2) The employee has been employed by the same eligible provider since March 10, 2020, through August 1, 2021.

(3) The employee has worked at least 1,000 hours providing direct care services between March 10, 2020, and August 1, 2021.

(4) The employee is not an employee of the State or otherwise eligible for any employment-related bonus under this act.

SECTION 39.21.(d) Procedure to Participate. – To participate in the one-time bonus payment program, each eligible provider shall submit the number of direct care workers the provider has designated as eligible, including a description of the position held by any direct care worker the provider has designated as eligible that supports designation that the position meets the criteria of direct care worker, to DHHS by no later than September 1, 2021. Prior to receiving any funds, the eligible provider shall submit an attestation that any funds received in accordance with this section shall be provided directly to designated eligible direct care workers by no later than November 1, 2021.

Upon receipt of the information and attestation required by this subsection from an eligible provider, and no later than October 1, 2021, DHHS shall review the submitted information provided against historical Medicaid and NC Health Choice claims data of that eligible provider to evaluate the reasonableness of the submitted number of direct care workers designated as eligible for the one-time bonus payment under this section. No payment shall be made to an eligible employer until all information submitted is reviewed and the total number of potential eligible direct care workers is ascertained. If, based upon the information submitted by a provider, DHHS determines that the number of direct care workers designated is not correct or that the provider is not an eligible provider, then, by no later than October 15, 2021, DHHS shall provide notice to the provider and include the reason for the determination and the number of eligible direct care workers determined to be correct by DHHS, if applicable. If DHHS makes any determination of ineligibility, then DHHS shall reserve funds in the amount necessary to make full payment as was applied for in case that determination is later modified.

No later than October 15, 2021, DHHS shall issue a one-time payment, including associated payroll costs, to each eligible provider in the amount required to provide bonuses to eligible direct workers, subject to the other requirements of this section.

SECTION 39.21.(e) Bonus Amount Calculation. – Subject to the requirements of subsection (d) of this section, the amount of the one-time bonus available for eligible direct care workers shall be calculated as the lesser of the following amounts:

(1) One hundred million dollars ($100,000,000) minus both the amount used by DHHS for administration of this one-time bonus payment program and the amount determined to be necessary to cover the associated payroll costs for each eligible provider divided by the total number of direct care workers designated by eligible providers as eligible employees.

(2) One thousand five hundred dollars ($1,500).

SECTION 39.21.(f) Any funds remaining after all payments are made to eligible providers in accordance with this section shall be credited to the State Fiscal Recovery Fund.

SECTION 39.21.(g) Nothing in this section shall be construed to create an entitlement to the distribution of funds by DHHS under this section.

SALARY-RELATED CONTRIBUTIONS

SECTION 39.22.(a) Effective for the 2021-2023 fiscal biennium, required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employee's salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

SECTION 39.22.(b) Effective July 1, 2021, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2021-2022 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	**State LEOs**	**ORPs**	**CJRS**	**LRS**
Retirement	15.74%	15.74%	6.84%	38.70%	27.15%
Disability	0.09%	0.09%	0.09%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	6.31%	6.31%	6.31%	6.31%	6.31%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	22.27%	27.27%	13.24%	45.01%	33.46%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 39.22.(c) Effective July 1, 2022, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2022-2023 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	**State LEOs**	**ORPs**	**CJRS**	**LRS**
Retirement	16.09%	16.09%	6.84%	39.31%	26.55%
Disability	0.09%	0.09%	0.09%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	6.71%	6.71%	6.71%	6.71%	6.71%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	23.02%	28.02%	13.64%	46.02%	33.26%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 39.22.(d) Effective July 1, 2021, the maximum annual employer contributions for the 2021-2022 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee and the average covered retiree are as follows:

(1) For employees, seven thousand forty-six dollars ($7,046).

(2) For retirees, four thousand eight hundred seventy-five dollars ($4,875). In applying this subdivision, the annual employer contribution for the average retiree shall be calculated assuming the retiree enrollment counts remain at the April 2021 level throughout the 2021-2022 fiscal year.

SECTION 39.22.(e) Effective July 1, 2022, the maximum annual employer contributions for the 2022-2023 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee or retiree are as follows:

(1) For employees, seven thousand four hundred ninety-eight dollars ($7,498).
(2) For retirees, five thousand one hundred eighty-eight dollars ($5,188).

PART XL. CAPITAL

CAPITAL IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS

SECTION 40.1.(a) The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part, past allocations, and for intended project support by the General Assembly for future fiscal years:

Agency Capital Improvement Project	Project Code
Administrative Office of the Courts–	
Supreme Court & Court of Appeals-Lexan Windows	AOC21-1
Department of Agriculture and Consumer Services	
Eaddy Building–Addition & Renovation	DACS21-1
Tidewater Research Station–Swine Unit Replacements	DACS21-2
NCFS–County Offices	DACS21-3
NCFS–Region 1 Headquarters	DACS21-4
Department of Health and Human Services	
New Broughton Hospital–	
New Maintenance Facility	DHHS21-1
Department of Environmental Quality	
Water Resources Development Projects	DEQ-WRD21
Department of Natural and Cultural Resources	
NC Museum of Art–Light Control	DNCR21-1
NC Museum of Art–Amphitheater Restoration	DNCR21-2
NC Museum of Natural History–Dueling Dinosaurs Lab	DNCR21-3
Fort Fisher Historic Site–New Visitor Center	DNCR21-4
Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
NC Zoo–Asia/Australia Exhibits	DNCR21-6
NC Zoo–Parking/Trams	DNCR21-7
NC Transportation Museum	DNCR21-8
Thomas Day House	DNCR21-9
Graveyard of the Atlantic	DNCR21-10
Historic Sites	DNCR21-11
Pisgah View State Park	DNCR21-12
Department of Administration	
DHHS/Dix Campus Relocation	DOA21-1
Dix Campus Relocation–Utilities & Mail Service Warehouse	DOA21-2
State Gov't. Complex Chiller Plant	DOA21-3
Department of Justice	
Edneyville Justice Academy Repairs & Renovations	DOJ21-1
Salemburg Justice Academy Repairs & Renovations	DOJ21-2
Department of Insurance	
Office of State Fire Marshal–	

Land Development & Training Center	DOI21-1
Department of Public Instruction	
Center for the Advancement of Teaching	DPI21-1
Department of Public Safety	
Richmond Regional JDC–Raise the Age Renovations	DPS21-1
National Guard–	
Federal Match Funding Pool	NG21-1
General Assembly	
Renovations/Elevator Repair	NCGA21-1
Downtown Government Complex	NCGA21-2
The University of North Carolina	
North Carolina State University–	
Apiculture Facility	UNC/NCS21-1
S.T.E.M. Building	UNC/NCS20-1
Elizabeth City State University–	
New Residence Hall	UNC/ECS21-1
Sky Bridge	UNC/ECS21-2
New Dining Facility	UNC/ECS21-3
Flight School	UNC/ECS21-4
Appalachian State University–	
Peacock Hall/Business	UNC/ASU21-1
North Carolina School of Science and Math-Morganton–	
Repair & Renovation and Wellness Center	UNC/SSM21-1
North Carolina Central University	
Lab Equipment	UNC/NCC21-1
East Carolina University	
Brody School of Medicine	UNC/ECU21-1
University of North Carolina at Pembroke	
Health Sciences Center	UNC/PEM21-1
Fayetteville State University	
Dormitories	UNC/FSU21-1
Winston-Salem State University	
K.R. Williams Auditorium	UNC/WSS21-1
Repairs and Renovations-The University of North Carolina	UNC/R&R21
Repairs and Renovations-State Agencies (non-UNC)	R&R21
Community College Capital Projects	CC21
Stream Debris Removal	SDR21
Courthouse Funds	CF21
K-12 Athletic Facility Funds	K-12F21
Airport Fund	AP21
Dam Fund	DAM21
Connect NC Bond Funds	CNC21

SECTION 40.1.(b) This subsection authorizes the following capital projects and allocates funding in the 2021-2023 fiscal biennium based upon projected cash flow needs for the authorized projects. The authorizations provided in this subsection represent the maximum amount of funding from the State Capital and Infrastructure Fund that may be expended on each

project. An additional action by the General Assembly is required to increase the maximum authorization for any of the projects listed.

There is allocated from the State Capital and Infrastructure Fund to the Office of State Budget and Management for the 2021-2023 fiscal biennium the following amounts for capital improvement project codes, as defined in subsection (a) of this section:

Capital Improvements–

State Capital and Infrastructure Fund	**Total Project Authorization**	**FY 2021-2022**	**FY 2022-2023**
AOC21-1	$135,000	$135,000	–
DACS21-1	1,632,000	1,632,000	–
DACS21-2	3,518,000	3,518,000	–
DACS21-3	4,000,000	4,000,000	–
DACS21-4	8,000,000	4,000,000	–
DHHS21-1	1,600,000	1,600,000	–
DEQ-WRD21	N/A	44,469,664	35,231,560
DNCR21-1	1,000,000	1,000,000	–
DNCR21-2	2,448,102	2,448,102	–
DNCR21-3	2,500,000	2,500,000	–
DNCR21-4	8,000,000	4,000,000	4,000,000
DNCR21-5	15,000,000	5,000,000	5,000,000
DNCR21-6	75,000,000	41,233,563	33,766,437
DNCR21-7	5,000,000	5,000,000	–
DNCR21-8	4,000,000	4,000,000	–
DNCR21-9	800,000	800,000	–
DNCR21-10	4,200,000	4,200,000	–
DNCR21-11	15,000,000	15,000,000	–
DNCR21-12	12,200,000	9,000,000	3,200,000
DOA21-1	244,000,000	50,000,000	60,500,000
DOA21-2	13,700,000	13,700,000	–
DOA21-3	21,875,000	10,286,748	11,588,252
DOI21-1	3,500,000	3,500,000	–
DOJ21-1	1,673,500	1,673,500	–
DOJ21-2	2,836,952	2,836,952	–
DPI21-1	23,416,952	19,482,815	3,934,137
DPS21-1	10,702,952	10,702,952	–
NG21-1	N/A	3,569,696	–
NCGA21-1	2,000,000	2,000,000	–
NCGA21-2	13,191,316	1,800,000	11,391,316
UNC/NCS21-1	4,000,000	4,000,000	–
UNC/NCS20-1	160,000,000	18,250,000	36,500,000
UNC/ECS21-1	40,000,000	10,000,000	30,000,000
UNC/ECS21-2	2,500,000	2,500,000	–
UNC/ECS21-3	7,500,000	7,500,000	–
UNC/ECS21-4	34,000,000	4,000,000	10,000,000
UNC/ASU21-1	25,000,000	12,500,000	12,500,000
UNC/SSM21-1	12,000,000	12,000,000	–
UNC/NCC21-1	3,011,000	3,011,000	–
UNC/ECU21-1	215,000,000	21,500,000	53,750,000
UNC/PEM21-1	91,000,000	9,100,000	22,750,000
UNC/FSU21-1	20,000,000	2,000,000	5,000,000
UNC/WSS21-1	57,000,000	5,700,000	14,250,000

UNC/R&R21	N/A	250,000,000	250,000,000
R&R21	N/A	200,000,000	200,000,000
CC21	400,000,000	100,000,000	100,000,000
SDR21	100,000,000	50,000,000	50,000,000
CF21	64,957,500	32,478,750	32,478,750
K-12F21	41,000,000	20,500,000	20,500,000
AP21	69,650,000	34,825,000	34,825,000
DAM21	35,300,000	17,650,000	17,650,000
CNC21	400,000,000	200,000,000	200,000,000

SECTION 40.1.(c) Of the funds in the State Capital and Infrastructure Fund allocated in subsection (b) of this section for the 2021-2023 fiscal biennium for repairs and renovations pursuant to G.S. 143C-8-13, the following allocations are made to the following agencies:

(1) Of the amount allocated for project code UNC/R&R21 from the State Capital and Infrastructure Fund, the Board of Governors is encouraged to allocate the sum of one hundred twenty-five million dollars ($125,000,000) in each fiscal year of the 2021-2023 fiscal biennium for comprehensive renovation and facility modernization projects.

(2) Of the amount allocated for project code R&R21 from the State Capital and Infrastructure Fund, the Office of State Budget and Management is encouraged to allocate the sum of fifty million dollars ($50,000,000) in each fiscal year of the 2021-2023 fiscal biennium for comprehensive renovation projects for State agencies, excluding The University of North Carolina.

The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-8-13(b). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-8-13(b).

SECTION 40.1.(d) The Board of Governors of The University of North Carolina shall utilize the funds allocated for project code UNC/R&R21 in subsection (b) of this section for the projects listed in this subsection. The Board of Governors may prioritize funding for the following listed projects that the General Assembly intends to fund through the 2023-2025 fiscal biennium:

UNC Constituent Institution	**Authorized Project Cost**
Appalachian State University–	
Wey Hall Envelope & Roof Repair	$5,000,000
Wey Hall Partial Renovation–Building Systems	10,000,000
Walker Hall HVAC Repair & Upgrades	500,000
Walker Hall Envelope & Structural Repair	1,300,000
Campus-Wide Electronic Door Access Installation	1,500,000
Chapell Wilson Gutter/Soffit/Roof Replacement	600,000
Smith Wright Hall Roof Repair & Replacement	1,000,000
Holmes Convocation Center Chiller	200,000
BB Dougherty Chiller Repair	100,000
Facilities Operations/Motorpool Wall Repairs	300,000
John E. Thomas Chiller Compressor Upgrades	250,000
Anne Belk Hall Hot Water Piping Replacement	500,000
Edwin Duncan Hall HVAC & Lighting Improvements	800,000
John E. Thomas Envelope	300,000
Howard Street Hall Road Opening	200,000
Holmes Convocation Center VAV Replacement	150,000
Peacock Elevator Upgrade	200,000

University Hall Sprinkler System	250,000
Duncan Hall Renovation	20,000,000
East Carolina University–	
Brody High-Rise Code Compliance, Phase 2	6,000,000
Main Campus-College Hill Drive Steam, Phase 3	2,500,000
Whichard Building Comprehensive Renovation	10,000,000
Speight Building Roof, Window, & Envelope Replacement	4,000,000
Chilled Water Extension to Whichard & Graham	6,475,000
Main Campus-Relocate Steam & Condensate, Phase 1	5,000,000
Health Science Building Envelope Infiltration Repairs	5,000,000
Brody Building Freight Elevators-Emergency Power	250,000
Science & Technology–Replace Roof	400,000
Old Cafeteria Building–Install Steam Manhole & Replace Piping	300,000
Health Science Campus Catwalks/Central Utility Plant	225,000
Warren Life Sciences–Replace Roof–Section B	300,000
Health Science Campus Central Utility Plant Transformers 1 & 2	404,000
Bate Upgrade Elevators (2)	350,000
Rivers–Replace Roof	300,000
Christenbury–Replace Roof	410,000
Brody Building Envelope Infiltration Repairs, Phase 1	1,500,000
Brody Chilled Water Loop Valve Replacement	100,000
Jenkins Art North Building Envelope Repairs	1,750,000
McGinnis Scene Shop–Replace Roof	100,000
Brody–Inline Fan Replacement, Phase 1	200,000
Jenkins Art–Replace Distribution Sub Panels, Westside Jenkins Art	225,000
Messick–Upgrade/Replace Elevator	150,000
Building 127–Upgrade/Replace Elevator	150,000
Coastal Studies Annex–Repair & Coat Siding & Roofing	100,000
School of Dental Medicine/Comm. Svc. Learning Ctrs. Upgrades (HVAC & Indoor Air Quality)	203,000
Main Campus Steam Plant–Install Steam Blanket for Boilers	100,000
McGinnis Auditorium–Upgrade/Replace Elevator	300,000
Brewster–HVAC Controls Optimization/D Wing	400,000
Greenville Centre–HVAC Controls Upgrade (Specific Remote Terminal Unit Variable Air Volumes)	300,000
Plate & Frame Heat Exchanger for Science & Technology/ Central Chiller Plant w/Controls Upgrade	300,000
Old Cafeteria Building Controls Upgrade (Specific Direct Digital Control)	300,000
Carol Belk Building–HVAC System (Specific Variable Air Volume Integration)	300,000
Rivers Building–HVAC System (Specific Variable Air Volume)	300,000
Austin Building–Air Handlers Replacement	1,500,000
Warren Life Sciences–Extend Sprinkler System to Original Section	181,000
Building 43–Upgrade Freight Elevator/Replace Shaft and Jack	230,000
Main Campus–Replace Power Distribution System Steam Plant	250,000
Biotechnology Building–Upgrade Laboratory Exhaust System	452,000
Biotechnology Building–Replace Exhaust Fans	130,134
Repair & Repave Service Drive at West End Dining/ Behind White Residence Hall	150,000
Wright Building/Wright Auditorium–Fire Alarm System Upgrade	300,000
Old Cafeteria & Ragsdale Annex–Replace Roof	240,000
Brody School of Medicine–Replace Computer Room Air Conditioning Units	200,000

Cotanche Data Center–Renovations to Improve Fire Protec. Syst./Data Rooms	210,000
Howell Science Building South	30,000,000
Elizabeth City State University–	
Repair Campus Main Switch	700,000
Repair Campus Pump Station	650,000
Infrastructure Upgrades–Water & Electrical, Phase 1	12,000,000
Emergency Generator Power–Operations	4,900,000
Emergency Generator Power–Residence Halls	2,100,000
Campus-Wide Lockdown System	2,000,000
Building Demolition (4 Buildings)	1,500,000
Butler Residence Hall Renovations	2,500,000
Underground Infrastructure–	
(Replace all campus plumbing gate valves/infrastructure for fire pump)	150,000
Underground Infrastructure–	
(Replace 6-in. with 8-in. line to improve water volume/Campus North)	300,000
Jenkins Hall, Phase 2–Renovation of Laboratory and Classroom	400,000
Vaughn Center–Repair Student Phys. Ed. Learning Spaces–	
(Pool, flooring, ceilings & building envelope)	550,000
Fine Arts–Roof Replacement	200,000
Dixon Hall–Classroom & Laboratory Renovations	400,000
ITC–Air Handler Replacement	300,000
Lester Hall–Demolition	495,000
Infrastructure Upgrades–Water & Electrical, Phase 2	27,000,000
Fayetteville State University–	
Lyons Science Renovation	1,500,000
Butler Renovation–(HVAC, Bldg. Envelope, Fire Alarm)	3,450,000
A.B. Rosenthal Building–Targeted Renovation	10,000,000
Campus-Wide Utility Infrastructure	9,950,000
Barber/Collins Admin Complex–Roof Replacement	200,000
Campus-Wide Exterior Lighting Retrofit	400,000
Campus-Wide Brick Paver & Concrete Walk Repairs	500,000
Telecom–Roof Replacement	150,000
Butler–Roof Replacement	650,000
Chesnutt–MEP (Generator)	400,000
Telecom–MEP (Central Plant Tie, AHU, BAS, MDP, Generator)	750,000
University Advancement–MEP (AHU, Heat Pumps, BAS, MDP)	600,000
FM Complex–MEP (HVAC, MDP, Generator, Restrooms)	450,000
Harris CBE–Precast Concrete Structural Repair	100,000
Cook–Exterior Stairs & Patio Repairs	100,000
J. Knuckles Science Annex–Roof Replacement	150,000
H.T. Chick–Targeted Renovation	9,500,000
North Carolina Agricultural & Technical State University–	
Carver Hall–Comprehensive Modernization, Phase 1	9,700,000
Price Hall–Renovation, Phase 1	8,000,000
Marteena Hall Renovation	9,100,000
General Classroom, B Side–Roof Repairs	1,241,107
Boiler Replacement	1,459,200
Hines Hall–HVAC Modifications	300,000
Waterproofing Buildings	600,000
IRC Building–HVAC Repairs/Replacement	705,274
Dudley–HVAC Repairs/Controls	403,305

McNair Hall–HVAC Repairs	250,000
Elevator Repairs/Replacement	450,000
Campus-Wide Steam Leaks	500,000
Building Steam System Repairs	200,000
Moore Gym/Hodgin Hall/Fraiser Hall–Roof Repairs	1,000,000
Price Hall/1020 Wendover/Hodgin Hall/Campbell Hall/C.H. Moore–	
Window Replacement	200,000
1020 Wendover/Price/Corbett Sports Center/Campbell, & Carver–	
Asbestos Abatement	150,000
Campus-Wide–Back Flow Preventors	300,000
Beef Barn/Bull Barn/Calf Barn/Dairy Barn	100,000
Carver Hall–Comprehensive Modernization, Phase 2	10,400,000
Price Hall Renovation, Phase 2	8,500,000
North Carolina Central University–	
Lee Biology Renovation	8,100,000
B.N. Duke Auditorium–Steam to Natural Gas Conversion	350,000
Art Museum–Roof Replacement	250,000
Campus-Wide Steam System Repairs	
(Steam Traps, Valves, Leaks, Piping & Insulation Replacement, MHs)	600,000
Robinson Science Building–Repair & Restore Brick Façade	300,000
Hubbard Totton Building–Elevator Replacement	350,000
Campus-Wide ADA Compliance Upgrades, Phase 2	100,000
William Jones Building–HVAC Upgrades	450,000
Walker PE Complex–Elevator Replacement	350,000
Sanitary Sewer System–	
(Locate/assess terra-cotta pipes; stop inflow and infiltration)	100,000
Roof Gutters & Vent Repairs	310,000
Taylor Building–Repair & Restore Brick Façade	161,000
Water System–Re-route South and East Sides/Increase Capacity	135,000
Campus-Wide Annual Flat Roof Diagnostics, Prev. Maint., & Leak Repairs	300,000
Fire Alarm Systems Upgrades & Repairs	250,000
Steam Plant–Roof Repair	40,000
Asbestos/Mold Remediation & Contaminants Removal	300,000
Shepard Library–ITS/NOC/HVAC Upgrades	230,000
Fine Arts Building–Fire Alarm System Replacement	495,000
Miller Morgan Building–VFDs Replacement	80,000
B.N. Duke Auditorium–Repair & Restore Brick Façade	300,000
Edmonds Building–Brick Façade Repair & ADA Access	
(Ease of Entry & Code Compliant Steps and Handrails)	245,300
Taylor Education Building Renovation	13,750,000
North Carolina School of Science and Mathematics–	
Campus-Wide HVAC Renovations	2,000,000
Chiller Replacement	3,000,000
Building Envelope Repairs	5,850,000
Cafeteria Renovation	2,500,000
Academic Commons & Dining Hall Renovation	12,400,000
North Carolina State University–	
Page Hall–Building Envelope Repairs & Plumbing Upgrades	4,000,000
Scott Hall–HVAC Renovation	5,000,000
Mann Hall–HVAC & Plumbing Renovation	10,000,000
Kilgore Hall–HVAC Renovation	10,000,000

North & Central Campus–Domestic Water Line Replacement	4,303,000
Poe Hall–Fire Protection Systems	3,500,000
Thomas Hall–HVAC Renovation	4,000,000
Research Building III–HVAC Upgrades	900,000
Original Campus–Domestic Water Line Repair Under RR Tracks	270,000
Dabney Labs–Renovation	1,500,000
Polk–2nd Floor Overhang Structural Repair	150,000
Scott Hall Labs–Renovation	2,500,000
Brooks Hall–Renovation, Phase 1	1,500,000
Mann Hall–Electrical Upgrades	950,000
Thomas Hall Labs–Renovation	1,000,000
CVM Equine AHU Replacement	300,000
McKimmon–ADA Improvements/Restrooms	500,000
Morrill Drive Domestic Water Line Replacement	661,000
Nelson, Park Alumni, Beef Ed. Unit, Schaub, CVM Research– Fire Alarm Panel Replacement	250,000
Campus-Wide Domestic Water Line & Valve Replacement, Phase 2	650,000
Don Ellis, Brooks–BAS Controls Upgrade, Phase 1	100,000
Polk Hall Labs–Renovation, Phase 1	1,500,000
Campus-Wide Asbestos Removal Steam System	650,000
Caldwell Hall–Pointing & Caulking	100,000
Research Building I–AHU Replacement	850,000
Research Building IV–HVAC Upgrades	1,100,000
Centennial Campus–Repair Steam Leaks	550,000
CVM Main–Fire Alarm Upgrade, Phase 3	400,000
Mann Hall–Fire Sprinkler System	500,000
Campus Steam Leak Repair–MH13	200,000
Gardner Labs–Renovation	480,000
Textiles–COT Pod 2, South Side Foundation Waterproofing	350,000
Campus Cooling Tower Refurbish at CBC	250,000
Polk Hall–Fire Alarm Upgrade	600,000
Biltmore–Code Deficiencies	2,000,000
Campus Upgrade Sanitary/Storm Water System, Phase 1	844,000
Campus Chilled Water System Improvements	575,000
Kilgore–Foundation Waterproofing	350,000
Cox–Pointing & Caulking	300,000
Tompkins Hall–Above-Grade Waterproofing/Pointing	200,000
Yarborough–Chiller Controls Upgrade	146,000
Campus Sewer Line Replacement/Court of NC	175,000
111 Lampe Drive Renovation	42,000,000
University of North Carolina at Asheville–	
Campus Safety Improvements, Access Control, Cameras	2,300,000
Campus Roadway Repairs	4,400,000
Campus-Wide–Arc Flash Compliance, Phase II	150,000
Replace & Upgrade Fueling Station/Compliant Storage Tanks & System (FCAP #31053)	150,000
Replace Pedestrian Paths/Main Quad to Owen Hall	250,000
Replace Walkways in Tennent Park/ADA Accessible Path to Main Quadrangle/Carmichael Hall	250,000
Repair Concrete at Carmichael Plaza & Walk Along Ramsey/Tennent Park	200,000
Reuter Center–Replace BAS; Add VFD to AHU (FCAP #31131)	150,000

Reuter Center/Riverside Warehouse–Roof Replacements (FCAP #14433)	475,000
Rework Intersection at Edgewood & University Heights	250,000
Utility Location Survey/Installation of Underground Utility Markers	200,000
Zageir Hall–Replace Machinery w/new HE Models (FCAP #31124)	225,000
Underground Waterline Repairs–	
(Replace Domestic Waterline/Valves & Assoc. Work)	506,000
Campus-Wide–Implement Interoperable Communications/911 Commission	250,000
Campus-Wide–Install Sub-Metering in all Buildings:	
(Gas, Electric, Domestic Hot Water, Rain Water Systems, & Heating)	150,000
Replace Sidewalks at Zageir Hall	150,000
Weizenblatt Hall–Replace Low Slope Roof w/New Membrane Roof	175,000
118 W.T. Weaver–HVAC Replacement	
(Replace Major HVAC Equip./Update Controls)	518,974
Campus-Wide–Replace Deteriorated/Rusted Handrails w/Aluminum	250,000
Lipinsky Renovation	10,000,000
University of North Carolina at Chapel Hill–	
Wilson Library–Means of Egress	9,300,000
Swain Hall–Targeted Renovation	5,800,000
Phillips Hall–1958 Central HVAC System	6,000,000
Hamilton Hall–Central HVAC System	8,800,000
Wilson Library–1953 Central HVAC System AHU 1 & 2	7,000,000
Wilson Library–1953 Central HVAC System AHU 3	4,000,000
462 Art Studio Bldg.–Steel Roof	219,772
12 Carroll Hall–Replace Roofing/Built-Up Roof, Sector C	406,823
209 First Dental–Replace Roofing/Slate Roof	565,120
166 General Storeroom–Replace Roofing/Built-Up Roof, Sector 5	577,490
625 ITS Building-Manning–Replace Roofing/Built-Up Roof	672,719
27 Memorial Hall–Replace Barrel Roof	330,000
226 Old Clinic–Replace Built-Up Roof	283,355
5 South Building–Replace Metal Roof/Gutters & Install Fall Protection	927,239
228 Brinkhous-Bullitt Building–Electrical Service & Distribution	
(Replace Main/Sub-Distribution)	4,843,986
12 Carroll Hall–Repair & Renovate Elevator #1618	746,929
12 Carroll Hall–Repair & Renovate Elevator #6442	464,850
41 Coastal Process Environmental Health Lab Building–	
System Cumulative Deficiencies	675,000
13 Davie Hall–Replace Air Handling Unit 1A, 1st Floor, 1967 Bldg.	428,865
13 Davie Hall–Replace Air Handling Unit 1B, 1st Floor, 1967 Bldg.	169,045
3 Ackland Art Museum–Install Bldg. Automation System	236,625
13 Davie Hall–Replace Air Handling Unit 1C, 1st Floor, 1967 Bldg.	225,461
14 Dey Hall–Repair & Renovate Elevator #4576	407,206
369 Friday Center–Replace Heating/Cooling Air Handling Units:	
AHU 01/Office, 1st Floor	255,456
369 Friday Center–Replace Heating/Cooling Air Handling Units:	
AHU 02/Mail/Book Room, 1st Floor	272,402
462 Art Studio Building–Install Fire Sprinkler System	326,540
211 Brauer Hall–Fire Alarm Systems:	
Replace Fire Alarm Initiating Devices & Control Panel	565,868
13 Davie Hall–Fire Alarm Systems:	
Replace Fire Alarm Control Panel	135,985
498 Kenan Center–Fire Alarm Systems:	

Replace Initiating Devices & Control Panel	200,000
3 Ackland Art Museum–Air Handling Units:	
(AHU 2, Rear Galleries, Admin, 1983 Building)	419,748
24 Wilson Library–Replace AHU 7 HVAC System	5,086,299
3 Ackland Art Museum–Replace Windows/Painted Wood Window	484,785
328 Bingham Facility (Building 1)–Replace Roofing/EPDM Roof	225,560
228 Brinkhous-Bullitt Building–Provide Roof Fall Protection	156,547
229 Burnett-Womack Building–Provide Roof Fall Protection	138,419
University of North Carolina at Charlotte–	
Atkins Library Tower–ADA & Elev.	10,000,000
Smith–Replace HVAC & Controls, Envelope, Replace Roof	5,950,000
Atkins Library Tower–Fire & Smoke Systems	3,840,000
Woodward–Controls & Lab HVAC Modernization	2,700,000
Friday–HVAC, Controls & Electrical Upgrade	9,700,000
Atkins–Roof	911,250
Reese–Roof	226,100
Reese–Fire Systems	773,500
Memorial Hall–Fire Systems	327,250
Duke–HVAC & Controls	654,500
Friday–Roof	1,011,000
RUP-2–HVAC & Controls	416,500
King–Fire Systems & Abatement	729,000
Fretwell–HVAC & Controls	1,574,009
Memorial Hall–Envelope	120,311
Memorial Hall–Roof	188,792
Reese–Envelope	995,269
King–Envelope	839,459
Grigg–HVAC & Controls	561,202
Friday–Fire Systems	631,072
Rowe–Elevators	156,334
Rowe–Electrical	154,042
Fretwell–Fire Systems	362,670
Cameron–Second Floor Renovation	19,100,000
Burson–Renovation	25,900,000
University of North Carolina at Greensboro–	
Coleman–Fire Alarm Replacement	2,440,000
Steam Distribution Replacement, Phase IV-B	1,550,000
Campus Chiller Water Infrastructure & Equip. Improvements	10,400,000
Petty Bldg.–Portico Waterproofing	712,031
MHRA Building–Fire Alarm System Replacement	985,327
Mossman Bldg.–Roof Replacement	773,128
Campus-Wide ADA Compliance–Restrooms/Entrances, etc.	400,000
UNCG State Building–Exterior Envelope Repairs	762,000
Cone Art Bldg.–Replace Gallery Lighting/Light Controls, Phases 2 & 3	861,750
Replace Generator Diesel Fuel Tank	839,175
Campus-Wide–Replace Property-Line Fences/Replace Underground Piping for Roof Drainage	230,000
Sullivan Science Bldg.–Replace HVAC/Greenhouse	683,434
Campus-Wide–Pedestrian Crosswalks Repair & Upgrade	486,000
Armfield-Preyer/Visitor's Center–Exterior Renovation & Waterproofing	435,000
Campus-Wide Walks and Hardscape Improvements	240,000

Campus-Wide Asbestos & Lead Abatement	240,000
Petty Bldg.–Replace EST QuickStart Fire Alarm System	400,000
Sink Bldg./Maintenance Compound–Asphalt Replacement	140,000
Coleman Bldg.–VCT Flooring Abatement & Replacement	250,000
996 Spring Garden/1605 Spring Garden/535 Tate Street/2900 Oakland Ave.– Fire Alarm Upgrade	250,000
Cone Arts/Lecture Hall, Room 103–Seating, Flooring, Lighting, Other Upgrades	187,000
Jackson Library–Renovation/Addition	81,000,000
University of North Carolina at Pembroke–	
Jacobs Hall–Demolition/Site Restoration	1,250,000
Campus Roof Replacements	1,500,000
Campus Safety & Regional Emergency Response Center	4,480,000
Campus Gas Line Replacement	550,000
Jones Pool–HVAC Replacement	1,300,000
Livermoore & Jones–Generator	424,500
Honors College–Renovation	250,000
Jones Auxiliary Gym/Dance Studio–Flooring/Studio Upgrades	625,000
Education–Boiler Replacement	110,000
Chavis–Air Handlers	390,000
Moore Hall & Chavis–Boiler Replacement	190,000
Lumbee Hall & Old Main–Elevator Replacement	465,000
Jones/Livermore/Lumbee/Old Main–FACP Replacement	682,000
Jones–Ceiling Repaint	110,000
Business Administration Renovation	12,500,000
School of the Arts–	
Stevens Center–Roof, Water Intrusion, Bldg. Envelope	4,800,000
Gray Building–Roof, Bldg. Envelope, HVAC, Fire Suppression	3,350,000
Performance Place/Workplace/WPV–Roof Replacements	2,435,000
Gray Building–New Electrical Service Main	256,000
Design and Production/Workplace/Film Building 3–Life Safety Code Correction	134,000
Admin/Aquarius/Facilities/D&P Storage/WorkplaceWest V/Demille– Install Exit/Egress Lighting	115,000
Workplace–Renovate Drama Studios	448,000
Drainage & Landscape Improvements/Common Area at Moore & Sanford	397,000
Workplace–Renovate Drama Administrative Offices	323,000
Facilities Management–Install Shop Exhaust & Heating System	95,000
Gray Building–Remove Boilers	123,000
Film School, Buildings 1 & 2–Repair & Replace Windows	202,000
Film Archives Building–A/C & Controls	485,000
Performance Place, Film 2– Provide Heating/Cooling to Control Booth and Foley Booth	87,000
Gray Building–Modifications to Heating/Ventilation/AC System for Police	101,000
Film School–Paint Rooftop Components	81,000
Facilities Management–Resurface Drives/Vehicle Staging	75,000
Design & Production–Renovate Administrative/Faculty Offices	162,000
Design & Production–Mechanical System Retrocommissioning	134,000
Campus-Wide ADA/Misc. Improvements	39,000
Chapel St. Buildings–Roof Replacement	34,000
300 Waughtown–Exterior Waterproofing & Repairs	73,000
Film School, Building 3–Theater Dimmers	232,000
Hanes Student Commons–Motor Control Center	150,000

Commons Building–Upgrade Air Distribution & Controls	93,000
Commons–Partial Interior Renovation	75,000
Residence Halls A-F–Replace Floor Slabs, Sidewalks, & Stairs	118,000
Stevens Center Renovation, Phase 1	25,000,000
University of North Carolina at Wilmington–	
Coastal Marine Studies–Plumbing, Mech., Elec. Renovation	9,930,000
West Side Energy Plant Modernization	3,926,440
Wagoner/Hurst/Hamilton Roadways–Storm Water Refurbishment	2,500,000
Warehouse/Receiving–Replace Fire Alarm System	161,000
Telecommunications–Replace Fire Alarm System	62,000
Kenan Auditorium–Fire/Life Safety Improvements	75,000
Isaac Bear Bldg.–Fire Sprinkler	410,000
Alderman Hall–Replace Windows	280,000
Randall Library Renovation & Expansion	61,500,000
Western Carolina University–	
Killian Building–HVAC Upgrades/Window Replacement	3,570,000
Reid Building–Roof Replacement	2,520,000
Moore Building–Abatement, Demo. & Struct. Improvements	7,100,000
Moore Building–Infrastructure & Accessibility	4,200,000
HFR Building–Roof Replacement	660,000
Campus-Wide Fire Alarm System Upgrades	300,000
Reid Building–Gym Floor Replacement	275,000
Undersized Water Main Replacements/Non-Functioning Valves/Upgrade Lines	3,000,000
Facilities Management Building–Roof Replacement	193,000
Highlands Biological Station–Structural Repairs	250,000
Ramsey Activities Center–Elevator Replacement	250,000
HFR Building–Chiller Replacement	200,000
Old Student Union–Foundation & Exterior Repair	450,000
Hunter Library–Cooling Tower Replacement	175,000
Campus-Wide Egress Lighting/Exit Light Replacement	100,000
Moore Building Renovation	15,000,000
Winston-Salem State University–	
Hauser Hall Renovations–Restore the Core	9,500,000
Computer Science–Roof Repair	120,000
Gaines Complex–Roof Replacement	660,000
Computer Science–Exterior Wall Repairs	110,000
W.B. Atkinson–Exterior Wall Repairs	125,000
Elva Jones Computer Science–HVAC Upgrades/BAS Controls Replacement	1,450,000
O'Kelly Library–Upgrade HVAC Make-Up Air System	375,000
1600 Lowery St.–Add Fire Alarm System	125,000
Campus-Wide Fire Alarm System Upgrades	750,000
R.J. Reynolds–Roof Replacement	205,000
Coltrane Hall–Exterior Wall Repairs/Door & Window Replacement	275,000
O'Kelly Library–Upgrade Electrical System	250,000
Hauser Hall–Renovation, Phase 2	7,500,000
PBS North Carolina–	
Tower Lighting/FAA Markers/Tower Elev. Repair	2,200,000
Bryan Center–Replace HVAC Air Handler & Controls	2,707,000
Bryan Center–Chiller & Cooling Tower Replacement	1,120,000
North Carolina Arboretum–	
Infrastructure Restoration & Road Projects	1,000,000

SECTION 40.1.(e) Of the funds in the State Capital and Infrastructure Fund allocated in subsection (b) of this section for project code CC21, the following amounts are allocated for capital improvement projects at community colleges in this State in the aggregate amount of four hundred million dollars ($400,000,000). Funds allocated pursuant to this subsection shall be used for the purpose of issuing allotted proceeds to community colleges for new construction or rehabilitation of existing facilities and repairs and renovations in accordance with the following:

Community College	**Proceeds Allotment**
Alamance CC	$ 7,938,704
Asheville-Buncombe TCC	$ 8,265,643
Beaufort County CC	$ 4,149,414
Bladen CC	$ 3,520,119
Blue Ridge CC	$ 2,905,574
Brunswick CC	$ 2,278,736
Caldwell CC and TI	$ 6,909,954
Cape Fear CC	$ 9,986,372
Carteret CC	$ 3,375,700
Catawba Valley CC	$ 8,655,880
Central Carolina CC	$10,031,233
Central Piedmont CC	$20,000,000
Cleveland CC	$ 7,598,247
Coastal Carolina CC	$ 8,460,455
College of the Albemarle	$ 6,376,529
Craven CC	$ 5,765,056
Davidson County CC	$ 6,755,089
Durham TCC	$ 6,188,478
Edgecombe CC	$ 5,417,837
Fayetteville TCC	$20,000,000
Forsyth TCC	$14,572,113
Gaston College	$ 9,009,858
Guilford TCC	$19,525,968
Halifax CC	$ 2,996,526
Haywood CC	$ 2,105,434
Isothermal CC	$ 5,007,321
James Sprunt CC	$ 3,144,017
Johnston CC	$ 5,111,793
Lenoir CC	$11,826,322
Martin CC	$ 2,190,242
Mayland CC	$ 3,829,850
McDowell TCC	$ 2,173,649
Mitchell CC	$ 3,397,210
Montgomery CC	$ 1,860,231
Nash CC	$ 7,753,111
Pamlico CC	$ 1,222,332
Piedmont CC	$ 3,001,442
Pitt CC	$14,535,241
Randolph CC	$ 5,418,451
Richmond CC	$ 7,526,958
Roanoke Chowan CC	$ 2,217,281
Robeson CC	$ 6,555,976
Rockingham CC	$ 4,407,523

Rowan-Cabarrus CC	$12,614,170
Sampson CC	$ 5,203,976
Sandhills CC	$ 4,970,448
Southeastern CC	$ 6,701,009
South Piedmont CC	$ 5,560,411
Southwestern CC	$ 5,020,226
Stanly CC	$ 5,610,190
Surry CC	$ 7,888,312
Tri-County CC	$ 2,055,656
Vance-Granville CC	$ 7,394,217
Wake TCC	$20,000,000
Wayne CC	$ 9,149,360
Western Piedmont CC	$ 3,947,229
Wilkes CC	$ 5,514,320
Wilson CC	$ 4,402,607

SECTION 40.1.(f) There is created within the Community Colleges System Office the Community Colleges Building Fund as an interest-bearing capital project fund. At the beginning of each fiscal year, the Office of State Budget and Management shall transfer an amount equal to the amount allocated for community college capital projects in the most recent Current Operations Appropriations Act to the Community Colleges Building Fund. Proceeds disbursed from the Fund shall be used for new construction or rehabilitation of existing facilities, repairs and renovations, building of technology infrastructure, and the purchase of measures to ensure building security. Projects for facilities for centralized administration, trailers, relocatable classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life of at least 10 years or must extend the life of the facility by at least 10 years once renovated or rehabilitated. The Community Colleges System Office shall develop a priority list of projects and capital needs to administer the proceeds from the Community Colleges Building Fund and shall prioritize allocation of funds among projects for new construction and repairs and renovations by ranking the projects for the various community colleges according to greatest need and the ability for disbursed funds to be expended and projects completed expeditiously.

As of the effective date of this section, a county that is a development tier three area, as defined in G.S. 143B-437.08, shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds in the amount of one dollar ($1.00) of local matching funds for every one dollar ($1.00) of such proceeds. The provisions of G.S. 115D-31, or any other provision of law permitting prior expenditures to be used for match purposes, do not apply for purposes of meeting the matching funds requirements of this section. For rehabilitation of existing facilities and repairs and renovations, community colleges are not required to match proceeds allocated in this section. Each community college receiving the proceeds allocated pursuant to subsection (e) of this section shall report by January 1, and quarterly thereafter, to the Community Colleges System Office on the projects funded from those allocations, and the Community Colleges System Office shall combine the reports and submit them in accordance with G.S. 143C-8-14. Allocations from the fund shall not be used to retire debt issued or authorized prior to July 1, 2021. The amount distributed to any single community college shall not exceed the amount listed in the allocation schedule in subsection (e) of this section. Interest credited to the Community Colleges Building Fund shall revert to the State Capital and Infrastructure Fund.

SECTION 40.1.(g) For project code NCGA21-2, the Legislative Services Office shall utilize funds appropriated for the 2021-2022 fiscal year to expand upon the Government Facilities Master Plan initiated pursuant to Section 36.2(a) of S.L. 2018-5, with a focus on

potential remodeling expenditures and the use of leasing alternatives to more effectively renovate and remodel State-owned property for the following:

(1) The Department of Public Instruction/Education Building.
(2) Dobbs Building.
(3) Bath Building.
(4) Albemarle Building.
(5) The Department of Administration Building.

The expanded Government Facilities Master Plan outlined in this subsection shall also consider available options for consolidating the facilities of the Department of Commerce, The University of North Carolina System Office, the Community Colleges System Office, and the Department of Public Instruction into a single location located in the downtown government complex.

SECTION 40.1.(h) In connection with the expanded Government Facilities Master Plan described in subsection (g) of this section, the Legislative Services Office, utilizing the Alternative Workplace Requirements methodology developed for the State of North Carolina during a project conducted with the assistance of the Office of State Auditor in 2019, shall direct a study of the Albemarle Building to determine the necessary space to house the Office of the State Auditor, considering the necessary amount of square footage that employees, or groups of employees, need in order to perform the required tasks for their positions. The cost of the study described in this subsection shall not exceed one hundred thousand dollars ($100,000) and shall be funded utilizing funds available to the Department of Insurance.

SECTION 40.1.(i) For project code NCGA21-2, and notwithstanding G.S. 143-135.26 or any other provision of law to the contrary, the Legislative Services Office shall utilize the funds appropriated for the 2022-2023 fiscal year to initiate advance planning, full planning, and design for the location of The University of North Carolina System Office in the downtown government complex, including any facility consolidation identified using the study conducted pursuant to subsection (g) of this section.

SECTION 40.1.(j) Of the funds allocated in this Part for project code CF21, the Administrative Office of the Courts (AOC) shall provide funds in the form of aggregate grants in the following amounts to the following counties for courthouse repair and renovation:

County Courthouse	**Grant Amount**
Alleghany County	$2,000,000
Burke County	$1,000,000
Cabarrus County	$4,500,000
Caldwell County	$4,500,000
Cleveland County	$4,500,000
Columbus County	$2,000,000
Davie County	$1,000,000
Hoke County	$31,000,000
Jones County	$250,000
Lenoir County	$550,000
Lincoln County	$4,500,000
Madison County	$3,800,000
Pender County	$250,000
Rutherford County	$3,107,500
Stokes County	$2,000,000

SECTION 40.1.(k) Of the funds allocated in this Part for project code K-12F21, the Department of Public Instruction (DPI) shall provide funds during the 2021-2022 fiscal year in the form of aggregate grants for repair and renovation of athletic facilities and related activities in the form of grants as follows:

Facility/Project	**Amount**

Alexander Central High School–	
Track	$300,000
Tennis Courts	$330,000
North Lincoln High School–	
Field Turf	$400,000
Mitchell High School–	
Football Field Turf	$1,100,000
Mountain Heritage High School–	
Field Turf	$1,100,000
Madison High School–	
Repairs	$2,500,000
Bethel Middle School–	
Sports Field	$1,500,000
Lincoln County–	
Lincoln Rescue Park Soccer Fields	$1,100,000

DPI shall distribute the remaining funds allocated for project code K-12F21 in the form of grants during the 2021-2023 fiscal biennium to local school administrative units for the repair and renovation of athletic facilities at public schools located in this State. DPI shall prioritize the provision of grants to low-wealth public school units.

SECTION 40.1.(*l*) Of the funds allocated in this Part for project code AP21, the Division of Aviation in the Department of Transportation (Division) shall provide funding for the repair and renovation of public use airport facilities in the form of grants in aggregate amounts as follows:

Airport Facility	**Amount**
Rockingham County NC Shiloh Airport	$7,000,000
Stanly County Airport	$28,000,000
Gastonia Municipal Airport	$250,000
Statesville Regional Airport	$500,000
Johnston County Airport	$7,500,000
Mt. Airy/Surry County Airport	$2,900,000
Cape Fear Regional Jetport	$3,500,000
Smith Reynolds Airport	$20,000,000

SECTION 40.1.(m) Of the funds allocated in this Part for project code DAM21, the Division of Energy, Mineral, and Land Resources in the Department of Environmental Quality (Division) shall provide funding for the repair of dams and related structures in the form of grants in aggregate amounts as follows:

Dam/Structure	**Amount**
Lake Lure Dam	$16,500,000
Boiling Springs Dam	$12,200,000
Lake Adger Dam	$6,500,000
Fair Lake Dam	$100,000

SECTION 40.1.(n) For the Gaston Aquatics Center (Center) grant allocated in this Part, Gaston Aquatics, Inc., a nonprofit organization, shall match the sum of two million dollars ($2,000,000) to the Center for pool construction on a one-to-one basis. The Center shall have four years in which to raise the matching funds. Upon raising the initial sum of one million dollars ($1,000,000) in non-State funding, the Center shall receive the sum of one million dollars ($1,000,000). Upon raising an additional sum of one million dollars ($1,000,000), the Center shall receive the sum of one million dollars ($1,000,000). Funds allocated in this Part to the Center that have not been disbursed by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

SECTION 40.1.(o) For the Gaston Community Foundation grant allocated in this Part, Gaston Community Foundation (Foundation) shall match the sum of two million dollars ($2,000,000) on a one-to-one basis. The Foundation shall have four years in which to raise the matching funds. Upon raising the initial sum of one million dollars ($1,000,000) in non-State funding, the Foundation shall receive the sum of one million dollars ($1,000,000). Upon raising an additional sum of one million dollars ($1,000,000), the Foundation shall receive the sum of one million dollars ($1,000,000). Funds allocated in this Part to the Foundation that have not been disbursed by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

SECTION 40.1.(p) From the funds allocated in this Part to the Gaston County Family YMCA, the Warlick Family YMCA (Warlick) shall be allotted the sum of five hundred thousand dollars ($500,000) upon raising matching funds in the sum of five hundred thousand dollars ($500,000) in non-State funds. Funds allocated in this Part that have not been disbursed by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

SECTION 40.1.(q) For project code DACS21-4, the Department of Agriculture and Consumer Services shall select a site located in Duplin County for the construction of the new Region 1 headquarters for the North Carolina Forestry Service.

SECTION 40.1.(q1) Section 3.9 of S.L. 2020-97 reads as rewritten:

"**SECTION 3.9.** The funds allocated to the North Carolina Forest Service by subdivision (10) of Section 4.1 of S.L. 2016-124 and that are unencumbered and unexpended for those purposes or for the additional purposes authorized by Section 12.9 of S.L. 2017-57 shall be used by the Department of Agriculture and Consumer Services for the following purposes:

(1) The ~~purchase and renovation of an existing facility for use as a regional headquarters and training facility~~ construction authorization and partial support of construction of a Region One headquarters and training facility for the North Carolina Forest Service. The facility shall include, but is not limited to, an office building with classrooms, an equipment maintenance facility, and multi-bay equipment shelters.

(2) Support of operations and other receipt-supported activities such as maintenance and repairs at the North Carolina State Fair and the Western North Carolina Agriculture Center."

SECTION 40.1.(r) For project code DNCR21-11, notwithstanding G.S. 143-341(4)d. and Article 6 of Chapter 146 of the General Statutes, the Department of Natural and Cultural Resources may utilize the funds allocated in this Part for Historic Sites for the following:

(1) An amount not exceeding six million one hundred thousand dollars ($6,100,000) for the purchase of approximately 194 acres containing Hayes Manor and the Samuel Johnston Historic Farm in Chowan County, to be added to Edenton State Historic Site.

(2) An amount not exceeding one hundred twenty-five thousand dollars ($125,000) for the purchase of approximately 48 acres adjacent to the Moore's Creek National Battlefield in Pender County. The Department shall seek to enter into a Memorandum of Agreement with the National Park Service to manage the site.

(3) An amount not exceeding thirty-seven thousand dollars ($37,000) for the purchase of approximately 2.35 acres near the Alamance Battleground State Historic Site in Alamance County, to be added to the Historic Site.

(4) An amount not exceeding one million dollars ($1,000,000) for the purchase of approximately 100 acres adjacent to the Charlotte Hawkins Brown State Historic Site in Guilford County, to be added to the Historic Site.

(5) An amount not exceeding one million eight hundred thousand dollars ($1,800,000) for the purchase of approximately 245 acres at the Shallow Ford

of the Yadkin in Forsyth County, to be managed in conjunction with other nearby historic sites.

(6) An amount not exceeding one hundred thousand dollars ($100,000) for the purchase of a conservation and preservation easement for an approximately 40-acre tract at the site of the Cherokee settlement of Watauga Town in Macon County.

(7) An amount not exceeding seven hundred thirteen thousand four hundred dollars ($713,400) for the purchase of two sites totaling approximately 2.6 acres and of a conservation and preservation easement at a third site of approximately 0.7 acres at the site of the Cherokee settlement of Nikwasi Town in the Town of Franklin in Macon County.

(8) An amount not exceeding ninety thousand dollars ($90,000) for the purchase of Wyse Fork Battlefield, consisting of approximately 46.65 acres known as the McQuiston Tract at Wyse Fork, as a match to American Battlefield Trust and federal Battlefield Land Acquisition Grant funds. The site is to be maintained by the Historical Preservation Group of Wyse Fork.

(9) Four hundred twenty-five thousand dollars ($425,000) for the construction of a parking lot at the Shallow Ford of the Yadkin in Forsyth County.

(10) Forty-two thousand dollars ($42,000) to be placed into the stewardship endowment to cover the cost of stewardship for the Moore's Creek National Battlefield in Pender County and the Cherokee settlements of Watauga Town in Macon County and Nikwasi Town in the Town of Franklin in Macon County.

(11) An amount not exceeding four hundred sixty-seven thousand five hundred dollars ($467,500) for the purchase of two tracts situated in Harnett and Cumberland Counties as a match for federal Battlefield Land Acquisition Grant funds to ultimately be transferred to the Averasboro Battlefield Commission.

(12) Fifty thousand dollars ($50,000) to be used for the Road to Freedom program.

(13) An amount not exceeding one million twenty thousand dollars ($1,020,000) for the purchase of six tracts situated in Johnston and Wayne Counties related to the Bentonville Battlefield as a match for federal Battlefield Land Acquisition Grant funds.

(14) One million dollars ($1,000,000) to be used for Horne Creek Historic Farm.

Notwithstanding G.S. 143-341(4)e. and Article 6 of Chapter 146 of the General Statutes, the Department of Natural and Cultural Resources may enter into a memorandum of understanding or a lease agreement with a nonprofit entity for the operation of the Hayes Manor facility and the Wyse Fork Battlefield, and other activities related to the operation of those sites.

At each of the sites described in this subsection, the Department of Natural and Cultural Resources shall seek to partner with nonprofit organizations to provide funds and in-kind contributions for site development, preservation, or operational support in order to minimize the use of public funds. The Department of Natural and Cultural Resources shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division no later than April 1, 2022, with an estimate of any additional recurring costs associated with acquisition, maintenance, and operation of the sites acquired pursuant to this subsection.

The Department of Natural and Cultural Resources shall utilize the remaining funds allocated for project code DNCR21-11 for repair and renovation projects at Historic Sites located in this State.

SECTION 40.1.(s) For the Holy Angels grant allocated in this Part, Holy Angels Services, Inc., a nonprofit, shall utilize funds received to pay for costs associated with the

construction of up to three new group homes with up to a combined total of 20 intermediate care facility for individuals with intellectual disabilities (ICF/IID) beds operating these new homes. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General Statutes, or any other provision of law to the contrary, Holy Angels Services, Inc., shall be exempt from certificate of need review for the construction of each group home, including up to a combined total of 20 new ICF/IID beds operating in the group homes, for which funding was received under this Part. These group homes and beds shall be subject to existing licensure laws and requirements.

SECTION 40.1.(t) For the Harnett Health Systems grant allocated in this Part, Harnett Health Systems, Inc., shall utilize funds received for the same purpose and subject to the same guidelines and limitations set forth in Section 9F.9(a) of this act.

SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE

SECTION 40.2. It is the intent of the General Assembly to fund capital improvement projects on a cash flow basis and to plan for future project funding based upon projected availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for the projects listed in future years. The following schedule lists capital improvement projects that will begin or be completed in fiscal years outside of the 2021-2023 fiscal biennium and estimated amounts (in thousands) needed for completion of those projects:

Project Code	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
UNC/R&R21	250,000	250,000	250,000	250,000	250,000	250,000
R&R21	200,000	200,000	200,000	200,000	200,000	200,000
DOA21-1	50,000	60,500	54,000	64,500	–	–
NCGA21-2	1,800	11,391.3	38,000	51,000	–	–
UNC/ECU21-1	21,500	53,750	86,000	53,750	–	–
UNC/NCS20-1	18,250	36,500	18,250	–	–	–
UNC/PEM21-1	9,100	22,750	36,400	22,750	–	–
UNC/ECS21-4	4,000	10,000	10,000	10,000	–	–
UNC/FSU21-1	2,000	5,000	8,000	5,000	–	–
UNC/WSS21-1	5,700	14,250	22,800	14,250	–	–
CC	100,000	100,000	100,000	100,000	–	–

WATER RESOURCES DEVELOPMENT PROJECTS

SECTION 40.3.(a) The Department of Environmental Quality shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years. These funds will provide a State match for an estimated two hundred twenty million five hundred twenty-six thousand dollars ($220,526,000) in federal funds.

	Name of Project	2021-2022	2022-2023
(1)	Princeville Flood Damage Reduction	$5,197,500	$5,197,500
(2)	Carolina Beach CSDM	4,750,000	1,083,333
(3)	Wilmington Harbor DA Maintenance	3,663,642	7,334,000
(4)	Kure Beach CSDM	4,889,423	825,641
(5)	Surf City/North Topsail Beach CSRM	14,537,000	14,537,000
(6)	Ocean Isle CSDM	494,599	1,534,615

(7)	WRD Grant Program–State & Local Projects	2,750,000	1,500,000
(8)	WRD Grant Program–EQIP Projects	2,000,000	2,750,000
(9)	Manteo Old House Channel, Sec. 204, CAP, (65/35)	2,700,000	–
(10)	Wrightsville Beach CSDM	3,487,500	469,471
	TOTALS	**$44,469,664**	**$35,231,560**

SECTION 40.3.(b) Part 8A of Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.73B. Water resources development grants administration.**

(a) Fund Creation. – There is established the Water Resources Development Grants Special Fund, a special fund within the Department of Environmental Quality to be used in accordance with this section.

(b) Fund Uses; Flexibility. – Monies within the Water Resources Development Grants Special Fund shall be used for water resources development projects as directed by an act of the General Assembly. Where the actual project costs are different from the authorized estimated project costs, the Department may adjust the allocations among projects as needed. If any funded projects are delayed and the budgeted State funds cannot be used during any given fiscal year, or if the projects are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) U.S. Army Corps of Engineers project feasibility studies.

(2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State matching funds in the current fiscal year.

(3) State-local water resources development projects.

(4) NRCS-EQIP stream restoration projects.

(c) Reports – The Department shall submit semiannual reports on the use of funds from the Water Resource Development Grant Special Fund to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Office of State Budget and Management on or before March 1 and September 1. Each report shall include all of the following:

(1) The project name.

(2) The estimated cost of each project.

(3) The date that work on each project began or is expected to begin.

(4) The date that work on each project was completed or is expected to be completed.

(5) The actual cost of the project.

The semiannual reports also shall show those projects advanced in schedule and those projects delayed in schedule.

(d) Maximum Share. – Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of the funds for the project. The limitation on fund use shall only apply to projects in which a local government participates."

SECTION 40.3.(c) The following project funds shall be transferred to the Water Resources Development Grants Special Fund established in G.S. 143-215.73B(a), as enacted in subsection (b) of this section:

Fund Number	Project Title	Allotment Balance
4T17	DWR – State & Local Projects	$187,438.98
4U07	DWR – State & Local Water Res Develop Grant	317,000.00
4U08	DWR – Cape Fear Lock & Dam # Fish Ramp	470,684.08
4U10	DWR – Environmental Qual Incent Prog	259,732.98
4V11	DWR – NRCS EQUIP	53,123.81

4V12	DWR – State & Local Projects	465,701.71
4Y13	DWR – NRCS EQUIP	881,757.48
4Y14	DWR – Everette Jordan Reservoir Water	15,167.24
4Y16	DWR – State & Local Projects	1,857,851.47
4Y17	DWR – Brunswick/FT Anderson Cape Fear	365,495.08
4Y19	DWR – Lindsey Bridge Dam Restoration	210,750.00
4Y26	DWR – Town of Rutherfordton Stream	500,000.00
4Y27	DWR – Ararat River Greenway Stream Restoration	500,000.00
4O01	DWR – Princeville Flood Damage Reduction (Pre-Contr/Design)	3,465,000.00
4O02	DWR – Carolina Beach CSRM	1,754,946.65
4O03	DWR – Kure Beach CSRM	2,187,500.37
4O04	DWR – Wrightsville Beach CSRM	2,206,487.00
4O05	DWR – Ocean Isle CSRM	1,040,016.76
4O06	DWR – Planning Assistance to Communities	244,613.13
4O07	DWR – Wilmington Harbor DA Maintenance	3,670,358.64
4O08	DWR – Morehead City Maintenance	1,980,627.09
4O09	DWR – Surf City/ North Topsail CSRM	12,500,000.00
4O10	DWR – Dan River Regional Water Supply Project	34,000.00
4O11	DWR – Carteret County (Bogue Banks) CSRM	2,567,320.08
4O12	DWR – Neuse River-Goldsboro Sec. 1135. CAP, Project Mods. (50/50)	333,500.00
4O13	DWR – Concord Streams, Sec. 206, CAP, Ecosystem Restoration, Strick Branch, Constr. (65/35)	1,023,000.00
4O14	DWR – Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000.00
4O15	DWR – B. Everette Jordan Reservoir Water Supply	1,732,410.25
4O16	DWR – North Topsail Beach Shoreline Protection – Phase 2	1,500,000.00
4O17	DWR – NRCS EQIP/Stream Restoration	2,064,698.97
4O18	DWR – State-Local Projects (WRD Grant Program)	4,734,317.22
4O20	DWR – Cape Fear Lock and Dam # 2 and # 3 Fish Ramp	903,140.24
TOTALS		**$50,151,639.23**

NATIONAL GUARD PROJECTS

SECTION 40.4.(a) From the funds allocated in this Part for Project Code NG21-1, the Office of State Budget and Management may disburse to the Department of Public Safety funds needed to provide a State match for federal funds for projects included in the latest Armory and Facilities Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs of facilities damaged during Hurricane Florence, and designated by the Adjutant General of the North Carolina National Guard in an amount not exceeding three million five hundred sixty-nine thousand six hundred ninety-six dollars ($3,569,696) during the 2021-2022 fiscal year.

SECTION 40.4.(b) No later than June 1, 2023, and every two years thereafter until project completion, the Department shall report on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management. Each report shall include all of the following:

(1) The status of all projects undertaken pursuant to this section.
(2) The estimated total cost of each project.
(3) The date that work on each project began or is expected to begin.

(4) The date that work on each project was completed or is expected to be completed.
(5) The actual cost of each project, including federal matching funds.
(6) Facilities planned for closure or reversion.
(7) A list of projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS

SECTION 40.5.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund sources available to the appropriate department:

Name of Project	Amount of Non-General Fund Funding Authorized FY 2021-2022	FY 2022-2023
Department of Natural and Cultural Resources		
Edenton State Historic Site–		
Frinks House Renovations	$300,000	–
USS NC Battleship–		
Mast Repairs	1,000,000	–
Bentonville State Historic Site–		
Harper House Renovations	115,000	–
NC Museum of Art–		
Terrace & Green Project	2,500,000	–
Brunswick Town State Historic Site–		
Shoreline Stabilization	3,000,000	–
Charlotte Hawkins Brown Museum–		
Memorial Galen Stone Hall	1,100,000	–
Department of Agriculture and Consumer Services		
State Fair–Repairs & Improvements	5,000,000	–
NC Forest Service–		
Design & Install New Bridges	25,000	$100,000
Equipment Shelters	500,000	500,000
Parking Lot Expansions	500,000	250,000
Picnic Shelters	25,000	50,000
Restrooms	25,000	125,000
Storage Buildings	125,000	–
Viewing Platforms	25,000	125,000
State Research Stations–		
Equipment Storage Shelter	500,000	–
Dilapidated Building Demolition	100,000	–
Livestock & Mission Critical Facility Improvements	–	500,000
Irrigation Improvements at Research Stations	–	500,000
Department of Military and Veterans Affairs		
New State Veterans Home–Raleigh	85,700,000	–
Department of Public Safety		
Alcoholic Beverage Control–		
Office Roof Replacement	864,000	–
Warehouse Office Renovation	480,000	–
Warehouse Storage	313,000	–
Wildlife Resources Commission		

Land Acquisition	10,000,000	6,000,000
Setzer Hatchery Revision	18,500,000	–
Samarcand Training Facility	7,500,000	–
New Bern Depot Boat Storage Facility	275,000	–
Marion Aquaculture Building	360,000	–
Elizabethtown Depot Storage Shed	200,000	–
McKinney Lake Residence	300,000	–
Sandhills Depot Pole Shed	200,000	–
District 7 Storage Building–Wilkesboro	140,000	–
Burnsville Depot	500,000	–
Balsam Depot Renovation	400,000	–
Game Land Improvements	1,000,000	–
Morganton Pole Shed	–	130,000
Mills River Depot Pole Shed	–	150,000
Caswell Depot Storage Building	–	440,000
Rhems Depot Storage Building	–	230,000
TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL PROJECTS AUTHORIZED	**$141,572,000**	**$9,100,000**

SECTION 40.5.(b) From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars ($75,000) for the 2021-2022 fiscal year and the sum of seventy-five thousand dollars ($75,000) for the 2022-2023 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

SECTION 40.5.(c) Notwithstanding Section 36.7(d) of S.L. 2018-5, as enacted by Section 9.1(a) of S.L. 2018-97, the Department of Military and Veterans Affairs may utilize funds in an amount not exceeding twenty-nine million nine hundred ninety-five thousand dollars ($29,995,000) in funds appropriated in this act from the North Carolina Veterans Home Trust Fund established under G.S. 143B-1293 to provide the required State match for federal funding for the construction of a new State veterans nursing facility in Wake County. Any federal funds received for this purpose are hereby appropriated.

STATE CONSTRUCTION CHANGES

SECTION 40.6. G.S. 143-341 reads as rewritten:

"**§ 143-341. Powers and duties of Department.**

The Department of Administration has the following powers and duties:

…

(3) Architecture and Engineering:

a. To examine and approve all plans and specifications for the construction or renovation of the following:

1. All State buildings or buildings located on State lands, except those buildings over which a local building code inspection department has and exercises jurisdiction. For the purposes of this sub-sub-subdivision, buildings, facilities, or projects located on State lands that are (i) privately owned or privately

leased and (ii) located within the North Carolina Global TransPark are exempt.

2. All community college buildings requiring the estimated expenditure of public money for construction or repair work ~~for which public bidding is required under G.S. 143-129~~ of two million dollars ($2,000,000) or less prior to the awarding of a contract for such work; and to examine and approve all changes in those plans and specifications made after the contract for such work has been awarded.

…

c. To supervise the letting of all contracts for the design, construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision.

d. To supervise and inspect all work done and materials used in the construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision; to act as the appropriate official inspector or inspection department for purposes of G.S. 143-143.2; and no such work may be accepted by the State or by any State agency until it has been approved by the Department.

…."

STREAM DEBRIS REMOVAL

SECTION 40.7.(a) For project code SDR21, the Division of Soil and Water Conservation of the Department of Agriculture and Consumer Services shall develop a schedule for the removal and disposal of waterway debris from waters of the State located in a targeted river basin. The Department shall contract with one or more appropriate and qualified private entities to carry out the debris removal and disposal activities.

SECTION 40.7.(b) Stream debris removal projects funded under this section shall be exempt from the requirements of Articles 1, 4, and 7 of Chapter 113 of the General Statutes, as well as requirements for stormwater or water quality permits under Article 21 of Chapter 143 of the General Statutes. The Department of Environmental Quality is directed to waive any right of certification under section 401 of the federal Clean Water Act with respect to projects funded by this act.

SECTION 40.7.(c) Funds allocated by this section for the 2021-2023 fiscal biennium shall not revert but shall remain available for nonrecurring expenses until the funds have been spent or encumbered.

SECTION 40.7.(d) The Department of Agriculture and Consumer Services shall report within 30 days of the end of each fiscal quarter in which funds are expended to the chairs of the Joint Legislative Oversight Committee on Agriculture and Environment and Natural Resources and the Fiscal Research Division regarding uses of the funds appropriated by this section. The report shall include a cumulative and quarterly listing of projects funded, counties where funded projects were located, and linear feet of streams cleared.

SECTION 40.7.(e) Definitions. – The following definitions apply in this section:

(1) Acute incident. – A natural event such as a hurricane, tornado, or extreme rain event that results in the release of large amounts of waterway debris.

(2) Targeted river basins. – The Neuse River basin, the Cape Fear River basin, the Lumber River basin, the Tar-Pamlico River basin, and the White Oak River basin.

(3) Vegetative debris. – Vegetative matter resulting from landscaping, maintenance, right-of-way or land-clearing operations, including whole trees, tree limbs, tree stumps, limbs or leaves, shrubbery, grass clippings, and other plant material.

(4) Waters of the State. – Any surface body or accumulation of water, whether publicly or privately owned and whether naturally occurring or artificially created, which is contained within, flows through, or borders upon any part of this State.

(5) Waterway debris. – Any solid material, including, but not limited to, vegetative debris and debris exposed to or that has the potential to release oil, hazardous substances, pollutants, or contaminants, that enters a waterway in a targeted basin following an acute incident and poses a threat to the natural or man-made environment or has the potential to increase the risk or severity of future flood events. This may include shoreline and wetland debris and debris in inland, non-tidal waterways of a targeted river basin.

GRANTS TO NON-STATE ENTITIES

SECTION 40.8.(a) Definitions. – For purposes of this Part, nonrecurring funds allocated from the State Capital and Infrastructure Fund as grants are subject to all of the following requirements:

(1) Grants are subject to the provisions of subsections (b) through (f) and (f2) through (k) of G.S. 143C-6-23.

(2) Grants of one hundred thousand dollars ($100,000) or less may be made in a single annual payment in the discretion of the Director of the Budget. Grants of more than one hundred thousand dollars ($100,000) shall be made in quarterly or monthly payments in the discretion of the Director of the Budget. A State agency administering a grant shall begin disbursement of funds to a non-State entity, as defined in G.S. 143C-1-1(d), that meets all applicable requirements as soon as practicable, but no later than 100 days after the date this act becomes law.

(3) Grants shall be disbursed upon a demonstration by the grantee that the intended project or purpose is ready to receive funding.

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

(5) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, unless otherwise indicated, nonrecurring funds appropriated in this Part as grants shall not revert until expended or the particular project has been completed.

(6) Grants to nonprofit organizations are for nonsectarian, nonreligious purposes only.

SECTION 40.8.(b) This section expires on June 30, 2023.

CONNECT NC BOND CHANGES

SECTION 40.9.(a) The General Assembly finds the following:

(1) The use of general obligation bonds can be an efficient method for financing needs of the State.
(2) Debt service, even on general obligation bonds, is a cost that can be avoided if the State has funds to directly pay for capital needs.
(3) Where the State provides a general obligation bond question to the voters, it is tantamount to representing both that capital improvements covered by the debt question are needed by the State and that the incurrence of debt for those purposes is the most responsible, cost-effective way of meeting those needs.
(4) If subsequent economic changes affect the validity of those representations, including where, as here, management of State resources has resulted in having sufficient funding for such capital improvements, thereby obviating the need to incur debt service costs, then such changes also affect the representations and assumptions on which the voters rely in voting for the issuance of the debt. Stated alternatively, voters make assumptions on the need for debt based on the amount and uses set forth in the ballot question, and, if circumstances change those assumptions, the State has an obligation to avoid associated costs if it would be inefficient to incur them.
(5) This section allocates funds to satisfy the needs and purposes for which indebtedness was originally authorized by the voters of this State pursuant to S.L. 2015-280. Accordingly, funding and debt service costs using the general obligation debt for such purposes would be redundant and would frustrate the assumptions made by (and the representations made to) the voters of this State at the time the debt obligation was approved by the voters as to the State's need.

SECTION 40.9.(b) For project code CNC21, the Office of State Budget and Management shall allocate the sum of four hundred million dollars ($400,000,000) for the purposes described in Section 1(f) of S.L. 2015-280. Funds allocated pursuant to this subsection will be used to fully fund all projects authorized and listed in S.L. 2015-280, and further debt authorized by that Session Law may not be used to increase the total funding for any project authorized above the applicable project amount provided in S.L. 2015-280.

SECTION 40.9.(c) The State Treasurer shall not issue more than an aggregate principal amount of one billion six hundred million dollars ($1,600,000,000) of general obligation bonds of the State authorized pursuant to Section 1 of S.L. 2015-280. The authority to issue additional bonds or notes previously authorized under S.L. 2015-280 above the amount provided in this subsection is repealed, and the bond referendum authorized by and held pursuant to S.L. 2015-280 no longer provides authority to issue further debt, other than refunding bonds, authorized by that act.

SECTION 40.9.(d) Subdivision (3) of Section 1(f) of S.L. 2015-280 is repealed.

SECTION 40.9.(e) Section 4(b) of S.L. 2015-280 reads as rewritten:

"**SECTION 4.(b)** Any funds retained by the Office of State Budget and Management pursuant to subsection (a) of this section at the time a project is completed shall be retained by the Office of State Budget and ~~Management until reallocated for other purposes by the General Assembly.~~Management. The Office of State Budget and Management shall report to the Joint Legislative Oversight Committee on Capital Improvements on any funds retained pursuant to this subsection within 90 days of a project's completion."

CAPITAL PROJECT REPORTING

SECTION 40.10.(a) Article 8 of Chapter 143C of the General Statutes is amended by adding the following new section to read:

"**§ 143C-8-14. Capital project reporting.**

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

(1) Capital project. – Any capital improvement, as that term is defined in G.S. 143C-1-1, that is (i) funded in whole or in part with State funds, including receipts, non-General Fund sources, or statutorily or constitutionally authorized indebtedness of any kind, (ii) not complete, and (iii) authorized by the General Assembly for a total project cost of at least ten million dollars ($10,000,000).

(2) Construction phase. – The status of a particular capital project as described using the terms customarily employed in the design and construction industries.

(b) Reporting. – The following reports on capital projects are required:

(1) By October 1 and April 1 of each year, the following reports shall be submitted to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division:

a. The Office of State Budget and Management shall report on the status of capital projects funded from the State Capital and Infrastructure Fund or other State funds.

b. The Department of Administration shall provide a consolidated report on the status of agency capital projects funded from non-State funds.

(2) Beginning January 1, and quarterly thereafter, each State agency shall report on the status of agency capital projects to the Office of State Budget and Management.

(c) Report Contents. – The reports required by subsection (b) of this section shall include at least the following information about every agency capital project:

(1) The current construction phase of the project.

(2) The anticipated time line from the current construction phase to project completion.

(3) Information about expenditures that have been made in connection with the project, regardless of source of the funds expended.

(4) Information about the adequacy of funding to complete the project, including estimates of how final expenditures will relate to initial estimates of expenditures, and whether or not scope reductions will be necessary in order to complete the project within its budget.

(5) For capital projects authorized within the most recent fiscal year only, an estimate of the operating costs for the project for the first five fiscal years of its operation.

(d) Additional Requirements. – In addition to the other reports required by this section, the State Construction Office shall submit a report on April 1 of each year to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division that contains the following:

(1) The status of the Facilities Condition Assessment Program (FCAP), including (i) summary information about the average length of time that passes between FCAP assessments for an average State building, (ii) detailed information about when the last FCAP assessment was for each State building complex, and (iii) detailed information about the condition and repairs and renovations needs of each State building complex.

(2) The status of plan review, approval, and permitting for each State capital improvement project and community college capital improvement project over which the Office exercises plan review, approval, and permitting authority, including (i) summary information about the workload of the Office during the previous quarter, including information about the average length of time spent by the State Construction Office on each major function it performs

that is related to capital project approval, and (ii) detailed information about the amount of time spent engaged in those functions for each project that the State Construction Office worked on during the previous quarter."

SECTION 40.10.(b) It is the intent of the General Assembly to consolidate reporting for capital improvement projects. To that end, reporting requirements imposed on capital improvement projects authorized by a previous act of the General Assembly are hereby repealed and replaced with the reporting requirements imposed under subsection (a) of this section.

SECTION 40.10.(c) G.S. 143C-8-13 reads as rewritten:

"**§ 143C-8-13. Repairs and Renovations.**

…

(b) Allocation and Reallocation of Funds for Particular Projects. –Any funds that are allocated to the Board of Governors of The University of North Carolina or to the Office of State Budget and Management may be allocated or reallocated ~~by~~ at the discretion of those agencies for repairs and renovations projects so long as all of the following conditions are satisfied:

(1) Any project that receives an allocation or reallocation satisfies the requirements of subsection (a) of this section.

(2) ~~If the allocation or reallocation of funds from one project to another under this section is two million five hundred thousand dollars ($2,500,000) or more for a particular project, the~~ The Office of State Budget and Management or the Board of Governors, as appropriate, ~~consults with~~shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the initial allocation prior to the expenditure ~~or reallocation.~~of funds.

(3) ~~If the allocation or reallocation of funds from one project to another under this section is less than two million five hundred thousand dollars ($2,500,000) for a particular project,~~On or before August 1 each year, the Office of State Budget and Management or the Board of Governors, as appropriate shall submit a final report showing the ~~allocation or~~ reallocation of funds ~~is reported~~during the preceding fiscal year to the Joint Legislative Commission on Governmental ~~Operations~~ Operations, the Joint Legislative Capital Improvements Oversight Committee, and the Fiscal Research Division.~~within 60 days of the expenditure or reallocation.~~

(4) If the funds were previously allocated for a repairs and renovations project that was not specifically authorized by an act of the General Assembly; provided, however, if a project specifically authorized by the General Assembly has been completed, then funds may be reallocated pursuant to this subsection.

…."

PART XLI. TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND

SECTION 41.1.(a) Subsections (b) and (c) of Section 4.1 of S.L. 2020-91 are repealed.

SECTION 41.1.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2023-2024	$2,628.0 million
For Fiscal Year 2024-2025	$2,724.2 million
For Fiscal Year 2025-2026	$2,814.8 million
For Fiscal Year 2026-2027	$2,833.6 million
For Fiscal Year 2027-2028	$2,875.9 million

SECTION 41.1.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2023-2024	$1,758.1 million
For Fiscal Year 2024-2025	$1,797.5 million
For Fiscal Year 2025-2026	$1,809.0 million
For Fiscal Year 2026-2027	$1,843.8 million
For Fiscal Year 2027-2028	$1,878.7 million

SECTION 41.1.(d) The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a five-year revenue forecast. The five-year revenue forecast developed under this subsection shall be used (i) to develop the five-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

DOT/BUDGET REORGANIZATION

SECTION 41.2.(a) It is the intent of the General Assembly that the Department of Transportation have a transparent budget that is representative of the Department's mission and goals and aligns to the internal organization of the Department.

SECTION 41.2.(b) The Department shall create within the Financial Management Division of the Department of Transportation the Budget Section dedicated to the management of the budget for the Department. The Budget Section shall be separate from the other sections in the Financial Management Division and shall directly report to the Chief Financial Officer of the Department. The initial duty of the Budget Section, with the assistance of the Office of State Budget and Management, shall be to reorganize the entire budget of the Department of Transportation using the following criteria:

(1) The Highway Fund Budget Code shall contain Fund Codes representative of divisional organizational units within the Department of Transportation. The Divisions include: Highway Division, Ferry Division, Rail Division, Public Transportation, Bicycle and Pedestrian, Secretary's Office, Board of Transportation, Facilities Management, and others determined by the Office of State Budget and Management in conjunction with the Department of Transportation and in consultation with the Fiscal Research Division.

(2) The current Fund Codes shall be combined to create a budget message indicative of the divisions and units within the Department.

(3) The Fund Codes shall be developed as prescribed in the State Budget Manual to include the six account groups. All relevant full-time equivalent (FTE) positions shall be correctly assigned to the Fund Code and Organizational Unit.

(4) The Field Codes shall be eliminated, and the complete personal services budget, including full-time equivalent positions, shall be assigned to the organizational Fund Code unit.

(5) The Fund Codes shall include any receipts collected and used for the units, including federal receipts.

(6) The Highway Division's Fund Code shall include distinct responsible cost centers for specific programs and grants established by the General Assembly. The Accounts shall include relevant personal services, purchased services, grants-in-aid, leases, and the entire operating budgets for the Division.

(7) The Department shall develop options for groupings of projects within the Highway Trust Fund – Strategic Transportation Investments and consider identifying funded projects by the project's first year of funding. The

Department shall work with OSBM in developing the comprehensive budget structure for the Highway Trust Fund.

SECTION 41.2.(c) Notwithstanding any other provision of law to the contrary, the Department of Transportation shall reclassify four vacant full-time equivalent positions, pursuant to the classification system established by the State Human Resources Commission, to the Financial Management Division, with one Budget Manager and three Budget Analysts, for the Budget Section.

SECTION 41.2.(d) No later than November 1, 2021, and March 31, 2022, the Department shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the status of the creation of the Budget Office. The report shall include the identification of the positions to be reclassed to the Budget Office and the schedule and status for advertising and filling positions.

BUILD NC BONDS/MAX CASH BALANCE EXCEPTION

SECTION 41.3. G.S. 142-97(2)a. shall not apply to the issuance and sale of Build NC Bonds during the fiscal year ending June 30, 2022.

SPEND PLAN TECHNICAL REVISION

SECTION 41.4. G.S. 143C-6-11.1(a) reads as rewritten:

"(a) The Department of Transportation shall develop a comprehensive cash-spending plan, known as the "Spend Plan," that is based on the appropriations of the General Assembly, to spend money from any source, including federal funds and bond proceeds, for programs, functions, activities or objects, by the Department."

INDEMNIFY WILMINGTON FOR MAP ACT

SECTION 41.5.(a) The Department of Transportation shall defend, indemnify, and hold harmless the Wilmington Urban Area Metropolitan Planning Organization and its members against any claims, civil actions, and proceedings arising out of the filing or amendment of a transportation corridor official map in accordance with Article 2E of Chapter 136 of the General Statutes, as it existed before its repeal, for the proposed Hampstead Bypass (R-3300) that extends from the Wilmington Bypass in New Hanover County to U.S. Highway 17 in Pender County.

SECTION 41.5.(b) The Department of Transportation shall defend, indemnify, and hold harmless the City of Wilmington and its members and employees against any claims, civil actions, and proceedings arising out of the filing or amendment of all transportation corridor official maps, including for Military Cutoff Road (U-4751) and the Martin Luther King/Kerr Ave. Project (U-3338), filed by the City of Wilmington in accordance with Article 2E of Chapter 136 of the General Statutes and G.S. 160A-458.4 as they existed before their repeal.

SECTION 41.5.(c) This section is effective when it becomes law and applies retroactively to June 13, 2019.

DMV PERFORMANCE DASHBOARD EXPANSION

SECTION 41.6.(a) Expand Performance Dashboard. – No later than October 1, 2021, the Department of Transportation shall expand the performance dashboard available on the Department's website to display the total number of transactions completed by the Division of Motor Vehicles per month and year-to-date. The performance dashboard report shall sort the transactions by type and indicate whether the transactions were conducted in person, by mail, or by online application.

SECTION 41.6.(b) Establish Performance Dashboard Archive. – No later than October 1, 2021, the Department shall maintain and make available from the performance dashboard an archive of all prior performance dashboard reports.

SECTION 41.6.(c) Paperless Operations Report. – By March 15, 2022, the Division of Motor Vehicles shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. The report shall contain all of the following:

(1) A list of services provided by the Division that currently involve paper correspondence of any kind.

(2) A list of services provided by the Division involving paper correspondence that could be made paperless.

(3) A description of requirements to implement paperless transactions for the services identified in subdivision (2) of this subsection, including one-time and recurring costs.

(4) A description of the processes the Division is currently pursuing to implement paperless transactions for the services identified in subdivision (2) of this subsection.

(5) An estimate of when the processes described in subdivision (4) of this subsection will be fully implemented.

DMV MOBILE UNIT DEPLOYMENT AND REOPENING CLOSED DRIVERS LICENSE OFFICES

SECTION 41.7.(a) The Division of Motor Vehicles shall utilize mobile units on a rotating basis to drivers license offices closed due to the COVID-19 pandemic. The deployment of mobile units shall continue until Executive Order No. 116 (2020), Declaration of a State of Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19, is rescinded. The mobile units deployed pursuant to this subsection shall (i) operate five days per week between the hours of 9:00 A.M. and 5:00 P.M. and (ii) not require appointments for service. The Division shall make a reasonable effort to notify the public of the operation of mobile units.

SECTION 41.7.(b) The Division shall open drivers license offices closed due to the COVID-19 pandemic 14 days after the rescission of Executive Order No. 116 or August 15, 2021, whichever is earlier.

SECTION 41.7.(c) Subsection (a) of this section is effective 14 days after it becomes law. The remainder of this section is effective when it becomes law.

DMV SATURDAY OFFICE HOURS PILOT PROGRAM

SECTION 41.8.(a) Of the funds appropriated in this act to the Division of Motor Vehicles from the State Fiscal Recovery Fund for the 2021-2022 fiscal year, the Division shall use one million five hundred thousand dollars ($1,500,000) for costs related to the expanded Saturday hours under this section.

SECTION 41.8.(b) Expand Drivers License Office Saturday Hours. – For the 2021-2023 fiscal biennium, the Division of Motor Vehicles shall expand operations by operating one drivers license office in each of the nine most populous counties in the State, as determined by the most recent federal decennial census, on Saturdays between the hours of 8:00 A.M. and 5:00 P.M., in addition to each office's normal operating hours.

SECTION 41.8.(c) Saturday Hours Service by Order of Arrival. – Notwithstanding any executive order or Division policy, a drivers license office shall not require appointments during Saturday operations. The Division of Motor Vehicles shall make a reasonable effort to notify the public of the Saturday operations of drivers license offices.

SECTION 41.8.(d) By October 15, 2021, and quarterly for the remainder of the 2021-2023 fiscal biennium, the Division of Motor Vehicles shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division that contains all of the following information:

(1) Total costs incurred by each drivers license office as a result of operating on Saturdays.

(2) The total number of transactions by type at each drivers license office on Saturdays.
(3) The total number of hours each drivers license office was operational on a Saturday but not fully utilized.

EXTEND DURATION OF DEALER PLATES AND DEALER LICENSES

SECTION 41.9.(a) G.S. 20-79 reads as rewritten:

"**§ 20-79. Dealer license plates.**

(a) How to Get a Dealer Plate. – The Division may issue a person licensed under Article 12 of this Chapter the appropriate classification of dealer license plate. A person eligible for a dealer license plate may obtain one by filing an application with the Division and paying the required fee. An application must be filed on a form provided by the Division. The required fee is three times the amount set by G.S. 20-87(7).

…

(c) Form and Duration. – A dealer license plate is subject to G.S. 20-63, except for the requirement that the plate display the registration number of a motor vehicle and the requirement that the plate be a "First in Flight" plate, a "First in Freedom" plate, or a "National/State Mottos" plate. A dealer license plate must have a distinguishing symbol identifying the plate as a dealer license plate. The symbol may vary depending upon the classification of dealer license plate issued. The Division must provide suitably reduced sized license plates for motorcycle dealers and manufacturers.

A dealer license plate is issued for a period of ~~one year.~~ three years. The Division shall vary the expiration dates of dealer registration renewals so that an approximately equal number expires at the end of each month, quarter, or other period consisting of one or more months. A dealer license plate may be transferred from one vehicle to another. When the Division issues a dealer plate, it may issue a registration that expires at the end of any monthly interval. When one of the following occurs, a dealer must surrender to the Division all dealer license plates issued to the dealer:

(1) The dealer surrenders the license issued to the dealer under Article 12 of this Chapter.
(2) The Division suspends or revokes the license issued to the dealer under Article 12 of this Chapter.
(3) The Division rescinds the dealer license plates because of a violation of the restrictions on the use of a dealer license plate.

To obtain a dealer license plate after it has been surrendered, the dealer must file a new application for a dealer license plate and pay the required fee for the plate.

…."

SECTION 41.9.(b) G.S. 20-288 reads as rewritten:

"**§ 20-288. Application for license; license requirements; expiration of license; bond.**

…

(c) All licenses that are granted shall be for a period of ~~one year~~ three years unless sooner revoked or suspended. The Division shall vary the expiration dates of all licenses that are granted so that an equal number of licenses expire at the end of each month, quarter, or other period consisting of one or more months to coincide with G.S. 20-79(c).

…."

SECTION 41.9.(c) G.S. 20-289 reads as rewritten:

"**§ 20-289. License fees.**

(a) The license fee for each ~~fiscal year,~~ three-year period, or part thereof, shall be as follows:

(1) For motor vehicle dealers, distributors, distributor branches, and wholesalers, ~~ninety dollars ($90.00)~~ two hundred ninety-one dollars ($291.00) for each place of business.
(2) For manufacturers, ~~one hundred ninety-five dollars ($195.00)~~ six hundred thirty dollars and seventy-five cents ($630.75) and for each factory branch in this State, ~~one hundred thirty dollars ($130.00).~~four hundred twenty-five dollars and seventy-five cents ($425.75).
(3) For motor vehicle sales representatives, ~~twenty dollars ($20.00).~~sixty-four dollars and fifty cents ($64.50).
(4) For factory representatives, or distributor representatives, ~~twenty dollars ($20.00).~~sixty-four dollars and fifty cents ($64.50).

…."

SECTION 41.9.(d) By March 31, 2022, the Division of Motor Vehicles shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. The report shall contain the following information:

(1) The number of dealers, as defined in G.S. 20-79(h), affected by this section.
(2) Changes to the Division's operations and operational costs caused by the implementation of this section.

SECTION 41.9.(e) Subsections (a), (b), and (c) of this section become effective January 1, 2022, and apply to all applications for dealer plates, new licenses, or license renewals submitted on or after that date. The remainder of this section is effective when it becomes law.

DMV SALARY ADJUSTMENT FUND

SECTION 41.10.(a) For the 2021-2023 fiscal biennium, the funds appropriated in this act from the Highway Fund to the Salary Adjustment Fund shall only be used for the salary adjustment of Division of Motor Vehicle personnel. To be eligible for a salary increase under this section, a DMV employee must not have any active disciplinary action and must not have received a salary adjustment under the authority provided in Section 34.19 of S.L. 2018-5.

SECTION 41.10.(b) No later than January 1 and June 30 of each year of the 2021-2023 fiscal biennium, the Department shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the actions taken pursuant to this section. The report shall contain all of the following:

(1) The total amount of salary adjustments implemented pursuant to this section.
(2) The average percentage increase in salary for each employee whose salary was increased pursuant to this section.
(3) The total number of employees whose salaries were increased pursuant to this section.
(4) The methodology used by the Department to calculate salary adjustments pursuant to this section.
(5) A description of any proposed future salary adjustments.

AVIATION/DIVISION ANNUAL REPORT

SECTION 41.11. Article 7 of Chapter 63 of the General Statutes is amended by adding a new section to read:

"**§ 63-74.5. Division of Aviation annual report.**

Beginning October 1, 2021, and annually thereafter, the Division of Aviation shall submit to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division a report containing the following information from the prior fiscal year:

(1) A list of all public use airports within the State, their municipality and county, status as commercial services or general aviation, airport code, and the following corresponding information:

a. Total amount of funds allocated to each airport subtotaling federal, Commercial Services, State Aid to Airports, Special Projects, Economic Development and State Transportation Improvement Program dollars, and total number of projects receiving allocations.

b. Total amount of funds disbursed to each airport subtotaling federal, Commercial Services, State Aid to Airports, Special Projects, Economic Development and State Transportation Improvement Program dollars, and total number of projects receiving disbursements.

c. Total amount of unallocated State appropriations for Commercial Services, State Aid to Airports, Special Projects, and Economic Development.

(2) Summary of activities related to unmanned aircraft systems, including total number of drones owned subtotaled by units of the Department of Transportation and by other State agencies, purposes and uses of drones in each unit and agency, a list describing each private sector partnership to which the Division of Aviation is a party, and any other activities of this unit.

(3) Total number of trips and flight hours by each manned aircraft owned by the Department of Transportation, subtotaled by agency, fees charged to each agency, and total cost of providing services to each agency.

(4) Summary of activities related to Safety and Education, including total expenditures, number and description of programs, and number of participants."

QUARTERLY ALLOCATIONS TO PORTS AUTHORITY AND COMMERCIAL AIRPORTS

SECTION 41.12.(a) G.S. 136-176(b3) reads as rewritten:

"(b3) Funds appropriated to the North Carolina State Ports Authority from the Highway Trust Fund may only be used (i) to pay debt service or related financing costs and expenses on revenue bonds or notes issued by the State Ports Authority and (ii) for capital projects. An appropriation to the State Ports Authority from the Highway Trust Fund constitutes an agreement by the State to pay the funds appropriated to the State Ports Authority within the meaning of G.S. 159-81(4). Notwithstanding the foregoing, it is the intention of the General Assembly that the appropriation of funds to the State Ports Authority, the enactment of this subsection, and the issuance of bonds or notes by the State Ports Authority in reliance thereon shall not in any manner constitute a pledge of the faith and credit and taxing power of the State, and nothing contained herein shall prohibit the General Assembly from amending an appropriation made to the State Ports Authority at any time to decrease or eliminate the amount annually appropriated to the State Ports Authority. Funds appropriated to the State Ports Authority for the purposes described in this subsection are not subject to the formula set forth in G.S. 136-189.11. The Department of Transportation shall disburse funds appropriated under this subsection to the State Ports Authority on a quarterly basis, beginning September 30 of each fiscal year."

SECTION 41.12.(b) G.S. 63-74(d) reads as rewritten:

"(d) Permissible Uses, Reporting, and Return of Funds. – The Department of Transportation shall not allocate funds to an airport under this section until that airport has provided a report outlining how the airport will use the funds in conformance with the purposes of the program. Airports shall submit their report between July 1 and August 15 of the fiscal year. No later than 45 days from the date the Department receives the report required under this subsection, the Department shall ~~make a determination~~ determine whether the intended use of the funds matches the purposes of the program and, if so, allocate funds under this section to the compliant airport. The Department of Transportation shall disburse funds appropriated under this section on a quarterly basis, beginning September 30 of the fiscal year. An airport that receives

funds under this section shall return the funds to the Department if the funds are in the possession or control of the airport and not expended or encumbered by ~~August 31~~ September 30 of the year following the fiscal year in which the Department makes the allocation. All funds returned to the Department under this section, or retained by the Department for failure of an eligible airport to submit a report under this subsection, shall be credited to the fund from which they were appropriated and shall remain unexpended and unencumbered until appropriated by the General Assembly."

AVIATION/GRANT FUNDS NOT AUTHORIZED TO FUND POSITIONS

SECTION 41.13.(a) The following positions shall not be paid for by funds appropriated to the State Aid to Airports grant program:

60015627	Airport Preservation Engineer
60016342	Technical Trainer II
60020073	Business Officer II
60020271	Engineer III
60026296	Program Manager II
60015619	Aviation Safety Specialist
60027110	Engineer II
60015609	Engineering Supervisor III
60015610	Engineer III
60015612	Engineer III
60015613	Engineer II
60015621	Engineer II
60015622	Engineer III
60029095	Engineer III

SECTION 41.13.(b) Article 7 of Chapter 63 of the General Statutes is amended by adding a new section to read:

"**§ 63-74.2. Division of Aviation grant funded positions prohibited.**

The Department of Transportation shall not create or authorize any Division of Aviation positions that are paid for using State funds appropriated for State Aid to Airports or any other airport aid program."

AVIATION/STATE PLANE COST OF USE RATE ANALYSIS

SECTION 41.14.(a) The Division of Aviation shall conduct a rates and charges analysis for the Hawker Beechcraft King Air B200 passenger aircraft (King Air). The report shall contain a comparison of the market rates of private aircraft providers in North Carolina and surrounding states and an analysis of actual operating-cost-rate for the King Air. The Division of Aviation shall submit the results of the study, including a recommended rate, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by December 1, 2021.

SECTION 41.14.(b) The Department of Transportation shall charge one thousand two hundred dollars ($1,200) per hour to State agencies, excluding the Department of Transportation, for use of the King Air.

FERRY CAPITAL SPECIAL FUND

SECTION 41.15.(a) G.S. 136-82 reads as rewritten:

"**§ 136-82. Department of Transportation to establish and maintain ferries.**

…

(c2) Ferry Capital Special Fund. – The Ferry Capital Special Fund is established as a special fund separate from the Highway Fund within the Department of Transportation.

(d) Use of Toll Proceeds. – The Department of Transportation shall ~~credit~~ deposit the proceeds from tolls collected on North Carolina Ferry System routes and ~~certain~~ route-generated receipts ~~generated~~ authorized under subsection (f) of this section to ~~reserve accounts~~ fund codes within the ~~Highway Fund~~ Ferry Capital Special Fund for each of the Highway Divisions in which system terminals are located and fares are earned. For the purposes of this subsection, fares are earned based on the terminals from which a passenger trip originates and terminates. Commuter pass receipts shall be ~~credited~~ deposited proportionately to each ~~reserve account~~ fund code based on the distribution of trips originating and terminating in each Highway Division. The proceeds ~~credited~~ deposited to each ~~reserve account~~ fund code shall be used exclusively for prioritized North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or supplement funds allocated for ferry passenger vessel replacement projects approved in the Transportation Improvement Program.

…

(f) Authority to Generate Certain Receipts. – The Department of Transportation, notwithstanding any other provision of law, may operate or contract for the following receipt-generating ~~activities and, except as otherwise provided in subsection (f1) of this section, use the proceeds for ferry passenger vessel replacement projects in the manner set forth in subsection (d) of this section:~~activities. The proceeds collected on North Carolina Ferry System routes from receipts generated under this subsection shall be deposited and used in accordance with subsection (d) of this section. The proceeds collected from receipts generated from the Shipyard shall be deposited and used in accordance with subsection (f1) of this section.

(1) Operation of, concessions on the ferries and at ferry facilities to provide to passengers on the ferries food, drink, and other refreshments, personal comfort items, Internet access, and souvenirs publicizing the ferry system.

(2) Sponsorships, including, but not limited to, the sale of naming rights to any ferry vessel, ferry route, or ferry facility.

(3) Advertising on or within any ferry vessel or at any ferry facility, including, but not limited to, display advertising and advertising delivered to passengers through the use of video monitors, public address systems installed in passenger areas, and other electronic media.

(4) Any other receipt-generating activity not otherwise forbidden by applicable law pertaining to public health or safety.

The Department may issue rules to implement this subsection.

(f1) Use of Receipts Generated From Shipyard. – The Department of Transportation shall ~~credit~~ deposit the proceeds from receipts generated under subsection (f) of this section from activities performed by the North Carolina State Shipyard to a ~~reserve account~~ fund code within the ~~Highway Fund~~ Ferry Capital Special Fund to be used exclusively for improvements to the Shipyard, including equipment and associated infrastructure. ~~Notwithstanding the restrictions on the use of proceeds set forth in subsections (d) and (f) of this section, the Department may use a proportional amount of the proceeds credited to each reserve account described in subsection (d) of this section to replace or repair equipment in accordance with this subsection if there is an insufficient amount of funds in the reserve account within the Highway Fund for the Shipyard.~~

(f2) ~~Reserve Account~~ Ferry Systemwide Fund Code and Disposition of Marine Vessels. – There is created in the ~~Highway Fund~~ Ferry Capital Special Fund a Ferry Systemwide ~~reserve account.~~ fund code. The funds in ~~the account~~ this fund code shall be used for the acquisition or construction of marine vessels to maintain existing service capacity by replacing marine vessels that have reached the end of their useful life, as determined by the Department of Transportation. The Department of Transportation shall decommission and dispose of a marine vessel subject to replacement in a timely manner after the replacement marine vessel is operationalized. Notwithstanding any provision of law to the contrary, any proceeds received from the disposition

of a marine vessel shall be ~~credited~~ deposited to the ~~reserve account~~ fund code established under this subsection. Nothing in this subsection shall be construed as prohibiting the Department of Transportation from using funds held in the ~~reserve account~~ fund code established under this subsection to supplement funds ~~credited~~ deposited to a ~~reserve account~~ fund code under subsection (d) of this section to use exclusively for prioritized Ferry System ferry passenger vessel replacement projects in the Highway Division in which the funds ~~credited~~ deposited to the ~~reserve account~~ fund code under subsection (d) of this section are earned. For purposes of this subsection, the term "marine vessels" means tugs, barges, dredges, and ferries other than passenger-only vessels.

…

(h) Transfer of Funds. – Notwithstanding G.S. 136-44.2(f), G.S. 136-44.2(f1), and any other provision of law to the contrary, beginning with the 2021-2022 fiscal year, no later than 45 days after the first day of the fiscal year, the Department of Transportation shall transfer from the Highway Fund to the Ferry Systemwide fund code of the Ferry Capital Special Fund all unexpended funds for the Ferry Division's budget from the prior fiscal year.

(i) Semiannual Report. – No later than March 1 and September 1 of each year, the Ferry Division shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division that contains the total cost to operate each ferry route."

SECTION 41.15.(b) G.S. 136-16.10 reads as rewritten:

"**§ 136-16.10. Allocations by Department Chief Financial Officer to eliminate overdrafts.**

The Chief Financial Officer of the Department of Transportation shall allocate at the beginning of each fiscal year from the various appropriations made to the Department of Transportation for State Construction, State Funds to Match Federal Highway Aid, ~~State Maintenance, and Ferry Operations,~~ and State Maintenance sufficient funds to eliminate all overdrafts on State maintenance and construction projects, and these allocations shall not be diverted to other purposes."

SECTION 41.15.(c) G.S. 136-44.2(f1)(2) reads as rewritten:

"(2) The unallotted and unencumbered balances on the last day of the fiscal year for the following:

a. Funds appropriated from the Highway Fund for the multimodal programs of the Department, consisting of funds for bicycle and pedestrian, ~~ferry,~~ railroad, aviation, and public transportation programs, excluding funds deposited in the Freight Rail & Rail Crossing Safety Improvement Fund.

b. Funds appropriated from the Highway Fund for the construction programs of the Department, consisting of funds for secondary construction, access and public service roads, spot safety improvement, small urban construction, and economic development programs."

SECTION 41.15.(d) Subdivision (2) of subsection (b) of Section 35.1 of S.L. 2016-94 is repealed.

DOT/RECLASSIFICATION AUTHORITY FOR CERTAIN POSITIONS

SECTION 41.16. Notwithstanding any other provision of law to the contrary, the Department of Transportation shall reclassify 11 vacant positions, pursuant to the classification system established by the State Human Resources Commission, to the following positions:

(1) Up to four full-time equivalent (FTE) positions in the Office of Civil Rights.

(2) Up to seven FTE positions in the Purchasing Division to manage the procurement and contractual needs of the Department.

DOT/FACILITIES PLAN

SECTION 41.17.(a) The Department of Transportation shall develop a 10-year Facilities Plan for the Department's current and future facility needs. The plan shall identify the need for replacement and major renovations of all DOT-owned buildings and include the following components: complete facility inventory, condition analysis, building and site usage, building capacity analysis with square footage, staff replacement, renovation cost estimates, and proposed 10-year replacement and renovations schedule. The Department shall seek input from all units of the Department to develop the holistic plan of the Department.

SECTION 41.17.(b) The Department shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. The report shall include all components of the plan, including the proposed 10-year schedule, estimated costs, and the status of all building replacements and renovations underway by the Department. The report is due no later than March 1, 2022.

REPORT ON PREVENTIVE MAINTENANCE PLAN FOR DOT BUILDINGS

SECTION 41.18.(a) The Facilities Division of the Department of Transportation shall develop a preventive maintenance program for all buildings owned by the Department. The plan shall include a schedule to examine the building systems, including lighting and electrical, safety, HVAC, building interior, full building exterior, and a short-term and long-term plan for repair and maintenance.

SECTION 41.18.(b) No later than March 1, 2022, the Facilities Division shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the plan, schedule, and an estimate of recurring funds needed for maintenance and repair.

CAPITAL, REPAIRS, AND RENOVATIONS

SECTION 41.19. For the 2021-2023 fiscal biennium, the funds appropriated in this act from the Highway Fund to the Department of Transportation for capital, repairs, and renovations shall be used as follows:

Item	**FY 2021-22**	**FY 2022-23**
Polk Maintenance Shop	$745,285	
Currituck Equipment and Maintenance Storage Facility	$447,544	
Northampton Sub Shop	$3,000,000	
Alamance County Sub Shop		$1,792,764
Edgecombe Maintenance and Storage		$1,751,208
Alleghany Equipment Shop		$162,000
Ferry Facilities – Hatteras Dolphins and Exterior Door, Silver Lake Dolphins and Gantries, Minnesott Gantry and Ramp, and Cedar Island Ticket Booth	$860,000	
Other Statewide – Repairs	$1,637,500	$1,681,250
Shipyard Water Tower	$771,015	
Total	**$7,461,344**	**$5,387,222**

DOT/CONTRACTING AUTHORITY FOR CERTAIN CAPITAL ITEMS

SECTION 41.20.(a) Notwithstanding G.S. 143-135.26(1), or any other provision of law to the contrary, for the 2021-2023 fiscal biennium, the Department of Transportation shall have the authority to (i) procure design services and (ii) oversee the solicitation, bidding, and contracting for the construction of the capital replacement projects listed in Section 41.19 of this act and shall not be subject to the jurisdiction of the Department of Administration, if the estimated cost of the design and construction of the replacement building is less than two million

dollars ($2,000,000). The Department of Transportation shall advertise and award contracts in the manner required by Article 3 and Article 8 of Chapter 143 of the General Statutes. Upon request, the Department of Administration shall assist the Department of Transportation in advertising and awarding a contract under this section.

SECTION 41.20.(b) No later than 30 days after the end of each fiscal quarter, the Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the status of all contracts awarded by the Department of Transportation under subsection (a) of this section. The report shall include for each capital replacement project:

(1) The estimated cost of the design and construction of the replacement structure.
(2) The method for replacement, to include design phase through construction.
(3) Any assistance provided by the Department of Administration.
(4) The issued request for proposal, selection criteria, bid amounts, and selected contractor.
(5) The status of project, total contract cost, amount paid-to-date, and anticipated completion date.

REVISE CASH WATCH REPORT

SECTION 41.21. G.S. 143C-6-11(n) reads as rewritten:

"(n) Cash Watch Weekly Report. – The Department of Transportation shall publish for public review a weekly report of the Department's cash position, which shall be entitled "NCDOT Cash Watch Numbers." The report shall be issued as a press release to all interested parties, posted on the Department's Web site, and submitted to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. In addition to any cash flow category the Department determines is beneficial to include, the report shall contain the following:

(1) Total Cash and Bond Proceeds
(2) Add Receipts
  a. Add subcategory of federal receipts
  b. Add subcategory of federal receipts (declared disaster reimbursements)
(3) Less Disbursements
  a. Payroll
  b. Debt Service
  c. STI Construction Costs
  d. General Operating Costs
  e. Map Act Claims/Settlements
  f. State Aid Payments
  g. Disaster-Related Costs
  h. Other
(4) Reserved Cash
  a. GARVEE/Federal Repayment Reserve
  b. Transportation Emergency Reserve
  c. Trustee Accounts – Build NC proceeds
  d. Trustee Accounts – GARVEE
  e. Trustee Accounts – Other Bonds
  f. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.
  g. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.
(5) Unreserved Cash Balance Total
  a. Highway Fund Total
  b. Highway Trust Fund Total
  c. Statutory Cash Requirement"

HIGHWAY DIVISIONS ANNUAL REPORT

SECTION 41.22. G.S. 143C-6-11 is amended by adding a new subsection to read:

"(s) No later than September 1 of each year, the Department of Transportation shall submit to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division an annual report on the prior fiscal year allocations and expenditures for each highway division that contains the following information:

(1) A chart detailing all Highway Fund allocations allotted to each highway division by category and purpose, the actual amount spent by each division, and any funds remaining for each division for the fiscal year.

(2) The amount of funds reallocated between divisions under G.S. 136-44.6 by division source and recipient.

(3) The overdrafts and carryforward amounts in total and by division."

REST AREAS

SECTION 41.23.(a) No later than August 15, 2021, the Department of Transportation shall open and fully operate all rest areas owned or maintained by the Department.

SECTION 41.23.(b) Article 7 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-102.10. Rest areas report.**

No later than October 1 of each year, the Department shall submit an annual report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division that contains the following information:

(1) Total inventory of rest areas.

(2) Location and description of each rest area to include condition of the rest area buildings, parking, landscape, ingress and egress roads, restrooms, lighting, vending, whether collocated with a welcome center, and availability of Wi-Fi and cell phone service strength.

(3) Most recent reopening date and the reason and length of closure before reopening.

(4) Actual expenditures by categories to include staff, contracts, building operations, and other maintenance.

(5) Number of estimated visitors and how estimated visitors are calculated.

(6) Planned renovations and closures for renovations."

PART XLII. FINANCE

PERSONAL INCOME TAX REDUCTION

SECTION 42.1.(a) G.S. 105-153.7(a) reads as rewritten:

"(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax is ~~five and one-quarter percent (5.25%)~~ a percentage of the taxpayer's North Carolina taxable ~~income.~~income computed as follows:

Taxable Years Beginning	Tax
In 2022	4.99%
In 2023	4.7%
In 2024	4.6%
In 2025	4.5%
After 2025	3.99%."

SECTION 42.1.(b) G.S. 105-153.5(a)(1) reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly/surviving spouse	~~$21,500~~$25,500
Head of Household	~~16,125~~19,125
Single	~~10,750~~12,750
Married, filing separately	~~10,750.~~12,750."

SECTION 42.1.(c) G.S. 105-153.5(a1) reads as rewritten:

"(a1) Child Deduction Amount. – A taxpayer who is allowed a federal child tax credit under section 24 of the Code for the taxable year is allowed a deduction under this subsection for each qualifying child for whom the taxpayer is allowed the federal tax credit. The amount of the deduction is equal to the amount listed in the table below based on the taxpayer's adjusted gross income, as calculated under the Code:

Filing Status	AGI	Deduction Amount
Married, filing jointly/ surviving spouse	Up to $40,000	~~$2,500.00~~$3,000
	Over $40,000	
	Up to $60,000	~~2,000.00~~2,500
	Over $60,000	
	Up to $80,000	~~1,500.00~~2,000
	Over $80,000	
	Up to $100,000	~~1,000.00~~1,500
	Over $100,000	
	Up to $120,000	~~500.00~~1,000
	Over $120,000	~~0~~
	Up to $140,000	500.00
	Over $140,000	0
Head of Household	Up to $30,000	~~$2,500.00~~$3,000
	Over $30,000	
	Up to $45,000	~~2,000.00~~2,500
	Over $45,000	
	Up to $60,000	~~1,500.00~~2,000
	Over $60,000	
	Up to $75,000	~~1,000.00~~1,500
	Over $75,000	
	Up to $90,000	~~500.00~~1,000
	Over $90,000	~~0~~
	Up to $105,000	500.00
	Over $105,000	0
Single	Up to $20,000	~~$2,500.00~~$3,000
	Over $20,000	
	Up to $30,000	~~2,000.00~~2,500
	Over $30,000	
	Up to $40,000	~~1,500.00~~2,000
	Over $40,000	
	Up to $50,000	~~1,000.00~~1,500
	Over $50,000	
	Up to $60,000	~~500.00~~1,000

		Over $60,000	~~0~~
		Up to $70,000	500.00
		Over $70,000	0
	Married, filing separately	Up to $20,000	~~$2,500.00~~$3,000
		Over $20,000	
		Up to $30,000	~~2,000.00~~2,500
		Over $30,000	
		Up to $40,000	~~1,500.00~~2,000
		Over $40,000	
		Up to $50,000	~~1,000.00~~1,500
		Over $50,000	
		Up to $60,000	~~500.00~~1,000
		Over $60,000	~~0.~~
		Up to $70,000	500.00
		Over $70,000	0."

SECTION 42.1.(d) This section is effective for taxable years beginning on or after January 1, 2022.

PHASE OUT CORPORATE INCOME TAX

SECTION 42.2.(a) G.S. 105-130.3 reads as rewritten:

"**§ 105-130.3. Corporations.**

A tax is imposed on the State net income of every C Corporation doing business in this ~~State at the rate of two and one-half percent (2.5%).~~ State. An S Corporation is not subject to the tax levied in this section. The tax is a percentage of the taxpayer's State net income computed as follows:

Taxable Years Beginning	Tax
In 2024	2%
In 2025	1.5%
In 2026	1%
In 2027	0.5%
After 2027	0%."

SECTION 42.2.(b) This section is effective for taxable years beginning on or after January 1, 2024.

FRANCHISE TAX REDUCTION AND SIMPLIFICATION

SECTION 42.3.(a) G.S. 105-122(d) reads as rewritten:

"(d) Tax Base. – A corporation's tax base is the ~~greatest of the following:~~

~~(1)~~ ~~The~~ proportion of its net worth as set out in subsection (c1) of this section.

~~(2) Fifty five percent (55%) of the corporation's appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State. For purposes of this subdivision, the appraised value of tangible property, including real estate, is the ad valorem valuation for the calendar year next preceding the due date of the franchise tax return.~~

~~(3) (Effective for taxable years beginning on or after January 1, 2020, and applicable to the calculation of franchise tax reported on the 2019 and later corporate income tax returns) The corporation's total actual investment in tangible property in this State. For purposes of this subdivision, the total actual investment in tangible property in this State is the total original purchase price or consideration to the reporting taxpayer of its tangible properties, including real estate, in this State plus additions and improvements thereto less (i)~~

~~reserve for depreciation as permitted for income tax purposes and (ii) any indebtedness specifically incurred and existing solely for and as the result of the purchase of any real estate and any permanent improvements made on the real estate.~~"

SECTION 42.3.(b) G.S. 105-114.1(b) reads as rewritten:

"(b) Controlled Companies. – If a corporation or an affiliated group of corporations owns more than fifty percent (50%) of the capital interests in a noncorporate limited liability company, the corporation or group of corporations must include in its ~~three~~ tax ~~bases~~ base pursuant to G.S. 105-122 the same percentage of ~~(i)~~ the noncorporate limited liability company's net ~~worth; (ii) fifty-five percent (55%) of the noncorporate limited liability company's appraised ad valorem tax value of property; and (iii) the noncorporate limited liability company's actual investment in tangible property in this State, as appropriate.~~worth."

SECTION 42.3.(c) G.S. 105-120.2(b) reads as rewritten:

"(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, ~~the greater of the following:~~

~~(1)~~ ~~A~~ a franchise or privilege tax at the rate of one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) of the amount determined under subsection (a) of this section, but in no case shall the tax be more than one hundred fifty thousand dollars ($150,000) nor less than two hundred dollars ($200.00).

~~(2) If the tax calculated under this subdivision exceeds the tax calculated under subdivision (1) of this subsection, then the tax is levied at the rate of one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) on the greater of the following:~~

~~a. Fifty-five percent (55%) of the appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State of each such corporation plus the total appraised value of intangible property returned for taxation of intangible personal property as computed under G.S. 105-122(d).~~

~~b. The total actual investment in tangible property in this State of such corporation as computed under G.S. 105-122(d).~~"

SECTION 42.3.(d) This section is effective for taxable years beginning on or after January 1, 2023, and applicable to the calculation of franchise tax reported on the 2022 and later corporate income tax return.

IRC UPDATE

SECTION 42.4.(a) G.S. 105-228.90(b)(7) reads as rewritten:

"(7) Code. – The Internal Revenue Code as enacted as of ~~May 1, 2020,~~ April 1, 2021, including any provisions enacted as of that date that become effective either before or after that date."

SECTION 42.4.(b) G.S. 105-153.5(a)(2)b. reads as rewritten:

"b. Mortgage Expense and Property Tax. – The amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence plus the amount allowed as a deduction for property taxes paid or accrued on real estate under section 164 of the Code for that taxable year. For taxable years 2014 through ~~2020,~~ 2021, the amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence shall not include the amount for mortgage insurance premiums treated as qualified residence interest. The amount allowed under this sub-subdivision may not exceed twenty thousand dollars ($20,000).

For spouses filing as married filing separately or married filing jointly, the total mortgage interest and real estate taxes claimed by both spouses combined may not exceed twenty thousand dollars ($20,000). For spouses filing as married filing separately with a joint obligation for mortgage interest and real estate taxes, the deduction for these items is allowable to the spouse who actually paid them. If the amount of the mortgage interest and real estate taxes paid by both spouses exceeds twenty thousand dollars ($20,000), these deductions must be prorated based on the percentage paid by each spouse. For joint obligations paid from joint accounts, the proration is based on the income reported by each spouse for that taxable year."

SECTION 42.4.(c) G.S. 105-153.5(c2) reads as rewritten:

"(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

(1) For taxable years 2014 through ~~2020,~~ 2025, the taxpayer must add the amount excluded from the taxpayer's gross income for the discharge of qualified principal residence indebtedness under section 108 of the Code. The purpose of this subdivision is to decouple from the income exclusion available under federal tax law. If the taxpayer is insolvent, as defined in section 108(d)(3) of the Code, then the addition required under this subdivision is limited to the amount of discharge of qualified principal residence indebtedness excluded from adjusted gross income under section 108(a)(1)(E) of the Code that exceeds the amount of discharge of indebtedness that would have been excluded under section 108(a)(1)(B) of the Code.

…

(18) For taxable ~~year 2020,~~ years 2020 through 2025, a taxpayer must add the amount excluded from the taxpayer's gross income for payment by an employer, whether paid to the taxpayer or to a lender, of principal or interest on any qualified education loan, as defined in section 221(d)(1) of the Code, incurred by the taxpayer for education of the taxpayer. The purpose of this subdivision is to decouple from the exclusion for certain employer payments of student loans under section 2206 of the CARES ~~Act.~~Act or under the Consolidated Appropriations Act, 2021, P.L. 116-260.

…

(20) A taxpayer must add the amount of any expense deducted under the Code to the extent ~~that payment of the expense results in forgiveness of a covered loan pursuant to section 1106(b) of the CARES Act, and the income associated with the forgiveness is excluded from gross income pursuant to section 1106(i) of the CARES Act. The term "covered loan" has the same meaning as defined in section 1106 of the CARES Act.~~the expense is allocable to income that is either wholly excluded from gross income or wholly exempt from the taxes imposed by this Part.

(21) For taxable years 2021 and 2022, a taxpayer must add an amount equal to the amount by which the taxpayer's deduction under section 274(n) of the Code exceeds the deduction that would have been allowed under the Internal Revenue Code as enacted as of May 1, 2020. The purpose of this subdivision is to decouple from the increased deduction under the Consolidated Appropriations Act, 2021, P.L. 116-260, for business-related expenses for food and beverages provided by a restaurant.

(22) For taxable years 2021 through 2025, a taxpayer must add the amount excluded from the taxpayer's gross income for the discharge of a student loan

under section 108(f)(5) of the Code. The purpose of this subdivision is to decouple from the exclusion from income for the discharge of a student loan under section 9675 of the American Rescue Plan Act of 2021.

(23) For taxable year 2020, a taxpayer must add the amount excluded from the taxpayer's gross income for unemployment compensation received by the taxpayer under section 85(c) of the Code. The purpose of this subdivision is to decouple from the exclusion from income for unemployment compensation under section 9042 of the American Rescue Plan Act of 2021."

SECTION 42.4.(d) G.S. 105-130.5(a)(32) reads as rewritten:

"(32) The amount of any expense deducted under the Code to the extent ~~that payment of the expense results in forgiveness of a covered loan pursuant to section 1106(b) of the CARES Act and the income associated with the forgiveness is excluded from gross income pursuant to section 1106(i) of the CARES Act. The term "covered loan" has the same meaning as defined in section 1106 of the CARES Act.~~the expense is allocable to income that is either wholly excluded from gross income or wholly exempt from the taxes imposed by this Part."

SECTION 42.4.(e) This section is effective when it becomes law.

REDUCE IMPACT OF FEDERAL SALT CAP BY ALLOWING CERTAIN PASS-THROUGHS TO ELECT TO PAY TAX AT THE ENTITY LEVEL

SECTION 42.5.(a) G.S. 105-131(b) reads as rewritten:

"(b) For the purpose of this Part, unless otherwise required by the context:

…

(11) "Taxed S Corporation" means an S Corporation for which a valid election under G.S. 105-131.1A(a) is in effect."

SECTION 42.5.(b) G.S. 105-131.1 reads as rewritten:

"**§ 105-131.1. Taxation of an S Corporation and its shareholders.**

(a) An S Corporation shall not be subject to the tax levied under G.S. 105-130.3. A taxed S Corporation shall be subject to tax under G.S. 105-131.1A.

(b) ~~Each~~ Except with respect to a taxed S Corporation, each shareholder's pro rata share of an S Corporation's income attributable to the State and each resident shareholder's pro rata share of income not attributable to the State, shall be taken into account by the shareholder in the manner and subject to the adjustments provided in Parts 2 and 3 of this Article and section 1366 of the Code and shall be subject to the tax levied under Parts 2 and 3 of this Article."

SECTION 42.5.(c) Part 1A of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-131.1A. Taxation of S Corporation as a taxed pass-through entity.**

(a) Taxed S Corporation Election. – An S Corporation may elect, on its timely filed annual return required under G.S. 105-131.7, to have the tax under this Article imposed on the S Corporation for any taxable period covered by the return. An S Corporation may not revoke the election after the due date of the return including extensions.

(b) Taxable Income of Taxed S Corporation. – A tax is imposed for the taxable period on the North Carolina taxable income of a taxed S Corporation. The tax shall be levied, collected, and paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in G.S. 105-153.7. The North Carolina taxable income of a taxed S Corporation is determined as follows:

(1) The North Carolina taxable income of a taxed S Corporation with respect to such taxable period shall be equal to the sum of the following:

a. Each shareholder's pro rata share of the taxed S Corporation's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, attributable to the State.

b. Each resident shareholder's pro rata share of the taxed S Corporation's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, not attributable to the State with respect to such taxable period.

(2) Separately stated items of deduction are not included when calculating each shareholder's pro rata share of the taxed S Corporation's taxable income. For purposes of this subdivision, separately stated items are those items described in section 1366 of the Code and the regulations under it.

(3) The adjustments required by G.S. 105-153.5(c3) are not included in the calculation of the taxed S Corporation's taxable income.

(c) Tax Credit. – A taxed S Corporation that qualifies for a credit may apply each shareholder's pro rata share of the taxed S Corporation's credits against the shareholder's pro rata share of the taxed S Corporation's income tax imposed by subsection (b) of this section. An S Corporation must pass through to its shareholders any credit required to be taken in installments by this Chapter if the first installment was taken in a taxable period that the election under subsection (a) of this section was not in effect. An S Corporation shall not pass through to its shareholders any of the following:

(1) Any credit allowed under this Chapter for any taxable period the S Corporation makes the election under subsection (a) of this section and the carryforward of the unused portion of such credit.

(2) Any subsequent installment of such credit required to be taken in installments by this Chapter after the S Corporation makes an election under subsection (a) of this section and the carryforward of any unused portion of such installment.

(d) Tax Credit for Income Taxes Paid to Other States. – With respect to resident shareholders, a taxed S Corporation is allowed a credit against the taxes imposed by this section for income taxes imposed by and paid to another state or country on income taxed under this section. The credit allowed by this subsection is administered in accordance with the provisions of G.S. 105-153.9.

(e) Deduction Allowed for Shareholders of a Taxed S Corporation. – The shareholders of a taxed S Corporation are allowed a deduction as specified in G.S. 105-153.5(c3)(1). This adjustment is only allowed if the taxed S Corporation complies with the provisions of subsection (g) of this section.

(f) Addition Required for Shareholders of a Taxed S Corporation. – The shareholders of a taxed S Corporation must make an addition as provided in G.S. 105-153.5(c3)(2).

(g) Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount of the tax payable as shown on the return of the taxed S Corporation must be paid to the Secretary within the time allowed for filing the return. In the case of any overpayment by a taxed S Corporation of the tax imposed under this section, only the taxed S Corporation may request a refund of the overpayment. If the taxed S Corporation files a return showing an amount due with the return and does not pay the amount shown due, the Department may collect the tax from the taxed S Corporation pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of collection for the amount of tax debt to the taxed S Corporation. If the tax debt is not paid to the Secretary within 60 days of the date the notice of collection is mailed to the taxed S Corporation, the shareholders of the S Corporation are not allowed the deduction provided in G.S. 105-153.5(c3)(1). The Secretary must send the shareholders a notice of proposed assessment in accordance with G.S. 105-241.9. For purposes of this subsection, the term "tax debt" has the same meaning as defined in G.S. 105-243.1(a).

(h) Basis. – The basis of both resident and nonresident shareholders of a taxed S Corporation in their stock and indebtedness of the taxed S Corporation shall be determined as if the election under subsection (a) of this section had not been made and each of the shareholders of the taxed S Corporation had properly taken into account each shareholder's pro rata share of the taxed S Corporation's items of income, loss, and deduction in the manner required with respect to an S Corporation for which no such election is in effect."

SECTION 42.5.(d) G.S. 105-131.7 is amended by adding a new subsection to read:

"(g) Taxed S Corporation. – Subsections (b) through (f) of this section do not apply to an S Corporation with respect to any taxable period for which it is a taxed S Corporation under G.S. 105-131.1A."

SECTION 42.5.(e) G.S. 105-131.8(a) reads as rewritten:

"(a) ~~For~~ Except as otherwise provided in G.S. 105-153.9(a)(4) with respect to a taxed S Corporation, for purposes of G.S. 105-153.9 and G.S. 105-160.4, each resident shareholder is considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S Corporation to a state that does not measure the income of S Corporation shareholders by the income of the S Corporation. For purposes of the preceding sentence, the term "net income tax" means any tax imposed on or measured by a corporation's net income."

SECTION 42.5.(f) G.S. 105-153.3 reads as rewritten:

"**§ 105-153.3. Definitions.**

The following definitions apply in this Part:

…

(18a) Taxed partnership. – A partnership for which a valid election under G.S. 105-154.1 is in effect.

(18b) Taxed pass-through entity. – A taxed S Corporation or a taxed partnership.

(18c) Taxed S Corporation. – Defined in G.S. 105-131(b).

…."

SECTION 42.5.(g) G.S. 105-154(d) reads as rewritten:

"(d) Payment of Tax on Behalf of Nonresident Owner or Partner. – If a business conducted in this State is owned by a nonresident individual or by a partnership having one or more nonresident members, the manager of the business shall report information concerning the earnings of the business in this State, the distributive share of the income of each nonresident owner or partner, and any other information required by the Secretary. The distributive share of the income of each nonresident partner includes any guaranteed payments made to the partner. The manager of the business shall pay with the return the tax on each nonresident owner or partner's share of the income computed at the rate levied on individuals under G.S. 105-153.7. The business may deduct the payment for each nonresident owner or partner from the owner or partner's distributive share of the income of the business in this State. If the nonresident partner is not an individual and the partner has executed an affirmation that the partner will pay the tax with its corporate, partnership, trust, or estate income tax return, the manager of the business is not required to pay the tax on the partner's share. In this case, the manager shall include a copy of the affirmation with the report required by this subsection. The affirmation must be annually filed by the nonresident partner and submitted by the manager by the due date of the report required in this subsection. Otherwise, the manager of the business is required to pay the tax on the nonresident partner's share. Notwithstanding the provisions of G.S. 105-241.7(b), the manager of the business may not request a refund of an overpayment made on behalf of a nonresident owner or partner if the manager of the business has previously filed the return and paid the tax due. The nonresident owner or partner may, on its own income tax return, request a refund of an overpayment made on its behalf by the manager of the business within the provisions of G.S. 105-241.6. This subsection does not apply to a partnership with respect to any taxable period for which it is a taxed partnership."

SECTION 42.5.(h) Part 2 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-154.1. Taxation of partnership as a taxed pass-through entity.**

(a) Taxed Partnership Election. – A partnership may elect, on its timely filed annual return required under G.S. 105-154(c), to have the tax under this Article imposed on the partnership for any taxable period covered by the return. A partnership may not revoke the election after the due date of the return, including extensions. This election cannot be made by a publicly traded partnership that is described in section 7704(c) of the Code or by a partnership that has at any time during the taxable year a partner who is not one of the following:

(1) An individual.

(2) An estate.

(3) A trust described in section 1361(c)(2) of the Code.

(4) An organization described in section 1361(c)(6) of the Code.

(b) Taxable Income of Taxed Partnership. – A tax is imposed for the taxable period on the North Carolina taxable income of a taxed partnership. The tax shall be levied, collected, and paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in G.S. 105-153.7. The North Carolina taxable income of a taxed partnership is determined as follows:

(1) The North Carolina taxable income of a taxed partnership with respect to such taxable period shall be equal to the sum of the following:

a. Each partner's distributive share of the taxed partnership's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, attributable to the State.

b. Each resident partner's distributive share of the taxed partnership's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, not attributable to the State with respect to such taxable period.

(2) Separately stated items of deduction are not included when calculating each partner's distributive share of the taxed partnership's taxable income. For purposes of this subdivision, separately stated items are those items described in section 702 of the Code and the regulations adopted under it.

(3) The adjustments required by G.S. 105-153.5(c3) are not included in the calculation of the taxed partnership's taxable income.

(c) Tax Credit. – A taxed partnership that qualifies for a credit may apply each partner's distributive share of the taxed partnership's credits against the partner's distributive share of the taxed partnership's income tax imposed by subsection (b) of this section. A partnership must pass through to its partners any credit required to be taken in installments by this Chapter if the first installment was taken in a taxable period that the election under subsection (a) of this section was not in effect. A partnership shall not pass through to its partners any of the following:

(1) Any credit allowed under this Chapter for any taxable period the partnership makes the election under subsection (a) of this section and the carryforward of the unused portion of such credit.

(2) Any subsequent installment of such credit required to be taken in installments by this Chapter after the partnership makes an election under subsection (a) of this section and the carryforward of any unused portion of such installment.

(d) Deduction Allowed for Partners of a Taxed Partnership. – The partners of a taxed partnership are allowed a deduction as specified in G.S. 105-153.5(c3)(3). This adjustment is only allowed if the taxed partnership complies with the provisions of subsection (f) of this section.

(e) Addition Required for Partners of a Taxed Partnership. – The partners of a taxed partnership must make an addition as provided in G.S. 105-153.5(c3)(4).

(f) Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount of the tax payable as shown on the return of the taxed partnership must be paid to the Secretary within the time allowed for filing the return. In the case of any overpayment by a taxed partnership of the tax imposed under this section, only the taxed partnership may request a refund of the overpayment. If the taxed partnership files a return showing an amount due with the return and does not pay the amount shown due, the Department may collect the tax from the taxed partnership pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of collection for the amount of the tax debt to the taxed partnership. If the tax debt is not paid to the Secretary within 60 days of the date the notice of collection is mailed to the taxed partnership, the partners of the partnership are not allowed the deduction provided in G.S. 105-153.5(c3)(3). The Secretary must send the partners a notice of proposed assessment in accordance with G.S. 105-241.9. For purposes of this subsection, the term "tax debt" has the same meaning as defined in G.S. 105-243.1(a).

(g) Basis. – The basis of both resident and nonresident partners of a taxed partnership shall be determined as if the election under subsection (a) of this section had not been made and each of the partners of the taxed partnership had properly taken into account each partner's distributive share of the taxed partnership's items of income, loss, and deduction in the manner required with respect to a partnership for which no such election is in effect."

SECTION 42.5.(i) G.S. 105-153.5 is amended by adding a new subsection to read:

"(c3) Taxed Pass-Through Entities. – In calculating North Carolina taxable income, a taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

(1) A taxpayer that is a shareholder of a taxed S Corporation may deduct the amount of the taxpayer's pro rata share of income from the taxed S Corporation to the extent it was included in the taxed S Corporation's North Carolina taxable income and the taxpayer's adjusted gross income.

(2) A taxpayer that is a shareholder of a taxed S Corporation must add the amount of the taxpayer's pro rata share of loss from the taxed S Corporation to the extent it was included in the taxed S Corporation's North Carolina taxable income and the taxpayer's adjusted gross income.

(3) A taxpayer that is a partner of a taxed partnership may deduct the amount of the taxpayer's distributive share of income from the taxed partnership to the extent it was included in the taxed partnership's North Carolina taxable income and the taxpayer's adjusted gross income.

(4) A taxpayer that is a partner of a taxed partnership must add the amount of the taxpayer's distributive share of loss from the taxed partnership to the extent it was included in the taxed partnership's North Carolina taxable income and the taxpayer's adjusted gross income."

SECTION 42.5.(j) G.S. 105-153.9(a) reads as rewritten:

"(a) An individual who is a resident of this State is allowed a credit against the taxes imposed by this Part for income taxes imposed by and paid to another state or country on income taxed under this Part, subject to the following conditions:

…

(4) Shareholders of a taxed S Corporation shall not be allowed a credit under this section for taxes paid by the taxed S Corporation to another state or country on income that is taxed to the taxed S Corporation. For purposes of allowing the credit under this section for taxes paid to another state or country by a taxed S Corporation's shareholders, a shareholder's pro rata share of the income of the taxed S Corporation shall be treated as income taxed to the shareholder under this Part and a shareholder's pro rata share of the tax imposed on the taxed S Corporation under G.S. 105-131.1A shall be treated as tax imposed on the shareholder under this Part.

(5) Partners of a taxed partnership shall not be allowed a credit under this section for taxes paid by the taxed partnership to another state or country on income that is taxed to the taxed partnership. The taxed partnership as defined in G.S. 105-153.3(18a) is entitled to a credit under this section for all such taxes paid. For purposes of allowing the credit under this section for taxes paid to another state or country by a taxed partnership's partners, a partner's pro rata share of the income of the taxed partnership shall be treated as income taxed to the partner under this Part and a partner's pro rata share of the tax imposed on the taxed partnership under G.S. 105-154.1 shall be treated as tax imposed on the partner under this Part."

SECTION 42.5.(k) G.S. 105-160.4 reads as rewritten:

"**§ 105-160.4. Tax credits for income taxes paid to other states by estates and trusts.**

…

(f) Fiduciaries and beneficiaries of estates and trusts who are shareholders of a taxed S Corporation are not allowed a credit under this section for taxes paid by the estates and trusts or by the taxed S Corporation to another state or country on income that is taxed to the taxed S Corporation. The taxed S Corporation is entitled to a credit under G.S. 105-153.9(a)(4) for all such taxes paid. For purposes of this subsection, the term "taxed S Corporation" is the same as defined in G.S. 105-131(b).

(g) Fiduciaries and beneficiaries of estates and trusts who are partners of a taxed partnership are not allowed a credit under this section for taxes paid by the estates and trusts or by the taxed partnership to another state or country on income that is taxed to the taxed partnership. The taxed partnership is entitled to a credit under G.S. 105-153.9(a)(5) for all such taxes paid. For purposes of this subsection, the term "taxed partnership" is the same as defined in G.S. 105-153.3."

SECTION 42.5.(*l*) G.S. 105-163.38 is amended by adding a new subdivision to read:

"(6) Taxed pass-through entity. – Defined in G.S. 105-153.3."

SECTION 42.5.(m) G.S. 105-163.39 is amended by adding a new subsection to read:

"(d) Taxed Pass-Through Entity. – This Article applies to every taxed pass-through entity in the same manner as a corporation subject to tax under Article 4 of this Chapter, except that G.S. 105-163.41(d)(5) shall not apply with respect to a taxable year of a taxed pass-through entity if it was not a taxed pass-through entity during its preceding taxable year."

SECTION 42.5.(n) This section is effective for taxable years beginning on or after January 1, 2021.

CREATE SEPARATE STATE NET OPERATING LOSS CALCULATION FOR INDIVIDUAL INCOME TAX PURPOSES

SECTION 42.6.(a) G.S. 105-153.5 reads as rewritten:

"**§ 105-153.5. Modifications to adjusted gross income.**

…

(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

…

(16) A State net operating loss as allowed under G.S. 105-153.5A.

(c) Additions. – In calculating North Carolina taxable income, a taxpayer must add to the taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's adjusted gross income:

…

(6) ~~The~~ Any amount ~~of~~ allowed as a net operating loss ~~carried to and deducted on the federal return but not absorbed in that year and carried forward to a subsequent year.~~deduction under the Code.

…."

SECTION 42.6.(b) Part 2 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-153.5A. Net operating loss provisions.**

(a) State Net Operating Loss. – A taxpayer's State net operating loss for a taxable year is the amount by which business deductions for the year exceed gross business income for the year as determined under the Code adjusted as provided in G.S. 105-153.5 and G.S. 105-153.6. The amount of a taxpayer's State net operating loss must also be determined in accordance with the following modifications:

(1) No State net operating loss deduction shall be allowed.

(2) The amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includable on account of gains from sales or exchanges of capital assets.

(3) The exclusion provided by Code section 1202 shall not be allowed.

(4) No deduction shall be allowed under G.S. 105-153.5(a1) for the child deduction.

(5) The deductions which are not attributable to a taxpayer's trade or business shall be allowed only to the extent of the amount of the gross income not derived from such trade or business.

(6) Any deduction under Code section 199A shall not be allowed.

(b) Deduction. – A taxpayer may carry forward a State net operating loss the taxpayer incurred in a prior taxable year and deduct it in the current taxable year, subject to the limitations in this subsection:

(1) The loss was incurred in one of the preceding 15 taxable years.

(2) Any loss carried forward is applied to the next succeeding taxable year before any portion of it is carried forward and applied to a subsequent taxable year.

(3) The taxpayer's State net operating loss deduction may not exceed the amount of the taxpayer's North Carolina taxable income determined without deducting the taxpayer's State net operating loss.

(4) The portion of the State net operating loss attributable to the carryforward allowed under subsection (f) of this section is only allowed to the extent described in subsection (f) of this section.

(c) Nonresidents. – In the case of a taxpayer that is a nonresident in the year of the loss, the State net operating loss only includes income and deductions derived from a business carried on in this State in the year of the loss. In the case of a taxpayer that is a nonresident in the year of the deduction, the State net operating loss must be included in the numerator of the fraction used to calculate taxable income as defined in G.S. 105-153.4(b).

(d) Part-Year Residents. – In the case of a taxpayer that is a part-year resident in the year of the loss, the State net operating loss includes income and deductions derived from a business carried on in this State while the taxpayer was a nonresident and includes business income and deductions derived from all sources during the period the taxpayer was a resident. In the case of a taxpayer that is a part-year resident in the year of the deduction, the State net operating loss must be included in the numerator of the fraction used to calculate taxable income as defined in G.S. 105-153.4(c).

(e) Administration. – A taxpayer claiming a deduction under this section must maintain and make available for inspection by the Secretary all records necessary to determine and verify the amount of the deduction. The Secretary or the taxpayer may redetermine a loss originating in a taxable year that is closed under the statute of limitations for the purpose of determining the

amount of loss that can be carried forward to a taxable year that remains open under the statute of limitations.

(f) Federal Net Operating Loss Carryforwards. – The portion of a taxpayer's federal net operating loss carryforward that was not absorbed in tax years beginning prior to January 1, 2021, may be included in the amount of a taxpayer's State net operating loss in taxable years beginning on or after January 1, 2021. The federal net operating loss carryforward is only allowed as a State net operating loss in tax years beginning after January 1, 2021, to the extent that it meets all of the following conditions:

(1) The loss would have been allowed in that taxable year under section 172 of the Code as enacted on May 1, 2020.

(2) The provisions of G.S. 105-153.5(c2)(8), (9), (10), (13), and (14) do not apply to the federal net operating loss carryforward.

(3) The loss was incurred in one of the preceding 15 taxable years."

SECTION 42.6.(c) This section is effective for taxable years beginning on or after January 1, 2021.

EXTEND THE TIME TO COMPLETE AN ELIGIBLE PROJECT UNDER THE MILL REHABILITATION TAX CREDIT PROGRAMS

SECTION 42.7.(a) G.S. 105-129.71(a1) reads as rewritten:

"(a1) Credit for Rehabilitated Railroad Station. – A taxpayer who is allowed a credit under section 47 of the Code for making qualified rehabilitation expenditures of at least ten million dollars ($10,000,000) with respect to a certified rehabilitation of an eligible railroad station is allowed a credit equal to a percentage of the expenditures that qualify for the federal credit. In order to be eligible for a credit allowed by this Article, the taxpayer must provide to the Secretary a copy of the eligibility certification and the cost certification. The amount of the credit is equal to forty percent (40%) of the qualified rehabilitation expenditures. The credit cannot be claimed for a taxable year beginning prior to January 1, 2021. ~~The tax credit must be taken in two equal installments on returns filed for taxable years 2021 and 2022. The sum of the two installments is equal to the credit amount allowed for qualified rehabilitation expenditures incurred in taxable years 2019, 2020, and 2021.~~When the eligible site is placed into service in two or more phases in different years, the amount of credit that may be claimed in a year is the amount based on the qualified rehabilitation expenditures associated with the phase placed into service during that year.

For purposes of this subsection, the term "eligible railroad station" is a site located in this State that satisfies all of the following conditions:

…

(4) It is a designated local landmark as certified by a city on or before ~~June 30, 2019.~~September 1, 2020.

…

(7) It is issued a certificate of occupancy on or before December 31, ~~2021.~~2023."

SECTION 42.7.(b) G.S. 105-129.75 reads as rewritten:

"**§ 105-129.75. Sunset and applicable expenditures.**

(a) Sunset. – Except for credits allowed under G.S. 105-129.71(a1), this Article expires January 1, 2015, for rehabilitation projects for which an application for an eligibility certification is submitted on or after that date. Eligibility certifications under this Article expire January 1, ~~2023.~~2025.

(b) Delayed Sunset and Applicable Expenditures. – For credits allowed under G.S. 105-129.71(a1), the following applies:

(1) The qualified rehabilitation expenditures must be incurred on or after January 1, 2019, and before January 1, ~~2022.~~2024.

(2) This Article expires, and a tax credit allowed under G.S. 105-127.71(a1) may not be claimed, for rehabilitation projects not completed and placed in service prior to ~~January 1, 2022.~~July 1, 2024."

SECTION 42.7.(c) This section is effective when it becomes law.

LIMIT GROSS PREMIUMS TAX ON SURETY BONDS

SECTION 42.8.(a) G.S. 105-228.5(b1) reads as rewritten:

"(b1) Calculation of Tax Base. – In determining the amount of gross premiums from business in this State, all gross premiums received in this State, credited to policies written or procured in this State, or derived from business written in this State shall be deemed to be for contracts covering persons, property, or risks resident or located in this State unless one of the following applies:

(1) The premiums are properly reported and properly allocated as being received from business done in some other nation, territory, state, or states.

(2) The premiums are from policies written in federal areas for persons in military service who pay premiums by assignment of service pay.

Gross premiums from business done in this State in the case of life insurance contracts, including supplemental contracts providing for disability benefits, accidental death benefits, or other special benefits that are not annuities, means all premiums collected in the calendar year, other than for contracts of reinsurance, for policies the premiums on which are paid by or credited to persons, firms, or corporations resident in this State, or in the case of group policies, for contracts of insurance covering persons resident within this State. The only deductions allowed shall be for premiums refunded on policies rescinded for fraud or other breach of contract and premiums that were paid in advance on life insurance contracts and subsequently refunded to the insured, premium payer, beneficiary or estate. Gross premiums shall be deemed to have been collected for the amounts as provided in the policy contracts for the time in force during the year, whether satisfied by cash payment, notes, loans, automatic premium loans, applied dividend, or by any other means except waiver of premiums by companies under a contract for waiver of premium in case of disability.

Gross premiums from business done in this State in the case of an insurer of bail bonds means the amounts received by an insurer from a surety bondsman during the calendar year for bail bonds written on behalf of the insurer. An insurer is subject to the definitions of gross premiums under this section for gross premiums from transacting any other line of insurance business. For purposes of this paragraph, the terms "bail bonds," "insurer," and "surety bondsman" have the same meaning as defined in G.S. 58-71-1.

Gross premiums from business done in this State for all other health care plans and contracts of insurance, including contracts of insurance required to be carried by the Workers' Compensation Act, means all premiums written during the calendar year, or the equivalent thereof in the case of self-insurers under the Workers' Compensation Act, for contracts covering property or risks in this State, other than for contracts of reinsurance, whether the premiums are designated as premiums, deposits, premium deposits, policy fees, membership fees, or assessments. Gross premiums shall be deemed to have been written for the amounts as provided in the policy contracts, new and renewal, becoming effective during the year irrespective of the time or method of making payment or settlement for the premiums, and with no deduction for dividends whether returned in cash or allowed in payment or reduction of premiums or for additional insurance, and without any other deduction except for return of premiums, deposits, fees, or assessments for adjustment of policy rates or for cancellation or surrender of policies."

SECTION 42.8.(b) This section is effective for taxable years beginning on or after January 1, 2022.

MODIFY EXCISE TAX ON CIGARS AND CLARIFY DELIVERY SALES AND REMOTE SALES OF TOBACCO PRODUCTS

SECTION 42.9.(a) G.S. 105-113.4 reads as rewritten:

"**§ 105-113.4. Definitions.**

The following definitions apply in this Article:

…

(2) Cost price. – The actual price ~~a person liable for the tax on tobacco products~~ paid for an item subject to the tax imposed by ~~Part 3~~ Part 3A of this Article ~~paid for the products, before any discount, rebate, or allowance or the tax imposed by that Part.~~by the person liable for the tax. The actual price paid for an item may be either of the following:

a. The actual price paid for an item identified as a stock keeping unit by a unique code or identifier representing the item.

b. If the actual price paid for an item is not available, the average of the actual price paid for the item over the 12 calendar months before January 1 of the year in which the sale occurs.

(2d) Delivery sale. – A sale of ~~tobacco products~~ cigarettes, smokeless tobacco, or vapor products to a consumer in this State in which either of the following apply:

a. The consumer submits the order for the sale by telephone, mail, the Internet or other online service or application, or when the seller is otherwise not in the physical presence of the consumer when the consumer submits the order.

b. The ~~tobacco products~~ cigarettes, smokeless tobacco, or vapor products are delivered via mail or a delivery service.

(2e) Delivery seller. – A person ~~that~~ located within or outside this State who makes a delivery sale.

…

(3) Distributor. – ~~Either~~ Any of the following:

a. A person, wherever resident or located, who purchases non-tax-paid cigarettes directly from the manufacturer of the cigarettes and stores, sells, or otherwise disposes of the cigarettes.

b. A manufacturer of cigarettes.

c. A delivery seller of cigarettes.

…

(8a) Remote sale. – A sale of tobacco products other than cigarettes, smokeless tobacco, or vapor products to a consumer in this State in which either of the following applies:

a. The consumer submits the order for the sale by telephone, mail, the internet, or other online service or application, or when the seller is otherwise not in the physical presence of the consumer when the consumer submits the order.

b. The tobacco products other than cigarettes, smokeless tobacco, or vapor products are delivered via mail or a delivery service.

(8b) Remote seller. – A person located within or outside this State who makes a remote sale.

(9) Retail dealer. – A person who sells a tobacco product to the ultimate consumer of the ~~product.~~product, including a remote seller or a delivery seller.

…

(10b) Smokeless tobacco. – Any finely cut, ground, powdered, or leaf tobacco, or other product containing tobacco, that is intended to be placed in the oral or nasal cavity or otherwise consumed without being combusted.

…."

SECTION 42.9.(b) G.S. 105-113.4F reads as rewritten:

"**§ 105-113.4F. Delivery sales of certain tobacco products; age verification.**

(a) Scope. – This section applies to delivery ~~sales of tobacco products, other than cigars, to consumers in this State regardless of whether the delivery seller is located inside or outside this State.~~ sales. For purposes of this section, the term "tobacco product" ~~is as defined in G.S. 105-113.4, except that it does not include cigars.~~means cigarettes, smokeless tobacco, or vapor products.

(b) Delivery Seller Requirements. – A delivery seller ~~shall~~ must do all of the following with respect to a delivery sale:

(1) Obtain a license from the Secretary ~~pursuant to the requirements of~~ as required by this Article before accepting an order.

(2) Comply with the age verification requirements in G.S. 14-313(b2).

(3) Report, collect, and remit to the Secretary all applicable taxes ~~levied on tobacco products~~ as set out in this Article and Article 5 of this Chapter.

(c) Filing Requirement. – A delivery seller who has made a delivery sale, or shipped or delivered tobacco products in connection with a delivery sale, during the previous month ~~shall,~~ must, not later than the tenth day of each month, file with the Secretary a memorandum or a copy of the invoice for every delivery sale made during the previous month. A delivery seller who complies with 15 U.S.C. § 376 with respect to tobacco products covered by that section is considered to have complied with this subsection. The memorandum or invoice ~~shall~~ must contain the following information:

(1) The name, address, telephone number, and e-mail address of the consumer.

(2) The type and the brand, or brands, of tobacco products that were sold.

(3) The quantity of tobacco products that were sold.

(d) Penalties. – A person who violates this section is subject to the following penalties:

(1) For the first violation, a penalty of one thousand dollars ($1,000).

(2) For a subsequent violation, a penalty not to exceed five thousand dollars ($5,000), as determined by the Secretary.

~~(e) Exception. This section does not apply to sales of tobacco products by a retail dealer who purchased the tobacco products from a licensed distributor or wholesale dealer.~~

(f) ~~State Laws Apply. All State laws that apply to tobacco product retailers in this State shall apply to delivery sellers that sell tobacco products into this State.~~Delivery Sellers as Retailers. – A delivery seller that meets the definition of a "retailer" as defined in Article 5 of this Chapter is subject to all State laws that apply to a retailer in this State."

SECTION 42.9.(c) G.S. 105-113.5 reads as rewritten:

"**§ 105-113.5. Tax on cigarettes.**

(a) Rate. – A tax is levied on the sale or possession for sale in this State, by a licensed distributor, of all cigarettes at the rate of two and one-fourth cents (2.25¢) per individual cigarette.

(b) Primary Liability. – ~~The licensed distributor who first acquires or otherwise handles cigarettes subject to the tax imposed by this section is liable for the tax imposed by this section.~~ A licensed distributor who ~~brings~~ meets any of the following conditions is liable for the tax imposed by this section:

(1) Is the first person to possess or acquire cigarettes in this State.

(2) Is the first person to bring into this State cigarettes made outside the ~~State is the first person to handle the cigarettes in this~~ State. ~~A licensed distributor who is~~

(3) Is the original consignee of cigarettes made outside the State ~~and is~~ that are shipped into the ~~State is the first person to handle the cigarettes in this~~ State.

(4) Makes a delivery sale of cigarettes for which the delivery seller is required to collect sales and use tax under Article 5 of this Chapter."

SECTION 42.9.(d) G.S. 105-113.12 reads as rewritten:

"**§ 105-113.12. ~~Distributor must obtain license.~~License required.**

(a) A distributor ~~shall~~ must obtain a license for each ~~place of business a distributor's license and shall~~ of the locations listed in this subsection, as applicable, and must pay a tax of twenty-five dollars ($25.00) for ~~the~~ each license. A license is in effect until June 30 of the year following the second calendar year after the date of issuance or renewal. A license ~~for each place of business~~ is renewable upon signed application with no renewal license tax, unless applied for after the June 30 expiration date. The locations are:

(1) Each location where a distributor receives or stores non-tax-paid cigarettes in this State.

(2) For a distributor that is a delivery seller, each location from which the distributor ships delivery sales of cigarettes, if the location is a location other than the location described in subdivision (1) of this subsection.

~~(b) For the purposes of this section, a "place of business" is a place where a distributor receives or stores non-tax-paid cigarettes.~~

(c) An out-of-state distributor that is not a delivery seller may obtain a distributor's license upon compliance with the provisions of G.S. 105-113.4A and G.S. 105-113.24 and payment of a tax of twenty-five dollars ($25.00)."

SECTION 42.9.(e) G.S. 105-113.18 reads as rewritten:

"**§ 105-113.18. Payment of tax; reports.**

The taxes levied in this Part are payable when a report is required to be filed. The following reports are required to be filed with the Secretary:

(1) Distributor's Report. – A licensed distributor ~~shall~~ must file a monthly report in the form prescribed by the Secretary. The report covers cigarettes sold, shipped, delivered, or otherwise disposed of in this State in a calendar month and is due within 20 days after the end of the month covered by the report. The report ~~shall~~ must show the quantity of all cigarettes transported or caused to be transported into the State by the licensed distributor or licensed manufacturer in the State for sales in this State and state the amount of tax due and ~~shall~~ must identify any transactions to which the tax does not apply. A licensed distributor that is a delivery seller must also comply with the filing requirement under G.S. 105-113.4F.

(1a) Repealed by Session Laws 2019-169, s. 4.3(a), effective July 26, 2019.

(2) Use Tax Report. – ~~Every other~~ A person who is not a licensed distributor and has acquired non-tax-paid cigarettes for sale, use, or consumption subject to the tax imposed by this Part ~~shall,~~ must, within 96 hours after receipt of the cigarettes, file a report in the form prescribed by the Secretary showing the amount of cigarettes so received and any other information required by the Secretary. The report ~~shall~~ must be accompanied by payment of the full amount of the tax.

(3) Shipping Report. – Any person, except a licensed distributor, who ~~transports~~ transports, or causes to transport, cigarettes upon the public highways, roads, or streets of this State, upon notice from the Secretary, ~~shall~~ must file a report in the form prescribed by the Secretary and containing the information required by the Secretary.

…."

SECTION 42.9.(f) The following statutes are repealed:

G.S. 105-113.35
G.S. 105-113.35A
G.S. 105-113.36
G.S. 105-113.37
G.S. 105-113.38
G.S. 105-113.39
G.S. 105-113.40A.

SECTION 42.9.(g) Part 3 of Article 2A of Chapter 105 of the General Statutes, as amended by subsection (f) of this section, reads as rewritten:

"Part 3. Tax on ~~Other~~ Tobacco ~~Products.~~Products Other Than Cigarettes.

"Subpart 1. General Provisions.

"**§ 105-113.35B. Applicability.**

As used in this Part, the term "tobacco product" means a tobacco product other than cigarettes.

"Subpart 2. Tax Rates and Liability.

"**§ 105-113.36A. Tax rates; liability for tax.**

(a) Tax Imposed. – An excise tax is levied on the sale, use, consumption, handling, or distribution of tobacco products at the following rates:

(1) On vapor products, the rate of five cents (5¢) per fluid milliliter of consumable product. All invoices for vapor products issued by manufacturers must state the amount of consumable product in milliliters.

(2) On cigars, the rate of twelve and eight-tenths percent (12.8%) of the cost price, subject to a cap of thirty cents (30¢) per cigar.

(3) On all other tobacco products, the rate of twelve and eight-tenths percent (12.8%) of the cost price.

(b) Primary Liability for Tax. – A wholesale dealer that has not been relieved of paying tax under G.S. 105-113.37A or a retail dealer is primarily liable for the tax imposed by this section if the dealer meets any of the following conditions:

(1) Is the first person to possess or acquire the tobacco product in this State.

(2) Is the first person to bring a tobacco product made outside the State into this State.

(3) Is the original consignee of a tobacco product made outside the State that is shipped into the State.

(4) Makes a remote sale or a delivery sale for which the dealer is required to collect sales and use tax under Article 5 of this Chapter.

(c) Secondary Liability. – A retail dealer located in this State who acquires from a wholesale dealer non-tax-paid tobacco products subject to the tax imposed by this section is liable for any tax due on the tobacco products.

(d) Exemptions. – The taxes imposed under this section do not apply to the following:

(1) A tobacco product sold outside the State.

(2) A tobacco product sold to the federal government.

(3) A sample tobacco product distributed without charge. A sample tobacco product may only be distributed in a "qualified adult-only facility" as that term is defined in 21 C.F.R. § 1140.16(d)(2).

(e) Use Tax. – A tax is levied upon the sale or possession for sale by a person other than a licensed wholesale dealer or a licensed retail dealer and upon the use, consumption, or possession for use or consumption of tobacco products within this State at the rate set in this section. This tax does not apply to tobacco products for which the tax levied in this section has been paid.

(f) Documentation. – If a person liable for the tax imposed by this Part cannot produce to the Secretary's satisfaction documentation of the cost price of the items subject to tax, the Secretary may determine a value based on the cost price of comparable items.

"Subpart 3. Wholesale and Retail Dealers.

"**§ 105-113.37A. Manufacturer's option.**

(a) Shipping to Other Licensed Dealers. – A manufacturer who is not a retail dealer and who ships tobacco products to either a wholesale dealer or a retail dealer licensed under this Part may, upon application to the Secretary and upon compliance with requirements prescribed by the Secretary, be relieved of paying the tax on tobacco products imposed by this Part but is not relieved from filing a report as required by this Part.

(b) Integrated Wholesale Dealers. – If a manufacturer has been relieved of paying tax under this section, the permission granted to be relieved of paying the tax also applies to an integrated wholesale dealer with whom the manufacturer is an affiliate. A manufacturer must notify the Secretary of any integrated wholesale dealer with whom it is an affiliate when the manufacturer applies to the Secretary for permission to be relieved of paying the tax and when an integrated wholesale dealer becomes an affiliate of the manufacturer after the Secretary has given the manufacturer permission to be relieved of paying the tax.

(c) Dual Exemption. – If a person is both a manufacturer of cigarettes and a wholesale dealer of tobacco products, and the person is granted permission under G.S. 105-113.10 to be relieved of paying the cigarette excise tax, the permission applies to the tax imposed by this Part on tobacco products. A cigarette manufacturer who becomes a wholesale dealer after receiving permission to be relieved of the cigarette excise tax must notify the Secretary of the permission received under G.S. 105-113.10 when applying for a license as a wholesale dealer.

"**§ 105-113.37B. Non-tax-paid products.**

Except as otherwise provided in this Part, a licensed wholesale dealer may not sell, borrow, loan, or exchange non-tax-paid tobacco products to, from, or with another licensed wholesale dealer, and an integrated wholesale dealer may not sell, borrow, loan, or exchange non-tax-paid tobacco products to, from, or with another integrated wholesale dealer.

"**§ 105-113.37C. Discount; refund.**

(a) Discount. – A wholesale dealer or a retail dealer who is primarily liable for the excise taxes imposed by this Part, who files a timely report under this Part, and who sends a timely payment may deduct from the amount due with the report a discount of two percent (2%). This discount covers expenses incurred in preparing the records and reports required by this Part and the expense of furnishing a bond. This subsection does not apply with respect to the excise tax levied on vapor products.

(b) Refund. – A wholesale dealer or retail dealer who is primarily liable for the excise taxes imposed by this Part and is in possession of stale or otherwise unsalable tobacco products upon which the tax has been paid may return the tobacco products to the manufacturer and apply to the Secretary for refund of the tax. The application must be in the form prescribed by the Secretary and accompanied by a written certificate signed under penalty of perjury or an affidavit from the manufacturer listing the tobacco products returned to the manufacturer by the applicant. The Secretary must refund the tax paid, less the discount allowed, on the listed products.

"Subpart 4. Remote Sellers.

"**§ 105-113.38A. Remote seller requirements.**

A remote seller must do all of the following with respect to a remote sale:

(1) Obtain a license from the Secretary as required by this Part before accepting an order.

(2) Report, collect, and remit to the Secretary all applicable taxes as set out in this Part and Article 5 of this Chapter. A remote seller that meets the definition of a "retailer" as defined in Article 5 of this Chapter is subject to all State laws that apply to a retailer in this State.

"**§ 105-113.38B. Records.**

In addition to the records required to be kept under G.S. 105-113.4G, a remote seller must maintain the following:

(1) A list, updated annually, showing the cost price paid by the remote seller for each stock keeping unit of tobacco products.
(2) Invoices documenting remote or delivery sales to consumers in this State.
(3) Records necessary to document the cost price of purchases of all tobacco products sold to consumers in this State.

"**§ 105-113.38C. Penalties.**

A remote seller who violates G.S. 105-113.38A is subject to the following penalties:

(1) For the first violation, a penalty of one thousand dollars ($1,000).
(2) For a subsequent violation, a penalty not to exceed five thousand dollars ($5,000), as determined by the Secretary.

"Subpart 5. Administrative Provisions.

"**§ 105-113.39A. License required.**

(a) Requirement. – A wholesale dealer or a retail dealer must obtain from the Secretary a license for each of the locations listed in this subsection, as applicable, and must pay the required license tax for each license. A license is in effect until June 30 of the year following the second calendar year after the date of issuance or renewal, unless cancelled or revoked prior to expiration. A license is renewable upon signed application with no renewal license tax, unless applied for after the June 30 expiration date. The locations are:

(1) Each location where a wholesale dealer makes tobacco products.
(2) Each location where a wholesale dealer or a retail dealer receives or stores non-tax-paid tobacco products.
(3) Each location from where a retail dealer that is a delivery seller or remote seller ships delivery sales or remote sales if the location is a location other than the location described in subdivision (2) of this subsection.

(b) License Tax Amount. – The license tax amounts are as follows:

(1)	Wholesale dealer	$25.00
(2)	Retail dealer	$10.00.

(c) Out-of-State Wholesale Dealers. – An out-of-state wholesale dealer of tobacco products that is not a delivery seller or a remote seller may obtain a wholesale dealer's license upon compliance with the provisions of G.S. 105-113.4A and payment of a tax of twenty-five dollars ($25.00).

"**§ 105-113.39B. Payment of tax.**

(a) Monthly Report. – Taxes levied by this Part are payable by the entity that is primarily liable for the tax when a report is required to be filed. A report is due on a monthly basis. A monthly report covers tobacco products sold, shipped, delivered, or otherwise disposed of in this State occurring in a calendar month and is due within 20 days after the end of the month covered by the report. A report must be filed on a form provided by the Secretary and must contain the information required by the Secretary.

(b) Use Tax Report. – A person who is not a licensee under this Part and has acquired non-tax-paid tobacco products for sale, use, or consumption subject to the tax imposed by this Part must, within 96 hours after receipt of the tobacco products, file a report in the form prescribed by the Secretary showing the amount of tobacco products received and any other information required by the Secretary. The report must be accompanied by payment of the full amount of the tax.

(c) Shipping Report. – A person who transports, or causes to transport, tobacco products upon the public highways, roads, or streets of this State must, upon notice from the Secretary, file a report in a form prescribed by and containing the information required by the Secretary.

"**§ 105-113.39C. Bond or irrevocable letter of credit.**

The Secretary may require a wholesale dealer or a retail dealer to furnish a bond in an amount that adequately protects the State from a wholesale dealer's or a retail dealer's failure to pay taxes due under this Part. A bond must be conditioned on compliance with this Part, payable to the

State, and in the form required by the Secretary. The amount of the bond is two times the wholesale or retail dealer's average expected monthly tax liability under this Part, as determined by the Secretary, provided the amount of the bond may not be less than two thousand dollars ($2,000) and may not be more than two million dollars ($2,000,000). The Secretary should periodically review the sufficiency of bonds required of dealers, increase the amount of a required bond when the amount of the bond furnished no longer covers the anticipated tax liability of the wholesale dealer or retail dealer, and decrease the amount when the Secretary determines that a smaller bond amount will adequately protect the State from loss.

For purposes of this section, a wholesale dealer or a retail dealer may substitute an irrevocable letter of credit for the secured bond required by this section. The letter of credit must be issued by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with this Part, and in the amounts stipulated in this section.

"**§ 105-113.39D. Use of tax proceeds.**

The Secretary must credit the net proceeds of the tax collected under this Part as follows:

(1) Six percent (6%) to the University Cancer Research Fund established under G.S. 116-29.1.

(2) The remainder to the General Fund."

SECTION 42.9.(h) G.S. 116-29.1(b) reads as rewritten:

"(b) Effective July 1 of each calendar year, the funds remitted to the University Cancer Research Fund by the Secretary of Revenue from the tax on tobacco products other than cigarettes pursuant to ~~G.S. 105-113.40A~~ G.S. 105-113.39D are appropriated for this purpose."

SECTION 42.9.(i) This section becomes effective July 1, 2022, and applies to sales or purchases occurring on or after that date. This section does not affect the rights or liabilities of a taxpayer, or another person arising under the law as it existed before the effective date of this section, nor does it affect the right to any refund or credit of a tax that accrued under the law as it existed before the effective date of this section.

PROVIDE TAX PARITY FOR SHORT-TERM VEHICLE RENTALS

SECTION 42.10.(a) G.S. 105-164.4 reads as rewritten:

"**§ 105-164.4. Tax imposed on retailers and certain facilitators.**

(a) A privilege tax is imposed on a retailer engaged in business in the State at the percentage rates of the retailer's net taxable sales or gross receipts, listed in this subsection. The general rate of tax is four and three-quarters percent (4.75%). The percentage rates are as follows:

…

(17) The general rate applies to the gross receipts derived from a short-term motor vehicle rental by a peer-to-peer vehicle sharing facilitator, notwithstanding G.S. 105-164.13(32).

…."

SECTION 42.10.(b) G.S. 105-164.13(32) reads as rewritten:

"(32) ~~Sales~~ Except as otherwise provided in G.S. 105-164.4(a)(17), sales of motor vehicles, the sale of a motor vehicle body to be mounted on a motor vehicle chassis when a certificate of title has not been issued for the chassis, and the sale of a motor vehicle body mounted on a motor vehicle chassis that temporarily enters the State so the manufacturer of the body can mount the body on the chassis. For purposes of this subdivision, a park model RV, as defined in G.S. 105-187.1, is a motor vehicle."

SECTION 42.10.(c) G.S. 105-164.3 reads as rewritten:

"**§ 105-164.3. Definitions.**

The following definitions apply in this Article:

…

(166) Peer-to-peer vehicle sharing facilitator. – A marketplace facilitator who facilitates a short-term motor vehicle rental where the marketplace seller is the registered owner of the motor vehicle who has not made an election under G.S. 105-187.5.

…

(248) Short-term motor vehicle rental. – A motor vehicle rental to the same person for a period of less than 365 continuous days.

…."

SECTION 42.10.(d) G.S. 105-187.1(a)(8) reads as rewritten:

"(8) Vehicle sharing service. – A service for which a person pays a membership fee for the right to use a motor vehicle or motor vehicles upon payment of an additional time-based or mileage-based fee. The term does not include a short-term motor vehicle rental by a peer-to-peer vehicle sharing facilitator."

SECTION 42.10.(e) Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read as follows:

"**§ 105-164.44N. Transfer to Highway Fund of tax on peer-to-peer vehicle rentals.**

Beginning with the 2021-2022 fiscal year, and within 75 days after the end of each fiscal year, five hundred thousand dollars ($500,000) must be transferred from the General Fund to the Highway Fund in recognition of the fact that peer-to-peer vehicle rentals exercise the privilege of using the highways of this State."

SECTION 42.10.(f) G.S. 105-187.9(a) reads as rewritten:

"(a) Distribution. – ~~Of the taxes~~ Taxes collected under this Article at the rate of five percent (5%) and eight percent ~~(8%), the sum of ten million dollars ($10,000,000)~~ (8%) shall be credited ~~annually~~ to the Highway ~~Fund, and the remainder shall be credited to the General~~ Fund. Taxes collected under this Article at the rate of three percent (3%) shall be credited to the North Carolina Highway Trust Fund."

SECTION 42.10.(g) Subsection (f) of this section becomes effective July 1, 2021. The remainder of this section becomes effective October 1, 2021, and applies to sales occurring on or after that date.

GRADUATE LATE PAYMENT PENALTIES

SECTION 42.11.(a) G.S. 105-236(a)(4) reads as rewritten:

"(4) Failure to Pay Tax When Due. – In the case of failure to pay any tax when due, without intent to evade the tax, the Secretary shall assess a penalty equal to ~~ten~~ two percent ~~(10%)~~ (2%) of the ~~tax.~~ amount of the tax if the failure is for not more than one month, with an additional two percent (2%) for each additional month, or fraction thereof, during which the failure continues, not exceeding ten percent (10%) in aggregate. This penalty does not apply in any of the following circumstances:

a. When the amount of tax shown as due on an amended return is paid when the return is filed.

b. When the Secretary proposes an assessment for tax due but not shown on a return and the tax due is paid within 45 days after the later of the following:

1. The date of the notice of proposed assessment of the tax, if the taxpayer does not file a timely request for a Departmental review of the proposed assessment.

2. The date the proposed assessment becomes collectible under one of the circumstances listed in G.S. 105-241.22(3) through (6), if the taxpayer files a timely request for a Departmental review of the proposed assessment.

…."

SECTION 42.11.(b) This section becomes effective January 1, 2022, and applies to penalties assessed on or after that date.

PROPERTY TAX EXEMPTIONS

SECTION 42.12.(a) G.S. 105-278.2 reads as rewritten:

"**§ 105-278.2. Burial property.**

(a) Commercial Property. – Real property set apart for burial purposes ~~shall be exempted from taxation unless it is~~ owned and held for purposes of (i) sale or rental or (ii) sale of burial rights ~~therein. No application is required under G.S. 105-282.1 for property exempt under this subsection. A county cannot deny the exemption provided under this subsection to a taxpayer that lacks a survey or plat detailing the exempt property.~~therein is exempted from taxation. The taxes that would otherwise be due on real property classified under this subsection shall be a lien on the real property of the taxpayer as provided in G.S. 105-355(a). The taxes shall be carried forward in the records of the taxing unit or units as deferred taxes. The deferred taxes for the preceding five fiscal years are due and payable in accordance with G.S. 105-277.1F when the property loses its eligibility for deferral as a result of a disqualifying event. A disqualifying event occurs when the property is sold, conveyed, leased, encumbered, or disposed of for a purpose other than burial purposes.

(b) ~~Taxable real property set apart for human burial purposes is hereby designated a special class of property under authority of Article V, Section 2(2) of the North Carolina Constitution, and it shall be assessed for taxation taking into consideration the following:~~Other Property. – Real property not held for the purposes listed in subsection (a) of this section that is set apart for burial purposes is exempted from taxation. A county cannot deny the exemption provided under this subsection to a taxpayer that lacks a survey or plat detailing the exempt property.

~~(1) The effect on its value by division and development into burial plots;~~

~~(2) Whether it is irrevocably dedicated for human burial purposes by plat recorded with the Register of Deeds in the county in which the land is located; and~~

~~(3) Whether the owner is prohibited or restricted by law or otherwise from selling, mortgaging, leasing or encumbering the same.~~

(c) Terms. – For purposes of this section, the term ~~"real property" includes land, tombs, vaults, monuments, and mausoleums, and the term~~ "burial" includes ~~entombment.~~entombment and the term "real property" includes any of the following on the burial property:

(1) Land.

(2) Tombs, vaults, monuments, or mausoleums.

(3) Buildings, structures, improvements, or permanent fixtures."

SECTION 42.12.(b) G.S. 105-277.1F(a) reads as rewritten:

"(a) Scope. – This section applies to the following deferred tax programs:

…

(5a) G.S. 105-278.2(a), commercial burial property.

…."

SECTION 42.12.(c) G.S. 105-282.1 reads as rewritten:

"**§ 105-282.1. Applications for property tax exemption or exclusion; annual review of property exempted or excluded from property tax.**

(a) Application. – Every owner of property claiming exemption or exclusion from property taxes under the provisions of this Subchapter has the burden of establishing that the property is entitled to it. If the property for which the exemption or exclusion is claimed is appraised by the Department of Revenue, the application shall be filed with the Department. Otherwise, the application shall be filed with the assessor of the county in which the property is situated. An application must contain a complete and accurate statement of the facts that entitle

the property to the exemption or exclusion and must indicate the municipality, if any, in which the property is located. Each application filed with the Department of Revenue or an assessor shall be submitted on a form approved by the Department. Application forms shall be made available by the assessor and the Department, as appropriate.

Except as provided below, an owner claiming an exemption or exclusion from property taxes must file an application for the exemption or exclusion annually during the listing period.

(1) No application required. – Owners of the following exempt or excluded property do not need to file an application for the exemption or exclusion to be entitled to receive it:

a. Property exempt from taxation under G.S. 105-278.1 or ~~G.S. 105-278.2.~~G.S. 105-278.2(b).

…

(2) Single application required. – An owner of one or more of the following properties eligible for a property tax benefit must file an application for the benefit to receive it. Once the application has been approved, the owner does not need to file an application in subsequent years unless new or additional property is acquired or improvements are added or removed, necessitating a change in the valuation of the property, or there is a change in the use of the property or the qualifications or eligibility of the taxpayer necessitating a review of the benefit.

a. Property exempted from taxation under ~~G.S. 105-278.3,~~ G.S. 105-278.2(a), 105-278.3, 105-278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8.

…."

SECTION 42.12.(d) G.S. 105-275 reads as rewritten:

"**§ 105-275. Property classified and excluded from the tax base.**

The following classes of property are designated special classes under Article V, Sec. 2(2), of the North Carolina Constitution and are excluded from tax:

…

(44a) Vaccines.

…."

SECTION 42.12.(e) This section is effective for taxes imposed for taxable years beginning on or after July 1, 2022.

REVENUE LAWS TECHNICAL, CLARIFYING, AND ADMINISTRATIVE CHANGES

SECTION 42.13A.(a) G.S. 105-153.5(b) reads as rewritten:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

…

~~(14)~~(15) The amount granted to the taxpayer during the taxable year under the Extra Credit grant program. This subdivision expires for taxable years beginning on or after January 1, ~~2021.~~2022."

SECTION 42.13A.(b) G.S. 105-153.5(c2) reads as rewritten:

"(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

…

(17) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the amount by which the taxpayer's interest expense deduction under section 163(j) of the Code exceeds the interest expense deduction that would have been allowed under the Internal Revenue Code as enacted as of January 1,

2020. An add-back under this subdivision is not required to the extent the amount was required to be added back under another provision of this subsection. The purpose of this subdivision is to decouple from the modification of limitation on business interest allowed under section 2306 of the CARES Act.

(17a) A taxpayer who made an addition under subdivision (17) of this subsection may deduct twenty percent (20%) of the addition in each of the first five taxable years beginning with tax year 2021.

…."

SECTION 42.13A.(c) G.S. 105-153.9(a)(2) reads as rewritten:

"(2) The fraction of the gross income, as modified as provided in ~~G.S. 105-134.6A, G.S. 105-153.5,~~ G.S. 105-153.5 and G.S. 105-153.6, that is subject to income tax in another state or country shall be ascertained, and the North Carolina net income tax before credit under this section shall be multiplied by that fraction. The credit allowed is either the product thus calculated or the income tax actually paid the other state or country, whichever is smaller."

SECTION 42.13A.(d) G.S. 105-163.7(b) reads as rewritten:

"(b) Informational Return to Secretary. – Every employer shall annually file an informational return with the Secretary that contains the information given on each of the employer's written statements to an employee. The Secretary may require additional information to be included on the informational return, provided the Secretary has given a minimum of 90 days' notice of the additional information required. The informational return ~~is due on or before January 31 of the succeeding year and~~ must be filed in an electronic format as prescribed by the ~~Secretary. If~~ Secretary and is due on or before January 31 of the succeeding year or, if the employer terminates its business ~~or permanently ceases paying wages during~~ before the close of the calendar year, ~~the informational return must be filed within 30 days of the last payment of remuneration.~~ on or before the last day of the month following the end of the calendar quarter in which the employer terminates its business, but no later than January 31 of the succeeding year. The informational return required by this subsection is in lieu of the report required by G.S. 105-154.

…."

SECTION 42.13A.(e) G.S. 105-163.8 is amended by adding a new subsection to read:

"(c) If a withholding agent fails to file a return and pay the tax due under this Article or files a grossly incorrect or false or fraudulent return, the Secretary must estimate the tax due and assess the withholding agent based on the estimate."

SECTION 42.13A.(f) G.S. 105-241.6(b)(5) reads as rewritten:

"(5) Contingent Event. – The period to request a refund of an overpayment may be extended once as provided in this subdivision:

…

b. Other Event. – If a taxpayer contends that an event has occurred that prevents the taxpayer from filing an accurate and definite request for a refund of an overpayment within the period under this section, the taxpayer may submit a written request to the Secretary seeking an extension of the statute of limitations. The taxpayer must file a written request to the Secretary prior to expiration of the statute of limitations under this section. The request must establish by clear, convincing proof that the event is beyond the taxpayer's control and prevents the taxpayer from timely filing an accurate and definite request for a refund of an overpayment. The Secretary's decision on the request is final and is not subject to administrative or judicial review. If the

Secretary agrees to the request, the period to file a request for a refund of an overpayment is six months after the event concludes."

SECTION 42.13A.(g) G.S. 105-252.1 reads as rewritten:

"**§ 105-252.1. Use of a TTIN.**

A TTIN may not be used on any return, statement, or other document required to be filed with or furnished to the Department unless specifically authorized ~~in this Chapter.~~by the Secretary."

SECTION 42.13A.(h) Section 1.2(a) of S.L. 2021-16 reads as rewritten:

"**SECTION 1.2.(a)** Nonaccrual of Interest. – As a result of the automatic extension of the federal tax filing due date for individuals for the 2020 calendar year, the Secretary of Revenue has automatically extended the State tax filing due date for individuals for the 2020 tax year from April 15, 2021, to May 17, 2021. The Secretary will waive the penalty for failure to file an individual income tax return, including a partnership and estate and trust tax return, or pay individual income tax due if the return is filed and the tax due is paid by May 17, 2021. Notwithstanding G.S. 105-241.21(b), interest shall not accrue from April 15, 2021, through May 17, 2021, on an underpayment of tax imposed on an individual income tax ~~return~~ return, including a partnership and estate and trust tax return, due April 15, 2021."

SECTION 42.13A.(i) This section is effective when it becomes law.

SECTION 42.13B.(a) G.S. 105-83(d) reads as rewritten:

"(d) This section does not apply to ~~corporations liable for the tax levied under G.S. 105-102.3 or to savings~~ the following:

(1) Banks. For purposes of this subdivision, the term "bank" has the same meaning as defined in G.S. 105-130.7B(b).

(2) Savings and loan associations."

SECTION 42.13B.(b) G.S. 105-130.5(a) reads as rewritten:

"(a) The following additions to federal taxable income shall be made in determining State net income:

…

(31) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the amount by which the taxpayer's interest expense deduction under section 163(j) of the Code exceeds the interest expense deduction that would have been allowed under the Internal Revenue Code as enacted as of January 1, 2020, as calculated on a separate entity basis. An add-back under this subdivision is not required to the extent the amount was required to be added back under another provision of this subsection. The purpose of this subdivision is to decouple from the modification of limitation on business interest allowed under section 2306 of the CARES Act.

…."

SECTION 42.13B.(c) G.S. 105-130.5(b) reads as rewritten:

"(b) The following deductions from federal taxable income shall be made in determining State net income:

…

(32) A taxpayer who made an addition under subdivision (a)(31) of this section may deduct twenty percent (20%) of the addition that was not otherwise disallowed by G.S. 105-130.7B in each of the first five taxable years beginning tax year 2021."

SECTION 42.13B.(d) G.S. 105-130.7B(b)(4) reads as rewritten:

"(4) Qualified interest expense. – The amount of net interest expense paid or accrued to a related member in a taxable year with the amount limited to the taxpayer's proportionate share of interest paid or accrued to a person who is not a related member during the same taxable year. This limitation does not

apply to interest paid or accrued to a related member if one or more of the following applies:

…

e. The proportionate amount of interest paid or accrued to a related member that has already been disallowed by the application of section 163(j) of the Code."

SECTION 42.13B.(e) G.S. 105-130.8A(c) reads as rewritten:

"(c) Mergers and Acquisitions. – The Secretary must apply the standards contained in regulations adopted under sections 381 and 382 of the Code in determining the extent to which a loss survives a merger or an acquisition. For mergers and acquisitions occurring prior to January 1, 2015, the Secretary must apply the standards under G.S. 105-130.8 for taxable years beginning before January 1, 2015, and the standards of this section for taxable years beginning on or after January 1, 2015."

SECTION 42.13B.(f) G.S. 105-251(a) reads as rewritten:

"(a) Scope of Information. – A taxpayer must give information to the Secretary when the Secretary requests the information. The Secretary may request a taxpayer to provide only the following kinds of information on a return, a report, or otherwise:

(1) Information that identifies the taxpayer.

(2) Information needed to determine the liability of the taxpayer for a tax.

(3) Information needed to determine whether an item is subject to a tax.

(4) Information that enables the Secretary to collect a tax.

(5) Financial or tax documentation required to determine the appropriate adjustment under G.S. 105-130.5A. If such information is not timely provided as required under G.S. 105-130.5A(a), the Secretary may propose any adjustment allowable under Part 1 of Article 4 of this Chapter.

~~(5)~~(6) Other information the law requires a taxpayer to provide or the Secretary needs to perform a duty a law requires the Secretary to perform."

SECTION 42.13B.(g) Subsection (a) of this section is effective when it becomes law and applies retroactively for taxable years beginning on or after July 1, 2016. Subsection (d) of this section is effective when it becomes law and applies retroactively for taxable years beginning on or after January 1, 2018. Except as otherwise provided, the remainder of this section is effective when it becomes law.

SECTION 42.13C.(a) G.S. 105-164.13E(a)(7) reads as rewritten:

"(7) Any of the following animals:

a. ~~Baby chicks and poults.~~Fowl.

b. Livestock."

SECTION 42.13C.(b) G.S. 105-259(b) reads as rewritten:

"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person except as provided in this subsection. Standards used or to be used for the selection of returns for examination and data used or to be used for determining the standards may not be disclosed for any purpose. All other tax information may be disclosed only if the disclosure is made for one of the following purposes:

…

~~(5b) To furnish to the finance officials of a city a list of the utility taxable gross receipts and piped natural gas tax revenues attributable to the city under G.S. 105-116.1 and G.S. 105-187.44 or under former G.S. 105-116 and G.S. 105-120.~~

…."

SECTION 42.13C.(c) Subsection (a) of this section is effective retroactively to July 1, 2020, and applies to purchases made on or after that date. Except as otherwise provided, the remainder of this section is effective when it becomes law.

SECTION 42.13D.(a) G.S. 105-113.4B reads as rewritten:

"**§ 105-113.4B. Cancellation or revocation of license.**

…

(a1) ~~Revocation.~~ Summary Revocation and Procedure. – The Secretary may summarily revoke a license issued under this Article when the Secretary ~~finds~~ determines that the licensee is incurring liability for the tax imposed under this Article after failing to pay a tax when due under this Article. ~~In addition, the~~ The Secretary must send a revoked licensee a notice of the revocation and a notice of hearing. The hearing must be held within 10 days after the date of the notice of revocation unless the revoked licensee requests, before the day of the hearing, that the hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not stayed pending the hearing decision. A notice of hearing under this subsection must be in writing and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in writing within 10 days of the hearing. The final decision must state the basis for the decision. The statement of the basis of a revocation does not limit the Department from changing the basis.

(a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that commits one or more of the following acts after ~~holding a hearing on whether the license should be revoked:~~affording the licensee an opportunity to have a hearing as provided in subsections (a3) through (b2) of this section:

(1) Fails to obtain a license in a timely manner or for all places of business as required by this Article.
(2) Willfully fails to file a return required by this Article.
(3) Willfully fails to pay a tax when due under this Article.
(4) Makes a false statement in an application or return required under this Article.
(5) Fails to keep records as required by this Article.
(6) Refuses to allow the Secretary or a representative of the Secretary to examine the person's books, accounts, and records concerning tobacco product.
(7) Fails to disclose the correct amount of tobacco product taxable in this State.
(8) Fails to file a replacement bond or an additional bond if required by the Secretary under this Article.
(9) Violates G.S. 14-401.18.
(10) Fails to meet or maintain the requirements set out in G.S. 105-113.4A(b).

(a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice of proposed revocation that includes all of the following information:

(1) The basis for the proposed revocation. The statement of the basis for the proposed revocation does not limit the Department from changing the basis.
(2) The effective date of the revocation, which must be one of the following:
  a. Forty-five days from the date of the notice of proposed revocation if the licensee does not file a timely request for hearing.
  b. The tenth day after the date an adverse final decision is issued if the adverse final decision is mailed.
  c. The date an adverse final decision is delivered if the adverse final decision is delivered in person.
(3) The circumstances, if any, under which the Secretary will not revoke the license.
(4) An explanation of how the licensee may contest the proposed revocation.

(a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation by filing a written hearing request within 45 days of the date the notice of proposed revocation was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b). If the licensee does not file a timely hearing request, the license is revoked as provided in the notice of proposed revocation and the revocation is final and not subject to further administrative or judicial review.

(b) Hearing Procedure. – ~~The Secretary must send a person whose license is summarily revoked a notice of the revocation and must give the person an opportunity to have a hearing on the revocation within 10 days after the revocation.~~ The Secretary must give a ~~person whose license may be revoked after a hearing at least 10 days' written notice~~ licensee who filed a timely hearing request in accordance with subsection (a4) of this section at least 20 days' written notice of the date, time, and place of the ~~hearing. A notice of a summary license revocation and a notice of hearing must be sent by certified mail to the last known address of the licensee. If the person whose license may be revoked fails to attend the noticed hearing, the license revocation is effective 15 days after the noticed hearing.~~hearing, unless the Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the licensee in writing within 60 days of the hearing. The Department and the licensee may extend this time by mutual agreement. Failure to issue a final decision within the required time does not affect the validity of the decision. The final decision must state the basis for the decision and, if the final decision includes revocation of the license, the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this section. The statement of the basis of a revocation does not limit the Department from changing the basis.

(b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give notice by email or other electronic means if the licensee has consented to receiving notices via electronic means.

(b2) Return of Credentials. – If a license is revoked, the revoked licensee must return to the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued. If a license is unable to be returned, the revoked licensee must include a written statement of the reasons, satisfactory to the Secretary, why the license cannot be returned.

(c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee has paid all taxes and penalties due under this Article, the Secretary must take one of the following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

(1) Return an irrevocable letter of credit to the licensee.

(2) Return a bond to the licensee or notify the person liable on the bond and the licensee that the person is released from liability on the bond."

SECTION 42.13D.(b) Article 36B of Chapter 105 of the General Statutes is amended by adding the following new section:

"**§ 105-449.47B. Revocation of license.**

(a) Revocation. – The Secretary may revoke a license or a decal when a motor carrier fails to comply with this Article or Article 36C or 36D of this Subchapter after affording the motor carrier an opportunity to have a hearing as provided in this section.

(b) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice of proposed revocation that includes all of the following information:

(1) The basis for the proposed revocation. The statement of the basis for the proposed revocation does not limit the Department from changing the basis.

(2) The effective date of the revocation, which must be one of the following:

a. Forty-five days from the date of the notice of proposed revocation if the licensee does not file a timely request for hearing.

b. The tenth day after the date an adverse final decision is issued if the adverse final decision is mailed.

c. The date an adverse final decision is delivered if the adverse final decision is delivered in person.

(3) The circumstances, if any, under which the Secretary will not revoke the license.

(4) An explanation of how the licensee may contest the proposed revocation.

(c) Request for Hearing and Decision. – A licensee may contest a proposed revocation by filing a written hearing request within 45 days of the date the notice of proposed revocation was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b). If the licensee does not file a timely hearing request, the license is revoked as provided in the notice of proposed revocation and the revocation is final and not subject to further administrative or judicial review.

(d) Hearing Procedure. – The Secretary must give a licensee who filed a timely hearing request in accordance with subsection (c) of this section at least 20 days' written notice of the date, time, and place of the hearing, unless the Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the licensee in writing within 60 days of the hearing. The Department and the licensee may extend this time limit by mutual agreement. Failure to issue a final decision within the required time does not affect the validity of the decision. The final decision must state the basis for the decision and, if the final decision includes revocation of a license or a decal, the effective date of the revocation in accordance with subdivision (b)(2) of this section. The statement of the basis of the revocation does not limit the Department from changing the basis.

(e) Delivery of Notice. – The Secretary must deliver a notice in accordance with G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give notice by email or other electronic means if the licensee has consented to receiving notices via electronic means.

(f) Return of Credentials. – If the license is revoked, the former licensee shall return to the Secretary, within 10 days of the issuance of the final decision, all licenses and decals previously issued. If the licenses or decals are not returned, the credentials are subject to seizure or removal from the motor vehicle or defacement. If a license or decal is unable to be returned, the licensee must include a written statement of the reasons, satisfactory to the Secretary, why the license or decal cannot be returned."

SECTION 42.13D.(c) G.S. 105-449.76 reads as rewritten:

"**§ 105-449.76. Cancellation or revocation of license.**

(a) Cancellation. – The Secretary may cancel a license issued under this Article upon the written request of the licensee. The licensee's request must include a proposed effective date of cancellation and must return the license to the Secretary on or before the proposed effective date. If the licensee's request does not include a proposed effective date of cancellation, the license is cancelled 15 days after the Department receives the written request. If the license is unable to be returned, the licensee must include a written statement of the reasons, satisfactory to the Secretary, why the license cannot be returned. The Secretary shall notify the licensee when the license is cancelled.

(a1) ~~Revocation.~~ Summary Revocation and Procedure. – The Secretary may summarily revoke a license issued under this Article when the Secretary ~~finds~~ determines that the licensee is incurring liability for the tax imposed under this Article after failing to pay a tax when due under this Article. ~~In addition, the~~ The Secretary must send a revoked licensee a notice of the revocation and a notice of hearing. The hearing must be held within 10 days after the date of the notice of revocation unless the revoked licensee requests, before the day of the hearing, that the hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the

hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not stayed pending the hearing decision. A notice of hearing under this subsection must be in writing and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in writing within 10 days of the hearing. The final decision must state the basis for the decision. The statement of the basis of a revocation does not limit the Department from changing the basis.

(a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that commits one or more of the acts listed in G.S. 105-449.120 after ~~holding a hearing on whether the license should be revoked.~~affording the licensee an opportunity to have a hearing as provided in subsections (a3) through (b2) of this section.

(a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice of proposed revocation that includes all of the following information:

(1) The basis for the proposed revocation. The statement of the basis for the proposed revocation does not limit the Department from changing the basis.

(2) The effective date of the revocation, which must be one of the following:

a. Forty-five days from the date of the notice of proposed revocation if the licensee does not file a timely request for hearing.

b. The tenth day after the date an adverse final decision is issued if the adverse final decision is mailed.

c. The date an adverse final decision is delivered if the adverse final decision is delivered in person.

(3) The circumstances, if any, under which the Secretary will not revoke the license.

(4) An explanation of how the licensee may contest the proposed revocation.

(a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation by filing a written hearing request within 45 days of the date the notice of proposed revocation was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b). If the licensee does not file a timely hearing request, the license is revoked as provided in the notice of proposed revocation and the revocation is final and not subject to further administrative or judicial review.

(b) Hearing Procedure. – The Secretary must ~~send a person whose license is summarily revoked a notice of the revocation and must give the person an opportunity to have a hearing on the revocation within 10 days after the revocation. The Secretary must give a person whose license may be revoked after a hearing at least 10~~ give a licensee who filed a timely hearing request in accordance with subsection (a4) of this section at least 20 days' written notice of the date, time, and place of the ~~hearing. A notice of a summary license revocation and a notice of hearing must be sent by certified mail to the last known address of the licensee. If the person whose license may be revoked fails to attend the noticed hearing, the license revocation is effective 15 days after the noticed hearing.~~hearing, unless the Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the licensee in writing within 60 days of the hearing. The Department and the licensee may extend this time by mutual agreement. Failure to issue a final decision within the required time does not affect the validity of the decision. The final decision must state the basis for the decision and, if the final decision includes revocation of the license, the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this section. The statement of the basis of a revocation does not limit the Department from changing the basis.

(b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give

notice by email or other electronic means if the licensee has consented to receiving notices via electronic means.

(b2) Return of Credentials. – If the license is revoked, the former licensee shall return to the Secretary, within 10 days of the issuance of the final decision, all licenses and decals previously issued. If a license or decal is unable to be returned, the licensee must include a written statement of the reasons, satisfactory to the Secretary, why the license or decal cannot be returned.

(c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee has paid all taxes and penalties due under this Article, the Secretary must take one of the following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

(1) Return an irrevocable letter of credit to the licensee.

(2) Return a bond to the licensee or notify the person liable on the bond and the licensee that the person is released from liability on the bond."

SECTION 42.13D.(d) G.S. 119-19 reads as rewritten:

"**§ 119-19. Authority of Secretary to cancel or revoke a license.**

(a) ~~Reasons.~~ Cancellation. – The Secretary of Revenue may cancel a license issued under this Article upon the written request of the licensee. The licensee's request must include a proposed effective date of the cancellation and must return the license to the Secretary on or before the proposed effective date. If the licensee's request does not include a proposed effective date of cancellation, the license is cancelled 15 days after the Department receives the written request. If the license is unable to be returned, the licensee must include a written statement of the reason, satisfactory to the Secretary, why the license cannot be returned. The Secretary must notify the licensee when the license is cancelled.

(a1) Summary Revocation and Procedure. – The Secretary may summarily revoke a license issued under this Article or under Article 36C or 36D of ~~Chapter 105 of the General Statutes~~ this Chapter when the Secretary ~~finds~~ determines that the licensee is incurring liability for the tax imposed by this Article after failing to pay a tax when due under this Article. The Secretary must send a revoked licensee a notice of the revocation and a notice of hearing. The hearing must be held within 10 days after the date of the notice of revocation unless the revoked licensee requests, before the day of the hearing, that the hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not stayed pending the hearing decision. A notice of hearing under this subsection must be in writing and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in writing within 10 days of the hearing. The final decision must state the basis for the decision. The statement of the basis of a revocation does not limit the Department from changing the basis.

(a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee who files a false report under this Article or fails to file a report required under this Article after ~~holding a hearing on whether the license should be revoked.~~affording the licensee an opportunity to have a hearing as provided in subsections (a3) through (b2) of this section.

(a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice of proposed revocation that includes all of the following information:

(1) The basis for the proposed revocation. The statement of the basis for the proposed revocation does not limit the Department from changing the basis.

(2) The effective date of the revocation, which must be one of the following:

a. Forty-five days from the date of the notice of proposed revocation if the licensee does not file a timely request for hearing.

b. The tenth day after the date an adverse final decision is issued if the adverse final decision is mailed.

c. The date an adverse final decision is delivered if the adverse final decision is delivered in person.

(3) The circumstances, if any, under which the Secretary will not revoke the license.

(4) An explanation of how the licensee may contest the proposed revocation.

(a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation by filing a written hearing request within 45 days of the date the notice of proposed revocation was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b). If the licensee does not file a timely hearing request, the license is revoked as provided in the notice of proposed revocation and the revocation is final and not subject to further administrative or judicial review.

(b) Hearing Procedure. – The Secretary must ~~send a person whose license is summarily revoked a notice of the revocation and must give the person an opportunity to have a hearing on the revocation within 10 days after the revocation. The Secretary must give a person whose license may be revoked after a hearing~~ give a licensee who filed a timely hearing request in accordance with subsection (a4) of this section at least ~~10~~ 20 days' written notice of the date, time, and place of the ~~hearing. A notice of a summary license revocation and a notice of hearing must be sent by certified mail to the last known address of the licensee.~~hearing, unless the Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a final decision and notify the licensee in writing within 60 days of the hearing. The Department and the licensee may extend this time by mutual agreement. Failure to issue a final decision within the required time does not affect the validity of the decision. The final decision must state the basis for the decision and, if the final decision includes revocation of the license, the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this section. The statement of the basis of a revocation does not limit the Department from changing the basis.

(b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give notice by email or other electronic means if the licensee has consented to receiving notices via electronic means.

(b2) Return of Credentials. – If the license is revoked, the former licensee shall return to the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued. If a license is unable to be returned, the licensee must include a written statement of the reasons, satisfactory to the Secretary, why the license cannot be returned.

(c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee has paid all taxes and penalties due under this Article, the Secretary must either return to the licensee the bond filed by the licensee or notify the person liable on the bond and the licensee that the person is released from liability on the bond."

SECTION 42.13D.(e) This section becomes effective January 1, 2022, and applies to summary revocations and non-summary revocations initiated by the Department on or after that date.

SECTION 42.13E.(a) G.S. 105-113.8 is recodified as G.S. 105-113.4H.

SECTION 42.13E.(b) G.S. 105-113.11 is recodified as G.S. 105-113.4I.

SECTION 42.13E.(c) G.S. 105-113.4I, as recodified by subsection (b) of this section, reads as rewritten:

"**§ 105-113.4I. Licenses required.**

~~After the effective date of this Article, no~~ A person ~~shall~~ may not engage in business as a ~~distributor~~ distributor, wholesale dealer, or retail dealer in this State, without having first obtained from the Secretary the appropriate license for that purpose as prescribed ~~herein. Any~~ in this

Article. A license required by this Article ~~shall be~~ is in addition to any ~~and all~~ other licenses ~~which~~ that may be required by law."

SECTION 42.13E.(d) G.S. 105-113.29 is recodified as G.S. 105-113.4J.

SECTION 42.13E.(e) G.S. 105-113.4J, as recodified by subsection (d) of this section, reads as rewritten:

"**§ 105-113.4J. Unlicensed place of business.**

It is unlawful for a person to maintain a place of business within this State required by this Article to be licensed to engage in the business of selling, offering for sale, or possessing with the intent to sell ~~cigarettes or other~~ tobacco products without first obtaining ~~the licenses.~~all licenses required by this Article."

SECTION 42.13E.(f) G.S. 105-113.33 is recodified as G.S. 105-113.4K.

SECTION 42.13E.(g) G.S. 105-113.18(2) reads as rewritten:

"(2) Use Tax Report. – ~~Every other~~ A person who is not a licensed distributor and has acquired non-tax-paid cigarettes for sale, use, or ~~consumption~~ consumption, subject to the tax imposed by this Part ~~shall,~~ must, within 96 hours after receipt of the cigarettes, file a report in the form prescribed by the Secretary showing the amount of cigarettes so received and any other information required by the Secretary. The report ~~shall~~ must be accompanied by payment of the full amount of the tax."

SECTION 42.13E.(h) G.S. 105-113.35(d) reads as rewritten:

"(d) Manufacturer's Option. – A manufacturer who is not a retail dealer and who ships tobacco products other than cigarettes to either a wholesale dealer or retail dealer licensed under this Part may apply to the Secretary to be relieved of paying the tax imposed by this section on the tobacco products. ~~A manufacturer who is not a retail dealer and who ships vapor products to either a wholesale dealer or retail dealer licensed under this Part may apply to the Secretary to be relieved of paying the tax imposed by this section on the vapor products shipped to either a wholesale dealer or retail dealer.~~ Once granted permission, a manufacturer may choose not to pay the tax until otherwise notified by the Secretary but is not relieved from filing a report as required by this Part. To be relieved of payment of the tax imposed by this section, a manufacturer must comply with the requirements set by the Secretary.

Permission granted under this subsection to a manufacturer to be relieved of paying the tax imposed by this section applies to an integrated wholesale dealer with whom the manufacturer is an affiliate. A manufacturer must notify the Secretary of any integrated wholesale dealer with whom it is an affiliate when the manufacturer applies to the Secretary for permission to be relieved of paying the tax and when an integrated wholesale dealer becomes an affiliate of the manufacturer after the Secretary has given the manufacturer permission to be relieved of paying the tax.

If a person is both a manufacturer of cigarettes and a wholesale dealer of tobacco products other than cigarettes and the person is granted permission under G.S. 105-113.10 to be relieved of paying the cigarette excise tax, the permission applies to the tax imposed by this section on tobacco products other than cigarettes. A cigarette manufacturer who becomes a wholesale dealer after receiving permission to be relieved of the cigarette excise tax must notify the Secretary of the permission received under G.S. 105-113.10 when applying for a license as a wholesale dealer."

SECTION 42.13E.(i) G.S. 105-113.37 reads as rewritten:

"**§ 105-113.37. Payment of tax.**

(a) Monthly Report. – Taxes levied by this ~~Article~~ Part are payable by a licensed wholesale dealer or licensed retail dealer when a report is required to be filed. A report is due on a monthly basis. A monthly report covers tobacco ~~products~~ products, other than cigarettes, sold, shipped, delivered, or otherwise disposed of in this State occurring in a calendar month and is due within 20 days after the end of the month covered by the report. A report ~~shall~~ must be filed

on a form provided by the Secretary and ~~shall~~ must contain the information required by the Secretary.

(a1) Use Tax Report. – A person who is not a licensed wholesale dealer or licensed retail dealer and has acquired non-tax-paid tobacco products, other than cigarettes, for sale, use, or consumption, subject to the tax imposed by this Part must, within 96 hours after receipt of the tobacco products, file a report in the form prescribed by the Secretary showing the amount of tobacco products received and any other information required by the Secretary. The report must be accompanied by payment of the full amount of the tax.

…."

SECTION 42.13E.(j) G.S. 105-113.83 reads as rewritten:

"**§ 105-113.83. Payment of excise taxes.**

…

(b) Malt Beverage and Wine. – The excise taxes on malt beverages and wine levied under G.S. 105-113.80(a) and (b), respectively, are payable to the Secretary by the resident wholesaler or importer who first handles the beverages in this State. ~~The excise taxes levied under G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to G.S. 18B-1001.1 must be paid by the wine shipper permittee.~~ The taxes on malt beverages and wine are payable only once on the same beverages. Unless otherwise provided, the tax is due on or before the 15th day of the month following the month in which the beverage is first sold or otherwise disposed of in this State by the wholesaler or importer. When excise taxes are paid on wine or malt beverages, the wholesaler or importer must submit to the Secretary verified reports on forms provided by the Secretary detailing sales records for the month for which the taxes are paid. The report must indicate the amount of excise tax due, contain the information required by the Secretary, and indicate separately any transactions to which the excise tax does not apply. ~~A wine shipper permittee shall submit verified reports once a year on forms provided by the Secretary detailing sales records for the year the taxes are paid. The verified report is due on or before the fifteenth day of the first month of the following calendar year.~~

(b1) Brewery and Winery Option. – A brewery or winery may be relieved of paying the tax levied under G.S. 105-113.80(a) and (b) if all of the following apply:

(1) The brewery or winery holds a permit issued under G.S. 18B-1101, 18B-1102, or 18B-1104.

(2) The brewery or winery transfers malt beverages or wine to a wholesaler permitted under G.S. 18B-1107 or G.S. 18B-1109.

(3) The wholesaler agrees in writing to be responsible for the tax due on the transferred malt beverages or wine.

(4) The brewery or winery files a report when the tax would otherwise be due reporting the transfer of malt beverages or wine to the wholesaler.

(b2) Backup Tax Liability. – If a brewery or winery is relieved of paying the excise tax as provided under subsection (b1) of this section, the wholesaler receiving the malt beverages or wine is liable for any tax due under this section.

(b3) Wine Shipper Permittee. – A wine shipper permittee must pay the excise tax levied under G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to G.S. 18B-1001.1. A wine shipper permittee must submit verified reports once a year on forms provided by the Secretary detailing sales records for the year taxes are paid. The verified report is due on or before the fifteenth day of the first month of the following calendar year.

…."

SECTION 42.13E.(k) G.S. 105-113.86 reads as rewritten:

"**§ 105-113.86. Bond or irrevocable letter of credit.**

(a) Wholesalers and Importers. – ~~A~~ The Secretary may require a wholesaler or importer ~~must file with the Secretary~~ to furnish a bond in an amount ~~of~~ that adequately protects the State from a wholesaler's or importer's failure to pay taxes due under this Article. The amount of the

bond shall not be less than five thousand dollars ($5,000). ~~The amount of the bond must be proportionate to the anticipated tax liability of the wholesaler or importer.~~

(a1) Distilleries. – The Secretary may require a distillery to furnish a bond in an amount that adequately protects the State from a distillery's failure to pay taxes under this Article. The amount of the bond shall not be less than two thousand dollars ($2,000).

(a2) Periodic Review. – The Secretary should periodically review the sufficiency of the bonds required under this section. The Secretary may increase the ~~proportionate~~ amount required, not to exceed fifty thousand dollars ($50,000), if the bond ~~furnished~~ no longer covers the taxpayer's anticipated tax liability. The Secretary may decrease the ~~proportionate~~ amount required when the Secretary determines that a smaller bond amount will adequately protect the State from loss. The bond must be conditioned on compliance with this Article, payable to the State, in a form acceptable to the Secretary, and secured by a corporate surety.

(b) Nonresident Vendors. – The Secretary may require the holder of a nonresident vendor ABC permit to furnish a bond in an amount not to exceed two thousand dollars ($2,000). The bond must be conditioned on compliance with this Article, payable to the State in a form acceptable to the Secretary, and secured by a corporate surety.

(c) Letter of Credit. – For purposes of this section, a wholesaler or ~~importer or~~ importer, a nonresident ~~vendor~~ vendor, or a distillery may substitute an irrevocable letter of credit for the secured bond required by this section. The letter of credit must be issued by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in the amounts stipulated in this section."

SECTION 42.13E.(*l*) G.S. 105-236(a)(2) reads as rewritten:

"(2) Failure to Obtain a License. – For failure to obtain a license before engaging in a business, trade or profession for which a license is required, the Secretary shall assess a penalty equal to five percent (5%) of the amount prescribed for the license per month or fraction thereof until paid, not to exceed twenty-five percent (25%) of the amount so prescribed, but in any event shall not be less than five dollars ($5.00). In cases in which the taxpayer, after written notification by the Department, fails to obtain a license as required under ~~G.S. 105-449.65~~ G.S. 105-113.4I, 105-449.65, or ~~G.S. 105-449.131,~~ 105-449.131, the Secretary may assess a penalty of one thousand dollars ($1,000)."

SECTION 42.13E.(m) G.S. 105-449.45 reads as rewritten:

"**§ 105-449.45. Returns of carriers.**

…

(d) ~~Penalties.~~ Failure to File Return. – A motor carrier that fails to file a return under this section by the required date is subject to a penalty of fifty dollars ($50.00).

(d1) Failure to Pay Tax When Due. – A motor carrier that fails to pay a tax when due is subject to a penalty of fifty dollars ($50.00), or ten percent (10%) of the tax due, whichever is greater. The Secretary shall not assess this penalty if the motor carrier files or pays in accordance with G.S. 105-236(a)(4)a. or b.

(d2) Penalty Waiver. – The Secretary may reduce or waive a penalty as provided under G.S. 105-449.119.

…."

SECTION 42.13E.(n) G.S. 105-449.60 reads as rewritten:

"**§ 105-449.60. Definitions.**

The following definitions apply in this Article:

…

(20a) Fuel grade ethanol. – Ethanol meeting the standard for the American Society Testing Materials Specification D 4806, "Standard Specification for

Denatured Fuel Ethanol for Blending with Gasolines for Use as Automotive Spark-Ignition Engine Fuel," or ethanol, regardless of how it was produced, denatured in accordance with 27 C.F.R. § 19.746 as of January 1, 2021.

(21) Gasohol. – A blended fuel composed of gasoline and fuel ~~grade ethanol.~~alcohol or gasoline and ethanol.

…."

SECTION 42.13E.(o) G.S. 105-449.115 reads as rewritten:

"**§ 105-449.115. Shipping document required to transport motor fuel by railroad tank car or transport truck.**

…

(d) Duties of Transporter. – A person to whom a shipping document was issued must do all of the following:

(1) Carry the shipping document in the conveyance for which it was issued when transporting the motor fuel described in it.

(2) Show the shipping document to a law enforcement officer upon request when transporting the motor fuel described in it.

(2a) Maintain a copy of the shipping document at a centralized place of business for at least three years from the date of delivery.

(3) Deliver motor fuel described in the shipping document to the destination state ~~printed~~ designated on it unless the ~~person~~ person, in a manner prescribed by the Secretary, does all of the following:

a. Notifies the ~~Secretary, in a manner designated by the Secretary,~~ Secretary before transporting the motor fuel into a state other than the ~~printed destination~~ state ~~that the person has received instructions since the shipping document was issued to deliver the motor fuel to a different destination state.~~designated on the shipping document.

b. Receives from the ~~Secretary, in a manner designated by the Secretary,~~ Secretary a confirmation number authorizing the ~~diversion.~~shipment of motor fuel to a state other than the state designated on the shipping document.

c. ~~Writes~~ Contemporaneously notes on the shipping document the change in destination state and the confirmation number ~~for the diversion.~~received from the Secretary.

(4) ~~Give~~ Upon delivery, provide a copy of the shipping document to the ~~distributor or other~~ person to whom the motor fuel is delivered.

(e) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by railroad tank car or transport truck may ~~not~~ only accept delivery of the motor fuel if the destination state shown on the shipping document for the motor fuel is ~~a state other than~~ North ~~Carolina. To determine if the shipping document shows North Carolina as the destination state, the person to whom the fuel is delivered must examine the shipping document and must keep a copy of the shipping document.~~ Carolina or has been changed to North Carolina in accordance with subdivision (3) of subsection (d) of this section. The person must ~~keep~~ maintain a copy of the shipping document for at least three years from the date of delivery and must maintain a copy of the shipping document at the place of business where the motor fuel was delivered for 90 days from the date of ~~delivery and must keep it at that place or another place for at least three years from the date of~~ delivery. A person who accepts delivery of motor fuel in violation of this subsection is jointly and severally liable for any tax due on the fuel.

…."

SECTION 42.13E.(p) G.S. 105-449.115A reads as rewritten:

"**§ 105-449.115A. Shipping document required to transport fuel by tank wagon.**

…

(b) Duties of Transporter. – A person to whom an invoice, bill of sale, or shipping document was issued must do all of the following:

(1) Carry the invoice, bill of sale, or shipping document in the conveyance for which it is issued when transporting the motor fuel described in it.

(2) Show the invoice, bill of sale, or shipping document upon request when transporting the motor fuel described in it.

(3) ~~Keep~~ Maintain a copy of the invoice, bill of sale, or shipping document at a centralized place of business for at least three years from the date of delivery.

(4) Deliver motor fuel described in the shipping document to the state designated on it unless the person, in a manner prescribed by the Secretary, does all of the following:

a. Notifies the Secretary before transporting the motor fuel into a state other than the state designated on the shipping document.

b. Receives from the Secretary a confirmation number authorizing the shipment of motor fuel to a state other than the state designated on the shipping document.

c. Contemporaneously notes on the shipping document the change in destination state and the confirmation number received from the Secretary.

(5) Upon delivery, provide a copy of the shipping document to the person to whom the motor fuel is delivered.

(b1) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by tank wagon may only accept delivery of the motor fuel if the destination state shown on the shipping document for the motor fuel is North Carolina or has been changed to North Carolina in accordance with subdivision (4) of subsection (b) of this section. The person must maintain a copy of the shipping document for at least three years from the date of delivery and must maintain a copy of the shipping document at the place of business where the motor fuel was delivered for 90 days from the date of delivery. A person who accepts delivery of motor fuel in violation of this subsection is jointly and severally liable for any tax due on the fuel.

…."

SECTION 42.13E.(q) G.S. 105-449.123 reads as rewritten:

"**§ 105-449.123. Marking requirements for dyed fuel storage facilities.**

(a) Requirements. – A person who is a retailer of dyed motor fuel or who stores both dyed and undyed motor fuel for use by that person or another person must mark the storage facility for the dyed motor fuel as ~~follows~~ provided in this subsection and in a manner that clearly indicates the fuel is not to be used to operate a highway vehicle. The storage facility must be marked "Dyed Diesel, Nontaxable Use Only, Penalty For Taxable Use" or "Dyed Kerosene, Nontaxable Use Only, Penalty for Taxable Use" or a similar phrase that clearly indicates the fuel is not to be used to operate a highway vehicle. ~~A person who intentionally fails to mark the storage facility as required by this section is subject to a civil penalty equal to the excise tax at the motor fuel rate on the inventory held in the storage tank at the time of the violation. If the inventory cannot be determined, then the penalty is calculated on the capacity of the storage tank.~~The marking requirements are:

(1) The storage tank of the storage facility must be marked if the storage tank is visible.

(2) The fillcap or spill containment box of the storage facility must be marked.

(3) The dispensing device that serves the storage facility must be marked.

(4) The retail pump or dispensing device at any level of the distribution system must comply with the marking requirements.

(a1) Penalty. – A person who fails to mark the storage facility as required by subsection (a) of this section is subject to a civil penalty of two hundred fifty dollars ($250.00). Each inspection that results in a finding of noncompliance constitutes a separate and distinct offense.

(b) Exception. – The marking requirements of this section do not apply to a storage facility that contains fuel used only for one of the purposes listed in G.S. 105-449.105A(a)(1) and is installed in a manner that makes use of the fuel for any other purpose improbable."

SECTION 42.13E.(r) Subsections (*l*) and (q) of this section become effective January 1, 2022, and apply to penalties assessed on or after that date. Subsections (n), (o), and (p) of this section become effective January 1, 2022. Except as otherwise provided, the remainder of this section is effective when it becomes law.

SECTION 42.13F.(a) G.S. 105-278(a) reads as rewritten:

"(a) Real property designated as a historic property by a local ordinance adopted pursuant to former G.S. 160A-399.4 or designated as a historic landmark by a local ordinance adopted pursuant to G.S. 160D-945 or former G.S. 160A-400.5 is designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina Constitution. Property so classified shall be taxed uniformly as a class in each local taxing unit on the basis of fifty percent (50%) of the true value of the property as determined pursuant to G.S. 105-285 and 105-286, or 105-287."

SECTION 42.13F.(b) This section is effective retroactively to June 19, 2020.

PART XLIII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 43.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 43.2.(a) The North Carolina Senate Appropriations/Base Budget Committee Report on the Current Operations Appropriations Act for Senate Bill 105, Senate Committee Substitute, dated June 22, 2021, which was distributed in the Senate and used to explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these purposes shall be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

SECTION 43.2.(b) The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2021-2023 biennial budget as provided in G.S. 143C-3-5. This budget includes the appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted a recommended base budget to the General Assembly in the Governor's Recommended Budget for the 2021-2023 fiscal biennium, dated March 2021, and in the Budget Support Document for the various departments, institutions, and other spending agencies of the State. The adjustments to the recommended base budget made by the General Assembly are set out in the Committee Report.

SECTION 43.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other appropriate legislation. In the event that there is a conflict between the line-item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

SECTION 43.2.(d) Notwithstanding subsection (a) of this section, the following portions of the Committee Report are for reference and do not expand, limit, or define the text of the Committee Report:

(1) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for a particular budget code and containing no other substantive information.

(2) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for multiple fund codes within a single budget code and containing no other substantive information.

REPORT BY FISCAL RESEARCH DIVISION

SECTION 43.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2021 Regular Session of the General Assembly. The report shall be in the form of a revision of the Committee Report described in Section 43.2 of this act pursuant to G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to this section to the Director of the Budget. The report shall be published on the General Assembly's internet website for public access.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 43.4. Except where expressly repealed or amended by this act, the provisions of any legislation enacted during the 2021 Regular Session of the General Assembly affecting the State budget shall remain in effect.

MOST TEXT APPLIES ONLY TO THE 2021-2023 FISCAL BIENNIUM

SECTION 43.5. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2021-2023 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2021-2023 fiscal biennium.

EFFECT OF HEADINGS

SECTION 43.6. The headings to the Parts, Subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part or Subpart.

SEVERABILITY CLAUSE

SECTION 43.7. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 43.8. Except as otherwise provided, this act becomes effective July 1, 2021.