

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

**SESSION LAW 2022-74
HOUSE BILL 103**

AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2021
AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.

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 2022."

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Appropriations from the General Fund for the 2022-2023 fiscal year set out in Section 2.1(a) of S.L. 2021-180 are repealed. Appropriations from the General Fund for the budgets of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the 2022-2023 fiscal year, according to the following schedule:

Current Operations – General Fund	FY 2022-2023
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EDUCATION

North Carolina Community College System

Requirements	1,707,720,962
Less: Receipts	350,116,886
Net Appropriation	1,357,604,076

Department of Public Instruction

Requirements	13,568,635,108
Less: Receipts	2,290,067,356
Net Appropriation	11,278,567,752

THE UNIVERSITY OF NORTH CAROLINA

Appalachian State University



Requirements	268,075,375
Less: Receipts	117,967,367
Net Appropriation	150,108,008
East Carolina Univ. – Academic Affairs	
Requirements	407,123,708
Less: Receipts	170,099,826
Net Appropriation	237,023,882
East Carolina Univ. – Health Affairs	
Requirements	94,969,394
Less: Receipts	13,133,406
Net Appropriation	81,835,988
Elizabeth City State University	
Requirements	41,193,791
Less: Receipts	3,660,169
Net Appropriation	37,533,622
Fayetteville State University	
Requirements	82,232,941
Less: Receipts	27,068,975
Net Appropriation	55,163,966
NC A&T University	
Requirements	197,696,516
Less: Receipts	87,664,443
Net Appropriation	110,032,073
NC School of Science and Mathematics	
Requirements	37,124,871
Less: Receipts	2,283,359
Net Appropriation	34,841,512
NC State University – Academic Affairs	
Requirements	874,115,734
Less: Receipts	436,172,095
Net Appropriation	437,943,639
NC State University – Ag. Research	
Requirements	73,433,973
Less: Receipts	17,662,615
Net Appropriation	55,771,358
NC State University – Coop. Extension	
Requirements	59,619,549
Less: Receipts	18,144,142
Net Appropriation	41,475,407
North Carolina Central University	
Requirements	139,027,491

Less: Receipts	51,836,529
Net Appropriation	87,190,962
UNC at Asheville	
Requirements	69,523,226
Less: Receipts	21,876,242
Net Appropriation	47,646,984
UNC at Chapel Hill – Academic Affairs	
Requirements	658,371,061
Less: Receipts	373,804,957
Net Appropriation	284,566,104
UNC at Chapel Hill – Area Health Ed.	
Requirements	54,748,874
Less: Receipts	0
Net Appropriation	54,748,874
UNC at Chapel Hill – Health Affairs	
Requirements	346,957,192
Less: Receipts	131,819,411
Net Appropriation	215,137,781
UNC at Charlotte	
Requirements	430,927,003
Less: Receipts	165,165,330
Net Appropriation	265,761,673
UNC at Greensboro	
Requirements	289,992,935
Less: Receipts	108,204,808
Net Appropriation	181,788,127
UNC at Pembroke	
Requirements	95,109,865
Less: Receipts	16,789,132
Net Appropriation	78,320,733
UNC at Wilmington	
Requirements	249,933,584
Less: Receipts	102,044,807
Net Appropriation	147,888,777
UNC Board of Governors	
Requirements	45,192,410
Less: Receipts	259,217
Net Appropriation	44,933,193
UNC BOG – Aid to Private Institutions	
Requirements	327,046,921
Less: Receipts	25,000

Net Appropriation	327,021,921
UNC BOG – Institutional Programs	
Requirements	522,991,605
Less: Receipts	11,382,457
Net Appropriation	511,609,148
UNC BOG – Related Educational Programs	
Requirements	220,812,760
Less: Receipts	100,266,975
Net Appropriation	120,545,785
UNC School of the Arts	
Requirements	51,366,379
Less: Receipts	16,472,124
Net Appropriation	34,894,255
Western Carolina University	
Requirements	161,897,131
Less: Receipts	28,112,897
Net Appropriation	133,784,234
Winston-Salem State University	
Requirements	87,439,197
Less: Receipts	22,435,103
Net Appropriation	65,004,094
HEALTH AND HUMAN SERVICES	
Aging and Adult Services	
Requirements	133,413,185
Less: Receipts	80,937,907
Net Appropriation	52,475,278
Central Management and Support	
Requirements	370,000,838
Less: Receipts	183,734,948
Net Appropriation	186,265,890
Child Development and Early Education	
Requirements	829,038,871
Less: Receipts	577,154,478
Net Appropriation	251,884,393
Health Benefits	
Requirements	21,559,828,851
Less: Receipts	16,845,577,483
Net Appropriation	4,714,251,368
Health Service Regulation	
Requirements	78,867,439
Less: Receipts	55,653,630

Net Appropriation	23,213,809
Mental Hlth/Dev. Disabl./Subs. Abuse Serv.	
Requirements	1,754,158,139
Less: Receipts	887,984,961
Net Appropriation	866,173,178
Public Health	
Requirements	994,699,965
Less: Receipts	817,054,834
Net Appropriation	177,645,131
Services for the Blind/Deaf/Hard of Hearing	
Requirements	43,207,123
Less: Receipts	34,045,867
Net Appropriation	9,161,256
Social Services	
Requirements	2,022,436,604
Less: Receipts	1,793,310,291
Net Appropriation	229,126,313
Vocational Rehabilitation Services	
Requirements	158,084,383
Less: Receipts	115,756,928
Net Appropriation	42,327,455
AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES	
Agriculture and Consumer Services	
Requirements	240,281,540
Less: Receipts	63,337,473
Net Appropriation	176,944,067
Commerce	
Requirements	300,716,871
Less: Receipts	101,036,639
Net Appropriation	199,680,232
Environmental Quality	
Requirements	274,132,395
Less: Receipts	168,250,903
Net Appropriation	105,881,492
Labor	
Requirements	43,963,339
Less: Receipts	19,289,492
Net Appropriation	24,673,847
Natural and Cultural Resources	
Requirements	288,361,527
Less: Receipts	49,265,848

Net Appropriation	239,095,679
Wildlife Resources Commission	
Requirements	105,534,225
Less: Receipts	81,674,304
Net Appropriation	23,859,921
JUSTICE AND PUBLIC SAFETY	
Indigent Defense Services	
Requirements	154,262,579
Less: Receipts	14,399,053
Net Appropriation	139,863,526
Department of Public Safety	
Requirements	2,824,293,053
Less: Receipts	273,707,991
Net Appropriation	2,550,585,062
Administrative Office of the Courts	
Requirements	716,879,298
Less: Receipts	4,072,146
Net Appropriation	712,807,152
Department of Justice	
Requirements	104,385,635
Less: Receipts	40,675,688
Net Appropriation	63,709,947
GENERAL GOVERNMENT	
Administration	
Requirements	75,237,971
Less: Receipts	12,926,594
Net Appropriation	62,311,377
Administrative Hearings	
Requirements	8,751,701
Less: Receipts	1,285,409
Net Appropriation	7,466,292
Auditor	
Requirements	24,408,966
Less: Receipts	6,579,442
Net Appropriation	17,829,524
Budget and Management	
Requirements	11,721,691
Less: Receipts	572,651
Net Appropriation	11,149,040
Budget and Management – Special Approp.	
Requirements	104,817,300

Less: Receipts	89,300,300
Net Appropriation	15,517,000
Controller	
Requirements	33,477,593
Less: Receipts	901,351
Net Appropriation	32,576,242
Elections	
Requirements	8,408,253
Less: Receipts	129,624
Net Appropriation	8,278,629
General Assembly	
Requirements	84,474,142
Less: Receipts	874,679
Net Appropriation	83,599,463
Governor	
Requirements	6,887,944
Less: Receipts	920,908
Net Appropriation	5,967,036
Housing Finance Agency	
Requirements	210,660,000
Less: Receipts	170,000,000
Net Appropriation	40,660,000
Human Resources	
Requirements	10,084,938
Less: Receipts	132,937
Net Appropriation	9,952,001
Industrial Commission	
Requirements	22,847,114
Less: Receipts	11,776,490
Net Appropriation	11,070,624
Insurance	
Requirements	105,293,045
Less: Receipts	38,188,203
Net Appropriation	67,104,842
Lieutenant Governor	
Requirements	1,222,498
Less: Receipts	4,420
Net Appropriation	1,218,078
Military and Veterans Affairs	
Requirements	12,642,801
Less: Receipts	184,047

Net Appropriation	12,458,754
Revenue	
Requirements	179,629,716
Less: Receipts	63,644,630
Net Appropriation	115,985,086
Secretary of State	
Requirements	18,192,794
Less: Receipts	421,347
Net Appropriation	17,771,447
Treasurer	
Requirements	68,374,470
Less: Receipts	63,097,790
Net Appropriation	5,276,680
Treasurer – Other Retirement Plans/Benefits	
Requirements	33,255,423
Less: Receipts	0
Net Appropriation	33,255,423
INFORMATION TECHNOLOGY	
Department of Information Technology	
Requirements	94,922,167
Less: Receipts	20,533,655
Net Appropriation	74,388,512
RESERVES, DEBT, AND OTHER BUDGETS	
Education Enrollment Reserve	
Requirements	0
Less: Receipts	0
Net Appropriation	0
State Treasurer – General Debt Service	
Requirements	649,265,711
Less: Receipts	649,265,711
Net Appropriation	0
Total Requirements	55,924,401,654
Less: Total Receipts	28,022,196,680
Total Net Appropriation	27,902,204,974

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 for the 2022-2023 fiscal year set out in Section 2.2(a) of S.L. 2021-180 is repealed. The General Fund availability derived from

State tax revenue, nontax revenue, and other adjustments used in developing the budget for the 2022-2023 fiscal year is as follows:

	FY 2022-2023
Unappropriated Balance Remaining FY 2021-22	2,380,495,252
Revised FY 2020-21 Overcollections	(17,853,808)
Anticipated Reversions	200,000,000
Anticipated FY 2021-22 Overcollections	4,241,300,000
Additional FY 2021-22 Medicaid Appropriations	(52,800,000)
FY 2021-22 Public School Contingency Reserve	(227,000,000)
Beginning Unreserved Fund Balance	6,524,141,444
Revised Consensus Revenue Forecast	
Tax Revenue	
Personal Income	15,472,500,000
Sales and Use	10,382,800,000
Corporate Income	1,155,500,000
Franchise	690,900,000
Insurance	1,033,500,000
Alcoholic Beverages	552,500,000
Tobacco Products	270,200,000
Other Tax Revenues	202,900,000
Subtotal, Tax Revenue	29,760,800,000
Non-Tax Revenue	
Judicial Fees	222,800,000
Investment Income	60,900,000
Disproportionate Share	161,500,000
Master Settlement Agreement	144,600,000
Insurance	116,100,000
Other Non-Tax Revenue	242,900,000
Subtotal, Non-Tax Revenue	948,800,000
Total, Revised Net Revenue	30,709,600,000
Adjustments to Tax Revenue	
Personal Income Tax Changes	
NOAA and USPHS Retirement Pay Exclusion	(1,600,000)
Sales and Use Tax Changes	
Interstate Air and Ground Carriers Exemption	(6,300,000)
Highway Fund Transfer	(193,100,000)
Subtotal, Adjustments to Tax Revenue	(201,000,000)
Statutorily Required Reservations of Revenue	
State Capital and Infrastructure Fund	(1,365,500,000)
Subtotal, Statutorily Required Reservations of Revenue	(1,365,500,000)
Reserves	
State Capital and Infrastructure Fund	(1,816,706,484)
Savings Reserve	(1,634,006,722)
Medicaid Transformation Reserve	(246,000,000)
Medicaid Contingency Fund	(151,140,063)

Information Technology Project Reserve	(184,000,000)
State Emergency and Disaster Response Fund	(945,198,500)
Economic Development Project Reserve	(876,000,000)
World University Games Reserve	(25,000,000)
Housing Reserve	(205,000,000)
Local Project Reserve	(80,114,572)
Federal Infrastructure Match Reserve	(106,000,000)
Retiree Supplement Reserve	(35,954,763)
Needs-Based Public School Capital Reserve	(100,000,000)
Clean Water and Drinking Water Reserve	(325,980,444)
Stabilization and Inflation Reserve	(1,000,000,000)
Unfunded Liability Solvency Reserve	(10,000,000)
Subtotal, Reserves	(7,741,101,548)

Other Adjustments to Availability

Adjustment to Transfer from State Treasurer	230,739
Adjustment from Insurance Regulatory Fund	1,059,767

Subtotal, Other Adjustments **1,290,506**

Revised Total General Fund Availability **27,927,430,402**

Less General Fund Net Appropriations 27,902,204,974

Unappropriated Balance Remaining **25,225,428**

SECTION 2.2.(b) Section 2.2(b) of S.L. 2021-180 reads as rewritten:

"**SECTION 2.2.(b)** In addition to the amount required under G.S. 143C-4-3.1, as amended by Section 5.7 of this act, the State Controller shall transfer to the State Capital and Infrastructure Fund established under G.S. 143C-4-3.1 the sum of two billion three hundred forty-nine million three hundred thirty-four thousand nine hundred ninety-nine dollars (\$2,349,334,999) in nonrecurring funds in the 2021-2022 fiscal year and the sum of one billion ~~thirty-nine~~ eight hundred sixteen million five-seven hundred six thousand four hundred eighty-four dollars ~~(\$1,039,500,000)~~ (\$1,816,706,484) in nonrecurring funds in the 2022-2023 fiscal year. ~~Funds~~ The following sums transferred under this subsection to the Fund are appropriated for the fiscal year in which they were transferred as follows and shall be used in accordance with Part 40 of this act and any applicable provision of the Current Operations Appropriations Act of 2022:

- (1) The entire sum transferred to the Fund in the 2021-2022 fiscal year under this subsection and G.S. 143C-4-3.1, as amended by Section 5.7 of this act.
- (2) The sum of one billion five hundred fifty-six million three hundred fifteen thousand one hundred sixty-eight dollars (\$1,556,315,168) for the 2022-2023 fiscal year, and the entire sum required to be transferred to the Fund in the 2022-2023 fiscal year under G.S. 143C-4-3.1, as amended by Section 5.7 of this act."

SECTION 2.2.(c) Section 2.2(c) of S.L. 2021-180 reads as rewritten:

"**SECTION 2.2.(c)** In addition to the amount required under G.S. 143C-4-2, as amended by Section 5.6 of this act, the State Controller shall transfer to the Savings Reserve the sum of one billion one hundred thirty-four million six thousand seven hundred twenty-three dollars (\$1,134,006,723) in nonrecurring funds in the 2021-2022 fiscal year and the sum of one billion ~~one-six~~ hundred thirty-four million six thousand seven hundred twenty-two dollars ~~(\$1,134,006,722)~~ (\$1,634,006,722) in nonrecurring funds in the 2022-2023 fiscal year. This

transfer is not an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution."

SECTION 2.2.(d) Section 2.2(f) of S.L. 2021-180 reads as rewritten:

"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-seventy-one~~ million dollars ~~(\$46,000,000)-(\$71,000,000)~~ 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.(e) The State Controller shall reserve to the Medicaid Contingency Reserve described in G.S. 143C-4-11 from funds available in the General Fund the sum of one hundred fifty-one million one hundred forty thousand sixty-three dollars (\$151,140,063) in nonrecurring funds for the 2022-2023 fiscal year.

SECTION 2.2.(f) Section 2.2(h) of S.L. 2021-180 reads as rewritten:

"SECTION 2.2.(h) There is established in the General Fund an Information Technology Reserve that shall make funds available for information technology project expenditures only upon an act of appropriation by the General Assembly. The State Controller shall reserve to the Information Technology Reserve from funds available in the General Fund the sum of one hundred nine million six hundred sixty-one thousand one hundred fifty-five dollars (\$109,661,155) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one hundred ~~sixty-five-eighty-four~~ million dollars ~~(\$165,000,000)-(\$184,000,000)~~ in nonrecurring funds for the 2022-2023 fiscal year. The State Controller shall transfer funds available in the Information Technology Reserve to State agencies and departments for information technology projects in accordance with the following schedule, and the funds transferred are appropriated for the fiscal year in which they are transferred:

	State Agency or Department	2021-2022	2022-2023
(1)	Office of the State Controller (Budget Code: 19084)	\$25,000,000	\$25,000,000
(2)	Department of Public Instruction (Budget Code: 23515)	48,748,522	37,850,910
(3)	Community College System (Budget Code: 26802)	28,500,000	0
(4)	Administrative Office of the Courts (Budget Code: 22006)	7,412,633	8,405,916
(5)	<u>Department of Information Technology</u> (Budget Code: 14660)	<u>0</u>	<u>3,800,000"</u>

SECTION 2.2.(g) Section 2.2(i) of S.L. 2021-180 reads as rewritten:

"SECTION 2.2.(i) The State Controller shall reserve the sum of four hundred twenty-five million dollars (\$425,000,000) in nonrecurring funds for the 2021-2022 fiscal year, and the sum of ~~three-nine~~ hundred ~~seventy-five-forty-five~~ million one hundred ninety-eight thousand five hundred dollars ~~(\$375,000,000)-(\$945,198,500)~~ for the 2022-2023 fiscal year, from funds available in the General Fund to the State Emergency Response and Disaster Relief Reserve established under G.S. 166A-19.42. Funds reserved in the State Emergency Response and Disaster Relief Reserve pursuant to this subsection do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution."

SECTION 2.2.(h) The State Controller shall transfer the sum of two hundred sixteen million fifteen thousand three hundred thirty-nine dollars (\$216,015,339) in nonrecurring funds for the 2022-2023 fiscal year from funds available in the State Emergency Response and Disaster Relief Fund, to be used in accordance with Section 5.4 of this act, and the funds transferred are appropriated for the 2022-2023 fiscal year.

SECTION 2.2.(i) The State Controller shall reserve to the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 from funds available in the General Fund the sum of eight hundred seventy-six million dollars (\$876,000,000) in nonrecurring funds for the 2022-2023 fiscal year. Funds reserved in the Economic Development Project Reserve pursuant to this subsection may be used only for projects as specifically provided in this act notwithstanding whether such projects meet or exceed high-yield project metrics, as defined in G.S. 143B-437.51. The State Controller shall transfer the sum of twelve million dollars (\$12,000,000) to the Department of Commerce to be used in accordance with Sections 11.6 and 11.7 of this act. Provided the condition set forth in Section 11.8 of this act is satisfied, the State Controller shall transfer from the Reserve the amount necessary to effectuate the purpose set forth in Section 11.8 of this act. Provided the condition set forth in Section 11.9 of this act is satisfied, the State Controller shall transfer from the Reserve the amount necessary to effectuate the purpose set forth in Section 11.9 of this act. Provided the condition set forth in Section 11.10 of this act is satisfied, the State Controller shall transfer from the Reserve the amount necessary to effectuate the purpose set forth in Section 11.10 of this act. Provided the conditions set forth in Section 11.13 of this act are satisfied, the State Controller shall transfer from the Reserve the amount necessary to effectuate the purpose set forth in Section 11.13 of this act.

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

SECTION 2.2.(k) There is established in the General Fund a Housing Reserve that shall make funds available upon appropriation for the Workforce Housing Loan Program in accordance with Section 29.1 of this act and the Dare County Affordable Housing Project in accordance with Section 24.1 of this act. The State Controller shall reserve to the Housing Reserve from funds available in the General Fund the sum of two hundred five million dollars (\$205,000,000) in nonrecurring funds for the 2022-2023 fiscal year. The State Controller shall transfer the sum of one hundred seventy million dollars (\$170,000,000) to the Housing Finance Agency to use for the Workforce Housing Loan Program in accordance with Section 29.1 of this act. Additionally, the State Controller shall transfer the sum of thirty-five million dollars (\$35,000,000) to the Office of State Budget and Management to use for the Dare County Affordable Housing Project in accordance with Section 24.1 of this act.

SECTION 2.2.(l) There is established in the General Fund a Local Project Reserve that shall make funds available for local project expenditures. The State Controller shall reserve to the Local Project Reserve from funds available in the General Fund the sum of eighty million one hundred fourteen thousand five hundred seventy-two dollars (\$80,114,572) in nonrecurring funds for the 2022-2023 fiscal year. The State Controller shall transfer funds available in the Local Project Reserve in accordance with the following schedule, and the funds transferred are to be used for the projects listed in the Committee Report described in Section 43.2 of this act:

State Agency/Department	2022-2023
(1) Department of Public Instruction (Budget Code: 13510)	\$6,873,000
(2) UNC Board of Governors (Budget Code: 16015)	\$25,000
(3) Appalachian State University (Budget Code: 16080)	\$225,000
(4) University of North Carolina at Pembroke	

	(Budget Code: 16082)	\$1,000,000
(5)	North Carolina Community Colleges System (Budget Code: 16800)	\$3,250,000
(6)	Department of Commerce (Budget Code: 14601)	\$2,425,000
(7)	Department of Agriculture and Consumer Services (Budget Code: 13700)	\$200,000
(8)	Department of Natural and Cultural Resources (Budget Code: 14800)	\$2,300,000
(9)	Wildlife Resources Commission (Budget Code: 14350)	\$50,000
(10)	Department of Public Safety (Budget Code: 14550)	\$2,325,000
(11)	Administrative Office of the Courts (Budget Code: 12000)	\$125,000
(12)	DHHS – DAAS (Budget Code: 14411)	\$1,652,272
(13)	DHHS – CMS (Budget Code: 14410)	\$2,850,000
(14)	DHHS – DCDEE (Budget Code: 14420)	\$50,000
(15)	DHHS – DMH/DD/SAS (Budget Code: 14460)	\$2,385,000
(16)	DHHS – DPH (Budget Code: 14430)	\$2,585,000
(17)	DHHS – DSS (Budget Code: 14440)	\$1,159,000
(18)	Department of Administration (Budget Code: 14100)	\$500,000
(19)	Office of State Budget and Management (Budget Code: 13085)	\$48,300,300
(20)	Department of Insurance (Budget Code: 13900)	\$1,835,000

SECTION 2.2.(m) There is established in the General Fund the Federal Infrastructure Match Reserve that shall make funds available to State agencies and departments to use for State match requirements when procuring federal aid made available under the federal Infrastructure Investment and Jobs Act (P.L. 117-58). The State Controller shall reserve to the Federal Infrastructure Match Reserve from funds available in the General Fund the sum of one hundred six million dollars (\$106,000,000) in nonrecurring funds for the 2022-2023 fiscal year. The State Controller shall transfer funds available in the Federal Infrastructure Match Reserve to the Department of Environmental Quality (DEQ) and the Department of Information Technology (DIT) as needed to draw down federal funds in accordance with the following schedule, and the funds transferred are appropriated for the 2022-2023 fiscal year:

Purpose	2022-2023
(1) DEQ – Drinking Water State Revolving Fund (Budget Code: 64320)	\$5,513,900
(2) DEQ – Clean Water State Revolving Fund (Budget Code: 64311)	\$3,238,600
(3) DEQ – Preventing Outages and Enhancing the	

	Resilience of the Electric Grid Grants (Budget Code: 24300)	\$1,388,921
(4)	DIT – State, Local, Tribal, and Territorial Grant Program (Budget Code: 24667)	\$529,937

SECTION 2.2.(n) There is established in the General Fund the Retiree Supplement Reserve that shall make funds available to provide a one percent (1%) retiree supplement. The State Controller shall reserve to the Retiree Supplement Reserve from funds available in the General Fund the sum of thirty-five million nine hundred fifty-four thousand seven hundred sixty-three dollars (\$35,954,763) in nonrecurring funds for the 2022-2023 fiscal year. The State Controller shall transfer to State departments and agencies the funds needed to implement the one percent (1%) retiree supplement in accordance with Section 39.20 of this act.

SECTION 2.2.(o) There is established in the General Fund the Public School Needs-Based Capital Reserve that shall make funds available to be used in accordance with this act. The State Controller shall reserve to the Public School Needs-Based Capital Reserve from funds available in the General Fund the sum of one hundred million dollars (\$100,000,000) in nonrecurring funds for the 2022-2023 fiscal year. The State Controller shall transfer to the Department of Public Instruction the funds needed to implement the Public School Needs-Based Capital Fund in accordance with Section 4.2 of this act, and the funds transferred are appropriated for the 2022-2023 fiscal year.

SECTION 2.2.(p) There is established in the General Fund the Clean Water and Drinking Water Reserve that shall make funds available to the Department of Environmental Quality to use for clean water and drinking water projects in accordance with Section 12.9 of this act. The State Controller shall reserve to the Clean Water and Drinking Water Reserve from funds available in the General Fund the sum of three hundred twenty-five million nine hundred eighty thousand four hundred forty-four dollars (\$325,980,444) in nonrecurring funds for the 2022-2023 fiscal year. The State Controller shall transfer to the Department of Environmental Quality the funds needed for clean water and drinking water projects in accordance with Section 12.9 of this act, and the funds transferred are appropriated for the 2022-2023 fiscal year.

SECTION 2.2.(q) There is established in the General Fund the Stabilization and Inflation Reserve that shall make, only upon an act of appropriation by the General Assembly, funds available to be used for costs associated with inflation and other measures necessary to stabilize the State economy. The State Controller shall reserve to the Stabilization and Inflation Reserve from funds available in the General Fund the sum of one billion dollars (\$1,000,000,000) in nonrecurring funds for the 2022-2023 fiscal year.

SECTION 2.2.(r) There is established in the State Capital and Infrastructure Fund a Downtown Government Complex Reserve that shall make funds available, only upon an act of appropriation by the General Assembly, for capital improvement, repair and renovation, and related expenditures that are identified by the Department of Administration, in conjunction with the Legislative Services Office, as necessary to facilitate a capital improvement project or repair and renovation, or for costs associated with the relocation of State agency staff and operations, in connection with the Government Facilities Master Plan initiated pursuant to Section 36.2(a) of S.L. 2018-5 and Section 40.1(h) of S.L. 2021-180.

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

SECTION 2.2.(t) The State Controller shall ensure that the transfers required under this section are completed as soon as practicable but no later than the end of the 2022-2023 fiscal year. In making the transfers required under this section, the State Controller shall prioritize transfers to Reserves that support expenditures occurring in the 2022-2023 fiscal year.

SECTION 2.2.(u) Of the funds appropriated from the Unfunded Liability Solvency Reserve in S.L. 2021-180, the State Controller shall transfer funds from the Reserve in the amounts necessary, not to exceed the sum of forty million dollars (\$40,000,000), to State agencies and departments in the 2022-2023 fiscal year to use to pay the additional contributions set out in S.L. 2021-180 to the Teachers' and State Employees' Retirement System and Retiree Health Benefit Fund.

SECTION 2.2.(v) Effective June 30, 2022, Section 2.1(a) of S.L. 2021-180, as amended by subsection (a) of this section, reads as rewritten:

"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**

...

HEALTH AND HUMAN SERVICES

...

Health Benefits

Requirements	20,103,850,258 20,305,762,258
Less: Receipts	16,126,513,963 16,275,625,963
Net Appropriation	<u>3,977,336,295</u>

...

AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES

...

Commerce

Requirements	599,260,602 537,760,602
Less: Receipts	382,599,635 321,099,635
Net Appropriation	<u>216,660,967</u>

...

GENERAL GOVERNMENT

...

Budget and Management

Requirements	239,898,420 204,898,420
Less: Receipts	225,092,508 190,092,508
Net Appropriation	<u>14,805,912</u>

...

Housing Finance Agency

Requirements	190,660,000 20,660,000
Less: Receipts	180,000,000 10,000,000
Net Appropriation	<u>10,660,000</u>

...

Total Requirements	<u>59,834,157,715</u>
Less: Total Receipts	<u>33,912,731,433</u>
Total Net Appropriation	<u>25,921,426,282</u>

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

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

out in parentheses are reductions from Highway Fund Appropriations for the 2022-2023 fiscal year.

Highway Fund	FY 2022-2023
Administration	\$7,062,072
Division of Highways	
Administration	0
Construction	135,000,000
Maintenance	34,100,000
Governor's Highway Safety Program	0
OSHA	0
Aid to Municipalities	0
Intermodal Divisions	
Ferry	661,671
Public Transportation, Bicycle and Pedestrian	2,000,000
Aviation	28,400,000
Rail	7,527,000
Division of Motor Vehicles	0
Other State Agencies, Reserves, Transfers	120,049,257
Capital Improvements	0
Total	\$2,938,200,000

HIGHWAY FUND AVAILABILITY

SECTION 3.2. The Highway Fund availability for the 2022-2023 fiscal year in Section 3.2 of S.L. 2021-180 is repealed. The Highway Fund availability used in adjusting the 2022-2023 fiscal year budget is shown below:

Highway Fund Availability	FY 2022-2023
Projected Over Collections	\$107,700,000
Partial Accounting of HTF Cash Advance Repayments	(107,700,000)
Beginning Balance	0
Motor Fuels Tax	1,776,100,000
Licenses and Fees	872,200,000
Sales Tax Transfer – 2%	193,100,000
Highway Short-Term Lease	95,300,000
Investment income	1,500,000
Total Highway Fund Availability	\$2,938,200,000

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 year ending June 30, 2023, according to the following schedule. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations for the 2022-2023 fiscal year.

Current Operations – Highway Trust Fund	FY 2022-2023
Program Administration	\$0
Bonds	0
Turnpike Authority	0
State Ports Authority	0
FHWA State Match	0
Strategic Prioritization Funding Plan for Transportation Investments	106,960,000
Transfer to Visitor Center	240,000
Total	\$1,835,500,000

HIGHWAY TRUST FUND AVAILABILITY

SECTION 3.4. The Highway Trust Fund availability for the 2022-2023 fiscal year set out in Section 3.4 of S.L. 2021-180 is repealed. The Highway Trust Fund availability used in adjusting the 2022-2023 fiscal year budget is shown below:

Highway Trust Fund Availability	FY 2022-2023
Projected Over Collections	\$74,800,000
Partial Accounting of Cash Advance Repayments	107,700,000
STI Projects	(182,500,000)
Beginning Balance	0
Highway Use Tax	1,086,000,000
Motor Fuels Tax	590,100,000
Fees	158,000,000
Investment Income	1,400,000
Total Highway Trust Fund	\$1,835,500,000

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

APPROPRIATION OF RECEIPTS INCREASED DUE TO SALARY AND BENEFITS INCREASES

SECTION 4.1. Any receipts that are required to be used to pay the legislatively mandated salary increases and employee benefits increases provided in this act are appropriated up to the actual amount received for the 2022-2023 fiscal year.

LOTTERY/NEEDS-BASED CHANGES

SECTION 4.2.(a) Section 4.3 of S.L. 2021-180 reads as rewritten:

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

	FY 2021-2022	FY 2022-2023
Noninstructional Support Personnel	\$385,914,455	\$385,914,455
Prekindergarten Program	78,252,110	78,252,110
Public School Building Capital Fund	100,000,000	100,000,000

Needs-Based Public School Capital Fund	145,252,612	
153,252,612 208,252,612		
Public School Repair & Renovation	30,000,000	50,000,000
Scholarships for Needy Students	30,450,000	—
UNC Need-Based Financial Aid	10,744,733	—
Scholarship Reserve Fund for Public Colleges and Universities	—	41,194,733
LEA Transportation	21,386,090	21,386,090
TOTAL ALLOCATION	\$802,000,000	
\$830,000,000 \$885,000,000		

"SECTION 4.3.(a1) The anticipated funding available for the Needs-Based Public School Capital Fund for the 2022-2023 fiscal year is as follows:

FY 2022-2023

<u>Education Lottery Fund Allocation</u>	<u>\$208,252,612</u>
<u>Surplus FY21-22 Education Lottery Receipts</u>	<u>123,000,000</u>
<u>Funding from Needs-Based Capital Reserve</u>	<u>100,000,000</u>
<u>TOTAL ESTIMATED AVAILABILITY</u>	<u>\$431,252,612</u>

...."

SECTION 4.2.(b) Article 38B of Chapter 115C of the General Statutes, as enacted by Section 4.4(a) of S.L. 2021-180, reads as rewritten:

"Article 38B.

"Needs-Based Public School Capital Fund.

...

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

...

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

...

"§ 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~~ Number, description, and geographic distribution of projects awarded.

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

SECTION 4.2.(c) The Department of Public Instruction shall reconsider Needs-Based Public School Capital Fund grant applications that were previously submitted for the 2021-2022 grant cycle containing multiple projects as a consolidated project grant application.

SECTION 4.2.(d) Notwithstanding Article 38B of Chapter 115C of the General Statutes, the Department of Public Instruction shall award additional grant funding for the 2022-2023 fiscal year to certain prior recipients of grants from the Needs-Based Public School Capital Fund. Additional grant awards are provided to the following counties for the following amounts:

- (1) Six million dollars (\$6,000,000) to Anson County.
- (2) Eight million dollars (\$8,000,000) to Ashe County.
- (3) Eight million dollars (\$8,000,000) to Bladen County.
- (4) Ten million twelve thousand six hundred dollars (\$10,012,600) to Camden County.
- (5) Two million nine hundred eighty-two thousand two hundred forty-nine dollars (\$2,982,249) to Carteret County.
- (6) Eight million dollars (\$8,000,000) to Catawba County.
- (7) Ten million dollars (\$10,000,000) to Chowan County.
- (8) Eight million dollars (\$8,000,000) to Clay County.
- (9) Five million seven hundred thousand dollars (\$5,700,000) to Cleveland County.
- (10) Seven million eight hundred sixteen thousand six hundred dollars (\$7,816,600) to Halifax County.
- (11) Ten million dollars (\$10,000,000) to Hoke County.
- (12) Eight million dollars (\$8,000,000) to Mitchell County.
- (13) Nine million nine hundred ninety-eight thousand one hundred eighty-two dollars (\$9,998,182) to Northampton County.
- (14) Ten million dollars (\$10,000,000) to Robeson County.
- (15) Two hundred eighty-seven thousand nine hundred thirteen dollars (\$287,913) to Tyrrell County.
- (16) Six million dollars (\$6,000,000) to Warren County.
- (17) Ten million dollars (\$10,000,000) to Washington County.
- (18) Six million dollars (\$6,000,000) to Wayne County.

SECTION 4.2.(e) The additional grant awards provided pursuant to subsection (d) of this section shall be subject to the same local matching requirement applicable when the previous grant was awarded. The Department of Public Instruction may amend any existing agreements entered into with grant recipients from the initial grant award to accommodate the increased grant funding provided in this section.

CIVIL PENALTY AND FORFEITURE FUND

SECTION 4.3. Section 4.6 of S.L. 2021-180 reads as rewritten:

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

	FY 2021-2022	FY 2022-2023
School Technology Fund	\$18,000,000	\$18,000,000

Drivers Education	27,393,768
27,393,768 <u>30,193,768</u>	
State Public School Fund	183,041,640
147,041,640 <u>186,841,640</u>	
Total Appropriation	\$228,435,408
\$192,435,408 <u>\$235,035,408"</u>	

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

SECTION 4.4.(a) The State Controller shall transfer the sum of fifty-three million one hundred eighty-five thousand four hundred seventy-one dollars (\$53,185,471) for the 2022-2023 fiscal year from the State Fiscal Recovery Reserve to the State Fiscal Recovery Fund.

SECTION 4.4.(b) Funds from the State Fiscal Recovery Reserve or the State Fiscal Recovery Fund that are transferred, reallocated, or otherwise spent in this act are subject to the requirements set forth in Section 4.9 of S.L. 2021-180.

2021-2022 FISCAL YEAR BUDGET REVISION

SECTION 4.5.(a) Establishment. – There is established in the General Fund the Public School Contingency Reserve (Reserve) that shall make funds available to the Department of Public Instruction (Department) to use to provide sufficient State net General Fund appropriations and necessary budget authority to close out the 2021-2022 fiscal year. The State Controller shall reserve to the Reserve from funds available in the General Fund the sum of two hundred twenty-seven million dollars (\$227,000,000) in nonrecurring funds for the 2021-2022 fiscal year. Subject to the requirements set forth in subsection (b) of this section and in consultation with the Office of State Budget and Management, the State Controller shall transfer funds to the Department as needed to cover the costs described in this subsection, and the funds are appropriated for this purpose.

SECTION 4.5.(b) Requirement. – The Department shall not be eligible to receive funding under subsection (a) of this section until both of the following requirements are met:

- (1) Except as otherwise provided in this subdivision, the Department shall have fully expended its net General Fund appropriation for the 2021-2022 fiscal year. The requirement set forth in this subdivision does not include funds subject to Section 5.1 of this act or allowed by law to be carried forward and used for at-risk students or programs authorized by the Excellent Public Schools Act, S.L. 2012-142, or the Excellent Public Schools Act of 2021, S.L. 2021-8.
- (2) The Department shall have properly budgeted and expended all receipts collected during the 2021-2022 fiscal year.

SECTION 4.5.(c) Accounting of Federal Funds. – The Department shall also establish a separate fund to hold any federal funds earned in the prior fiscal year but receipted in the next fiscal year. The Department shall begin crediting federal fund receipts to this fund beginning in the 2022-2023 fiscal year. Funds in this fund shall not be expended but shall revert to the General Fund at the end of each fiscal year.

SECTION 4.5.(d) Report. – On or before September 1, 2022, the Department shall submit a report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division detailing the steps taken to meet the requirements set forth in subsections (b) and (c) of this section and the amount of funds, if any, received under subsection (a) of this section and the purpose for which the funds were used.

SECTION 4.5.(e) Reversion. – Unexpended funds in the Reserve shall revert at the end of the 2021-2022 fiscal year closeout process. The Reserve established in subsection (a) of

this section shall be eliminated upon the earlier of the date the funds in the Reserve are fully expended or the date the funds revert under this subsection.

SECTION 4.5.(f) Effective Date. – This section becomes effective June 30, 2022.

PART V. GENERAL PROVISIONS

UNEXPENDED NONRECURRING FUNDS APPROPRIATED IN 2021-2022 FISCAL YEAR DO NOT REVERT

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

SECTION 5.1.(b) Any funds described in subsection (a) of this section that remain unexpended as of June 30, 2023, shall revert to the appropriate fund at the end of the 2022-2023 fiscal year.

SECTION 5.1.(c) This section becomes effective June 30, 2022.

ESTABLISHING OR INCREASING FEES

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

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

DIRECTED GRANTS TO NON-STATE ENTITIES

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

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

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

- (1) Directed grants are subject to the provisions of subsections (b) through (k) 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, 2024.
- (5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious purposes only.

SECTION 5.3.(c) This section expires on June 30, 2024.

2022 DISASTER RELIEF AND RECOVERY/MITIGATION/RESILIENCY

SECTION 5.4.(a) Of the funds appropriated for the 2022-2023 fiscal year in Section 2.2 of this act to the State Emergency Response and Disaster Relief Fund (Fund), the sum of two hundred sixteen million fifteen thousand three hundred thirty-nine dollars (\$216,015,339) is allocated for the following purposes in the following amounts:

- (1) \$125,000,000 shall be reserved within the Fund for the Department of Health and Human Services to offset cash expenditures made by the Department for COVID-19 eligible expenses pending reimbursements by the Federal Emergency Management Agency (FEMA) at one hundred percent (100%) of associated costs. As reimbursements from FEMA are received, the Department shall return funds to the State Emergency Response and Disaster Reserve (Reserve), and those funds shall remain in the Reserve until appropriated by the General Assembly.
- (2) \$15,000,000 to the State Match Fund, established in Section 5.9(d) of S.L. 2021-180 for FEMA match requirements for COVID-19 expenses.
- (3) \$57,515,339 to the Department of Public Safety, Division of Emergency Management, in the following amounts for the following purposes:
 - a. \$5,000,000 for the Private Road and Bridge Repair and Replacement Program established in Section 5.9A of S.L. 2021-180 to address continued demand for private road and bridge repairs in response to damage caused by Tropical Storm Fred.
 - b. \$5,000,000 to provide additional funding to local government units for the removal and disposal of debris and public infrastructure repairs from damage caused by Tropical Storm Fred.
 - c. \$21,402,739 to Star Telephone Membership Corporation to relocate the Corporation's headquarters to another location within Sampson County. If Star Telephone Membership Corporation receives federal funds from FEMA or any other federal agency for this purpose, the Corporation shall return the amount of funds equal to any federal award to the Reserve as soon as practicable. The Corporation shall return any remaining State funds allocated for this purpose after the receipt of a federal award to the Reserve. Any funds returned to the Reserve pursuant to this sub-subdivision shall remain in the Reserve until appropriated by the General Assembly.
 - d. \$12,000,000 to Carteret County as a directed grant for debris removal and storm resiliency.
 - e. \$8,300,000 to the Town of Canton as a directed grant for various disaster recovery projects.
 - f. \$3,500,000 to the Town of Lillington as a directed grant for flood resiliency projects.

- g. \$1,000,000 to the North Carolina Resource Conservation and Development Association as a directed grant for flood mitigation projects.
- h. \$600,000 for the purchase of portable deployable emergency communications assets capable of operating independent from commercial power and capable of generating an area of Wi-Fi and cellular coverage using Federal Communications Commission-licensed spectrum, including the Band 14 spectrum. These emergency communications assets shall be strategically staged across the State to enable swift response to emergencies by supporting public safety and emergency management communications. Up to one hundred thousand dollars (\$100,000) of these funds shall be used to provide emergency communications assets as described in this sub-subdivision to the North Carolina Search and Rescue Program, established in G.S. 166A-166.
- i. \$400,000 to Southeast Drainage Office, Inc., a nonprofit corporation, for stream and river cleanup, maintenance, and drainage of waterways in Pitt County and surrounding counties. The Office shall provide training on and demonstration of best practices for debris removal and drainage system maintenance activities to public and private entities.
- j. \$198,500 to the Town of Colerain as a directed grant for flood recovery.
- k. \$114,100 to Hyde County as a directed grant for a pilot project to contract for the deployment of an emergency communications assets system with all of the following capabilities:
 - 1. Operating independently from commercial power systems
 - 2. Using satellite transport.
 - 3. Generating an area of Wi-Fi and cellular coverage using Federal Communications Commission-licensed spectrum.

The pilot project shall be strategically placed across Ocracoke Island to enable swift response to emergencies by supporting public safety and emergency management communications. The pilot project shall integrate any existing emergency alert systems and the 9-1-1 system. During nonemergency periods, the pilot project may be used to provide Wi-Fi support and connectivity to local businesses on the island, but shall not provide internet access to the general public. No later than July 1, 2024, the Division shall submit a report, in consultation with Hyde County, to the Joint Legislative Emergency Management Oversight Committee and the Fiscal Research Division detailing the use of the system, the results of the pilot project, and the potential of the pilot project to be a permanent system for remote or disaster-prone areas of the State.
- (4) \$10,000,000 to the Department of Agriculture and Consumer Services to provide additional funding to the Agricultural Crop Loss Program established in Section 5.9B of S.L. 2021-180, for the following purposes:
 - a. \$5,000,000 to provide additional assistance to applicants affected by Tropical Storm Fred.
 - b. \$5,000,000 to provide additional assistance to applicants affected by the Freeze Disaster, as defined in Section 4.4 of S.L. 2022-6.
- (5) \$6,500,000 to the Department of Natural and Cultural Resources to provide a directed grant to the North Carolina Coastal Federation, Inc., a nonprofit

corporation, for living shoreline work at Hammocks Beach State Park, Black Duck Island on the Oregon Inlet, Fort Macon State Park, and Pine Knoll Shores Aquarium.

- (6) \$2,000,000 to the Department of Information Technology to provide matching funds for mobile broadband providers to deploy infrastructure to extend coverage or enhance the capacity of the Public Safety Broadband Network to unserved and underserved State agency campuses. The Department shall determine the match rate for each campus based on the ability of each campus to provide funding based on the Department's criteria. Mobile broadband infrastructure funded under this subdivision shall be capable to utilizing the Band 14 spectrum.

SECTION 5.4.(b) Reporting Requirement. – The Office of State Budget and Management shall report on all allocations made under this section in accordance with Section 5.9(t) of S.L. 2021-180.

AGRICULTURAL CROP LOSS PROGRAM EXPANSION

SECTION 5.4.(c) Section 5.9A(b) of S.L. 2021-180 reads as rewritten:

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

SECTION 5.4.(d) Section 4.4(e) of S.L. 2022-6 reads as rewritten:

"SECTION 4.4.(e) Definitions. – For purposes of this section, the following definitions apply:

- (1) Agricultural commodity. – As defined in Section 5.9B(i) of S.L. 2021-180, as amended by S.L. 2021-189.
- (2) Person. – As defined in Section 5.9B(i) of S.L. 2021-180, as amended by S.L. 2021-189.
- (3) Qualifying counties. – Alexander, Buncombe, Cleveland, Haywood, Henderson, Lincoln, McDowell, Mitchell, Polk, Rutherford, and Transylvania Transylvania, Wilkes, and Yancey Counties."

SECTION 5.4.(e) Agricultural Crop Loss Program Extension. – The counties listed in subsections (c) and (d) of this section shall be added to the Agricultural Crop Loss Program and shall be afforded six additional months after the expiration of the application deadlines set forth in Section 5.9B of S.L. 2021-180, as amended by Section 1.5 of S.L. 2021-189, to apply for qualifying assistance through the Program. The Department of Agriculture and Consumer Services shall collect additional information from each county added to the Program in subsections (c) and (d) of this section. The Department shall include the additional counties added to the Agricultural Crop Loss Program in this section to the reporting requirement pursuant to Section 5.9B(j) of S.L. 2021-180, as amended by Section 4.4(g) of S.L. 2022-6.

TECHNICAL CORRECTIONS

SECTION 5.4.(f) Section 5.9(c) of S.L. 2021-180 reads as rewritten:

"SECTION 5.9.(c) Flood Resiliency Blueprint. – Of the funds allocated in subdivision ~~(a)(1)~~ (a)(7) of this section, the Department of Environmental Quality, Division of Mitigation Services (DMS), shall contract with an organization to develop a statewide Flood Resiliency Blueprint for major watersheds impacted by flooding, including, among others, the Cape Fear River and the Neuse River Basins. The watershed blueprint shall form the backbone of a State flood planning process that increases community resiliency to flooding, shall be a resource for riverine and stream management to reduce flooding, and should support the establishment and furtherance of

local government stormwater maintenance programs. The blueprint shall identify the major watersheds affected by flooding and direct these funds toward the activities which are central to the creation of an actionable blueprint, namely flood risk assessment, identification of data gaps, and recommendations to reduce flood risk for each target watershed. When developing the blueprint with the organization selected, DMS shall ensure the blueprint incorporates local knowledge, community goals, projections of future flood risk, and the best available science and hydrologic modeling to create a decision tool for flood mitigation investments and strategies from local watersheds up to whole river basins. A successful blueprint should ultimately lead to a prioritized set of projects and funding strategies that the State can implement. DMS and the organization selected are encouraged to examine examples from other states such as the Louisiana Coastal Master Plan or the flood resiliency planning processes in South Carolina and Virginia. The organization shall send all necessary information to DMS on the implementation of the blueprint upon request by DMS. The organization shall submit an initial draft of the blueprint to DMS no later than December 31, 2023. DMS shall report by July 1, 2022, and annually thereafter to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the implementation of this subsection."

SECTION 5.4.(g) Section 5.9(a)(30)a. of S.L. 2021-180 reads as rewritten:

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

SECTION 5.4.(h) Section 5.9(a)(20) of S.L. 2021-180 reads as rewritten:

"(20) \$6,000,000 to the Office of State Budget and Management to provide grants to the North Carolina Association of Regional Councils of Governments to provide technical assistance with local ~~recovery funds~~ and regional disaster recovery, mitigation, and resiliency efforts."

SECTION 5.4.(i) Section 5.9(a)(24) of S.L. 2021-180 reads as rewritten:

"(24) \$5,000,000 to the Department of Public Safety, Division of Emergency Management, for (i) the Lumberton CSX/Floodgates project as referenced in the May 1, 2018, Lumber River Basin Flood Analysis and Mitigation Strategy ~~Report~~ Report and (ii) water, sewer, and drainage infrastructure, street and road infrastructure, electrical utility and natural gas infrastructure, and land acquisition."

SECTION 5.4.(j) Notwithstanding any provision of S.L. 2021-180 or the Committee Report described in Section 43.2 of that act to the contrary, the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2021-2022 fiscal year appropriated in that act to the Housing Finance Agency for a multifamily affordable housing project in Robeson County shall instead be used for a multifamily affordable housing project that (i) meets the elevation requirements for construction in a floodplain and (ii) is an affordable housing development in Lumberton, North Carolina, that has qualified for a low-income housing credit under section 42 of the Internal Revenue Code.

HOME APPLIANCE SERVICE AGREEMENT MODIFICATION

SECTION 5.6.(a) G.S. 66-371(b) reads as rewritten:

"(b) The following definitions apply in this section:

- (1) "Home appliance" means a clothes washing machine or dryer; kitchen appliance; vacuum cleaner; sewing machine; home audio or video electronic equipment; home electronic data processing equipment; home exercise and fitness equipment; home health care equipment; power tools; heater or air conditioner, other than a permanently installed unit using internal ductwork; or other personal consumer goods.
- (2) "Home appliance service agreement" means any contract or agreement indemnifying the home appliance service agreement holder against loss

caused by damage or failure, arising out of a power surge or the ownership, operation, ~~or use~~ use, or accidental damage from handling of a home appliance, of a mechanical or other component part of the home appliance that is listed in the agreement. The term does not include a contract or agreement that reimburses the home appliance service agreement holder for damage occurring during delivery or installation of a home appliance.

- (3) "Home appliance service agreement company" means any person that issues home appliance service agreements and that is not a licensed insurer."

SECTION 5.6.(b) This section is effective when this act becomes law and applies to home appliance service agreements entered into on or after that date.

AUTHORIZE SANITARY DISTRICTS TO CREATE, MAINTAIN, AND OPERATE PARKS AND RECREATION PROGRAMS AND FACILITIES

SECTION 5.7. G.S. 130A-55 reads as rewritten:

"§ 130A-55. Corporate powers.

A sanitary district board shall be a body politic and corporate and may sue and be sued in matters relating to the sanitary district. Notwithstanding any limitation in the petition under G.S. 130A-48, but subject to the provisions of G.S. 130A-55(17)e, each sanitary district may exercise all of the powers granted to sanitary districts by this Article. In addition, the sanitary district board shall have the following powers:

- ...
- (4a) To provide for the creation, maintenance, and operation of parks and recreation programs and facilities with all the powers provided to cities and counties in G.S. 160A-353. However, a sanitary district may not exercise the condemnation powers granted either in this Article or as set forth in G.S. 160A-353 to acquire real property for parks and recreation programs or facilities.

...."

PART VI. COMMUNITY COLLEGE SYSTEM

EXPAND RISE UP TRAINING AND CREDENTIALING PROGRAM

SECTION 6.1.(a) Section 6.8 of S.L. 2021-180 reads as rewritten:

"SECTION 6.8.(a) The Community Colleges System Office shall partner with the North Carolina Retail Merchants Association and the Retail Consumer Alliance Foundation to implement the RISE Up credentialing program for the ~~2021-2022~~ 2021-2023 ~~fiscal year~~ biennium to teach foundational skills to students attending community colleges and cooperative innovative high schools for career success in the retail industry, customer service, and sales, ~~including which may include~~ inventory management and profitability, as well as supply chain warehouse, inventory, and logistics. The RISE Up credentialing program ~~provides for~~ offers all of the following: (i) opportunities for the industry to share the skills valued in job candidates and employees, (ii) valuable skills needed in any industry, particularly customer service, sales, and skills to run a business, (iii) job readiness skills, such as resume preparation, interviewing strategies, professionalism in the workplace, and soft skills, including listening and problem solving, (iv) an understanding of the retail industry and its wide variety of jobs, and (v) preparation for students for the nearly 130,000 retail establishments and more than 1,000,000 retail jobs in North Carolina.

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

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

"SECTION 6.8.(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~~ December 1, 2022, and a final report by ~~October~~ December 1, 2023, to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division on the results of implementing the RISE Up credentialing ~~programs at partner community colleges for students at cooperative innovative high schools, programs, including at least the following information:~~

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

SECTION 6.1.(b) Subsection (a) of this section applies to students enrolled at community colleges in the 2022-2023 academic year.

FUNDS FOR JOHNSTON COMMUNITY COLLEGE FOR A DIGITAL SYSTEM TO OPTIMIZE COURSE SCHEDULING

SECTION 6.2. Of the funds appropriated in this act from the General Fund to the Community College System Office for the 2022-2023 fiscal year, the Office shall allocate one hundred thousand dollars (\$100,000) in nonrecurring funds to Johnston Community College to contract with a third-party entity to implement a digital system to optimize course scheduling based on predictive enrollment data. The system shall provide credentialing services to improve workforce and upskilling programs for the community college, its students, and local employers.

SURRY COMMUNITY COLLEGE NORTHERN REGIONAL HOSPITAL MOU

SECTION 6.3. Of the funds appropriated in this act from the Local Project Reserve, established pursuant to Section 2.2 of this act, to the Community Colleges System Office for the 2022-2023 fiscal year, the System Office shall allocate the sum of one million dollars (\$1,000,000) in nonrecurring funds to Surry Community College to enter into a memorandum of understanding (MOU) with Northern Regional Hospital in Mount Airy, North Carolina, to train and employ up to eight licensed nurse educators. Nurse educators employed by Northern Regional Hospital with these funds shall provide clinical instruction services for nursing students on a full-time basis for affiliated nursing programs.

PART VII. PUBLIC INSTRUCTION

SCHOOL BUSINESS SYSTEM MODERNIZATION

SECTION 7.1.(a) Section 7.79(b) of S.L. 2021-180 reads as rewritten:

"SECTION 7.79.(b) From funds available to the Department of Public Instruction for the School Business System Modernization Plan for the 2021-2023 fiscal biennium, the Department shall establish a grant program ~~for the 2021-2022 fiscal year~~ to provide funds to eligible local school administrative units and charter schools to ~~transition from school business systems that are located on the premises of the local school administrative unit or charter school to internet-based school business systems. A local school administrative unit or charter school is eligible to receive funds under the grant program if the school does not participate in the School~~

~~Business System Modernization Plan. Funds shall be provided to local school administrative units and charter schools in appropriate amounts, as determined by the Department. migrate the unit's or charter school's school business data to an off-site premises. All local school administrative units and charter schools shall store their school business data at an off-site premises by June 30, 2023. The Department shall reserve funding from modernization funds to complete the modernization work at the Department and shall ensure the original School Business System Modernization Plan remains funded at its current level for local school administrative units and charter schools that elect to participate."~~

SECTION 7.1.(b) Section 7.79 of S.L. 2021-180 is amended by adding a new subsection to read:

"SECTION 7.79.(c) The Department shall establish a grant program to transition a local school administrative unit or charter school to an internet-based school business system that meets the Uniform Education Reporting System's requirements under G.S. 115C-12(18). A local school administrative unit or charter school is eligible to receive funds under the grant program if the school does not participate in the School Business System Modernization Plan. Funds shall be provided to local school administrative units and charter schools in appropriate amounts, as determined by the Department."

INCREASE SCHOOL RESOURCE OFFICER GRANT MATCH IN LOW-WEALTH COUNTIES

SECTION 7.2.(a) G.S. 115C-105.60(e) reads as rewritten:

"(e) Award of Funds. – From funds made available for grants for school resource officers, the Superintendent of Public Instruction shall award grants to qualifying public school units for school resource officers in elementary and middle schools, as follows:

- (1) ~~Grants~~ Public school units located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year shall have grants matched on the basis of four dollars (\$4.00) in State funds for every one dollar (\$1.00) in non-State funds. All other public school units shall be matched on the basis of two dollars (\$2.00) in State funds for every one dollar (\$1.00) in non-State funds.
- (2) Qualifying public school units may use these funds to employ school resource officers in elementary and middle schools, to train them, or both.
- (3) Training shall be provided, in partnership with the qualifying public school unit, by a community college, a local law enforcement agency, or the North Carolina Justice Academy. Any training shall include instruction on research into the social and cognitive development of elementary school and middle school children."

SECTION 7.2.(b) This section becomes effective on July 1, 2022, and applies to grants issued for the 2022-2023 school year.

ELIMINATE STUDENT COPAY FOR REDUCED-PRICE LUNCH

SECTION 7.3. Funds appropriated from the General Fund to the Department of Public Instruction by this act for the 2022-2023 fiscal year for reduced-price lunch copays shall be used to provide school lunches at no cost to students of all grade levels qualifying for reduced-price meals in all schools participating in the National School Lunch Program in the 2022-2023 school year. If the funds are insufficient to provide school lunches at no cost to students qualifying for reduced-price meals, the Department of Public Instruction shall also use any excess funds appropriated for the National School Breakfast Program for the purposes of this section.

CTE MODERNIZATION AND SUPPORT

SECTION 7.4.(a) Of the funds appropriated to the Department of Public Instruction in this act from the General Fund for the 2022-2023 fiscal year, the Department shall use up to two million dollars (\$2,000,000) in nonrecurring funds for grants to modernize Career and Technical Education (CTE) programming, materials, training, and development in schools serving sixth through eighth grade students. The Department shall establish a grant program for the 2022-2023 school year to which a public school unit or a regional partnership of more than one public school unit may apply to receive funds if a school within the unit or partnership has an existing CTE program. When awarding grants under this subsection, the Department shall prioritize public school units (i) located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year and (ii) that have a high population of at-risk students or students with disabilities. Grant recipients shall use the funds distributed to them under this subsection to procure and implement a career and workforce development platform that aligns with the North Carolina Career and Technical Education Standards with modules that assist teachers in preparing students for high-wage, high-growth career areas that includes at least the following components:

- (1) Instructional strategies and guided lesson plans to assist teachers with classroom implementation and differentiation.
- (2) Media-based instructional content for demonstrating and teaching skills required for applicable career areas.
- (3) Content delivery for instruction types, including face-to-face, self-paced, and distance or hybrid learning.
- (4) A focus on mastery-based learning.
- (5) Guided projects and activities to incorporate hands-on application of skills.
- (6) Reporting features to provide data on student progress.
- (7) Guidance for students to obtain industry certifications.
- (8) Career connections to provide examples of career opportunities.

SECTION 7.4.(b) Of the funds appropriated to the Department of Public Instruction in this act from the General Fund for the 2022-2023 fiscal year, the Department shall use up to one million dollars (\$1,000,000) in nonrecurring funds to provide grants for the 2022-2023 school year to fund ancillary items necessary for the CTE program at a given school in addition to equipment considered under G.S. 115C-154.2. Ancillary items necessary to a CTE program include greenhouses, cars, animals and livestock, or power tools. The Department may consult with the Department of Agriculture and Consumer Services when evaluating a grant program for selection that includes the purchase of animals. A public school unit or a regional partnership of more than one public school unit may apply to receive funds. When awarding grants under this subsection, the Department shall prioritize public school units (i) located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year and (ii) that have a high population of at-risk students or students with disabilities. Grant recipients may make ancillary items available to any students within the public school unit or partnership regardless of whether the student is identified as at-risk or a student with a disability.

SECTION 7.4.(c) The Department shall create and make available an application for grants under this section no later than the beginning of the 2022-2023 school year. Applicants shall submit their application to receive grant funds to the Department no later than January 15, 2023. The Department shall approve or deny each application within 30 days of receipt.

SECTION 7.4.(d) All recipients of grants under this section for the 2022-2023 school year shall submit a report to the Department no later than October 15, 2023, on the outcomes of any programs funded by grants received under this section, including data collection methods for reporting on student outcomes, impacts of the program, and use of State funds. The Department shall then submit a report to the Joint Legislative Education Oversight Committee

and the Fiscal Research Division on the overall outcomes of the grant programs no later than December 15, 2023.

NEW COOPERATIVE INNOVATIVE HIGH SCHOOLS

SECTION 7.5.(a) With the funds appropriated to the Department of Public Instruction by this act for cooperative innovative high schools, the Department shall allocate to local school administrative units the sum of seven hundred thirty thousand dollars (\$730,000) in recurring funds for the 2022-2023 fiscal year in amounts consistent with those set forth in Section 7.22 of S.L. 2017-57 as supplemental funding for the following cooperative innovative high schools for the 2022-2023 school year:

- (1) Cabarrus Early College of Health Sciences.
- (2) EDGE Academy of Health Sciences.
- (3) Wake Early College of Information and Biotechnologies.

SECTION 7.5.(b) Beginning with the 2022-2023 school year and for subsequent school years thereafter, notwithstanding G.S. 115C-238.51A(c), G.S. 115C-238.54, and any other provision of law to the contrary, Cabarrus Early College of Health Sciences, EDGE Academy of Health Sciences, and Wake Early College of Information and Biotechnologies shall be permitted to operate in accordance with G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative innovative high schools approved under G.S. 115C-238.51A(c) and shall be subject to the evaluation requirements of G.S. 115C-238.55.

INCREASE DPI FUNDS FOR SUPPORT SERVICES

SECTION 7.6. G.S. 115C-546.2(e) reads as rewritten:

"(e) The State Board of Education may use up to ~~one million five hundred thousand dollars (\$1,500,000)~~ two million dollars (\$2,000,000) each year of monies in the Fund to support positions in the Department of Public Instruction's Support Services Division."

STANDARDS OF STUDENT CONDUCT

SECTION 7.7.(a) G.S. 115C-390.1 reads as rewritten:

"§ 115C-390.1. State policy and definitions.

...

(b) The following definitions apply in this Article:

- (1) Alternative education services. – Part or full-time programs, wherever situated, providing direct or computer-based instruction that allow a student to progress in one or more core academic courses. Alternative education services include programs established by the local board of education in conformity with G.S. 115C-105.47A and ~~local board of education policies.~~ policies of the governing body of a public school unit.

...

- (4) Educational property. – Any school building or bus, school campus, grounds, recreational area, athletic field, or other property under the control of any ~~local board of education or charter school.~~ public school unit.

...

- (9) Principal. – Includes the principal and the principal's ~~designee.~~ designee, or if there is no designated principal, the staff member designated by the governing body of the public school unit with the highest decision-making authority at an individual school.

...

- (11) School personnel. – Any of the following:
 - a. An employee of a ~~local board of education.~~ governing body of a public school unit.

- b. Any person working on school grounds or at a school function under a contract or written agreement with the public school ~~system-unit~~ to provide educational or related services to students.
- c. Any person working on school grounds or at a school function for another agency providing educational or related services to students.

...

- (14) Superintendent. – Includes the superintendent and the superintendent's ~~designee, designee,~~ or if there is no superintendent, the staff member with the highest decision-making authority and that staff member's designee.

...."

SECTION 7.7.(b) G.S. 115C-390.2 reads as rewritten:

"§ 115C-390.2. Discipline policies.

(a) ~~Local boards of education~~ Governing bodies of public school units, in consultation with teachers, school-based administrators, parents, and local law enforcement agencies, shall adopt policies to govern the conduct of students and establish procedures to be followed by school officials in disciplining students. These policies must be consistent with the provisions of this Article and the constitutions, statutes, and regulations of the United States and the State of North Carolina. In adopting these policies, governing bodies of public school units shall consider any existing federal guidance for the discipline of students with disabilities as well as other guidance on school discipline practices issued by the United States Department of Education.

(b) ~~Board~~ Governing body policies shall include or provide for the development of a Code of Student Conduct that notifies students of the standards of behavior expected of them, conduct that may subject them to discipline, and the range of disciplinary measures that may be used by school officials.

(b1) No later than September 1 of each year, each governing body of a public school unit shall provide the Department of Public Instruction with a copy of its most up-to-date student discipline policies and Code of Student Conduct.

(c) ~~Board~~ Governing body policies may authorize suspension for conduct not occurring on educational property, but only if the student's conduct otherwise violates the Code of Student Conduct and the conduct has or is reasonably expected to have a direct and immediate impact on the orderly and efficient operation of the schools or the safety of individuals in the school environment.

(d) ~~Board~~ Governing body policies shall not allow students to be long-term suspended or expelled from school solely for truancy or tardiness offenses and shall not allow short-term suspension of more than two days for such offenses.

(e) ~~Board~~ Governing body policies shall not impose mandatory long-term suspensions or expulsions for specific violations unless otherwise provided in State or federal law.

(f) ~~Board~~ Governing body policies shall minimize the use of long-term suspension and expulsion by restricting the availability of long-term suspension or expulsion to those violations deemed to be serious violations of the ~~board's governing body's~~ Code of Student Conduct that either threaten the safety of students, staff, or school visitors or threaten to substantially disrupt the educational environment. Examples of conduct that would not be deemed to be a serious violation include the use of inappropriate or disrespectful language, noncompliance with a staff directive, dress code violations, and minor physical altercations that do not involve weapons or injury. The principal may, however, in his or her discretion, determine that aggravating circumstances justify treating a minor violation as a serious violation.

(g) ~~Board~~ Governing body policies shall not prohibit the superintendent and principals from considering the student's intent, disciplinary and academic history, the potential benefits to the student of alternatives to suspension, and other mitigating or aggravating factors when deciding whether to recommend or impose long-term suspension.

(h) ~~Board~~ Governing body policies shall include the procedures to be followed by school officials in suspending, expelling, or administering corporal punishment to any student, which shall be consistent with this Article.

(i) Each ~~local board~~ governing body of a public school unit shall publish all policies, administrative procedures, or school rules mandated by this section and make them available to each student and his or her parent at the beginning of each school year and upon request. This information shall include the full range of responses to violations of disciplinary rules, including responses that do not remove a student from the classroom or school building. Governing bodies may require students and parents or guardians to sign an acknowledgement that they have received a copy of such policies, procedures, or rules.

(j) ~~Local boards of education~~ Governing bodies of public school units are encouraged to include in their safe schools plans, adopted pursuant to G.S. 115C-105.47, research-based behavior management programs that take positive approaches to improving student behaviors.

(k) School officials are encouraged to use a full range of responses to violations of disciplinary rules, such as conferences, counseling, peer mediation, behavior contracts, instruction in conflict resolution and anger management, detention, academic interventions, community service, and other similar tools that do not remove a student from the classroom or school building.

(l) ~~Board~~ Governing body policies shall state that absences under G.S. 130A-440 shall not be suspensions. A student subject to an absence under G.S. 130A-440 shall be provided the following:

- (1) The opportunity to take textbooks and school-furnished digital devices home for the duration of the absence.
- (2) Upon request, the right to receive all missed assignments and, to the extent practicable, the materials distributed to students in connection with the assignment.
- (3) The opportunity to take any quarterly, semester, or grading period examinations missed during the absence period.

(m) Nothing in this section or any section of this Chapter shall be construed as regulating the discretion of a governing body of a public school unit to devise, impose, and enforce personal appearance codes."

SECTION 7.7.(c) G.S. 115C-390.3 reads as rewritten:

"§ 115C-390.3. Reasonable force.

...

(c) Notwithstanding any other law, no officer, member, or employee of the State Board of Education, the Superintendent of Public Instruction, or of a ~~local board of education~~ governing body of a public school unit, individually or collectively, shall be civilly liable for using reasonable force in conformity with State law, State or local rules, or State or local policies regarding the control, discipline, suspension, and expulsion of students. Furthermore, the burden of proof is on the claimant to show that the amount of force used was not reasonable.

(d) No school employee shall be reprimanded or dismissed for acting or failing to act to stop or intervene in an altercation between students if the employee's actions are consistent with ~~local board governing body~~ policies. ~~Local boards of education~~ Governing bodies of public school units shall adopt policies, pursuant to their authority under G.S. 115C-47(18), or as otherwise provided by law, which provide guidelines for an employee's response if the employee has personal knowledge or actual notice of an altercation between students."

SECTION 7.7.(d) G.S. 115C-390.4 reads as rewritten:

"§ 115C-390.4. Corporal punishment.

(a) Each ~~local board of education~~ governing body of a public school unit shall determine whether corporal punishment will be permitted in its public school administrative unit. Notwithstanding a ~~local board of education's governing body's~~ prohibition on the use of corporal

punishment, school personnel may use physical restraint in accordance with federal law and G.S. 115C-391.1 and reasonable force pursuant to G.S. 115C-390.3.

...
(c) Each ~~local board of education~~ governing body of a public school unit shall report annually to the State Board of Education, in a manner prescribed by the State Board of Education, on the number of times that corporal punishment was administered. The report shall be in compliance with the federal Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g, and shall include the following:

...."

SECTION 7.7.(e) G.S. 115C-390.6 reads as rewritten:

"§ 115C-390.6. Short-term suspension procedures.

...
(e) A student is not entitled to appeal the principal's decision to impose a short-term suspension to the superintendent or ~~local board of education~~ governing body of the public school unit. Further, such a decision is not subject to judicial review. Notwithstanding this subsection, the ~~local board of education~~ governing body, in its discretion, may provide students an opportunity for a review or appeal of a short-term suspension to the superintendent or ~~local board of education~~ governing body."

SECTION 7.7.(f) G.S. 115C-390.8 reads as rewritten:

"§ 115C-390.8. Long-term suspension procedures.

(a) When a student is recommended by the principal for long-term suspension, the principal shall give written notice to the student's parent. The notice shall be provided to the student's parent by the end of the workday during which the suspension was recommended when reasonably possible or as soon thereafter as practicable. The written notice shall provide at least the following information:

...
(6) The extent to which the ~~local board~~ governing body policy permits the parent to have an advocate, instead of an attorney, accompany the student to assist in the presentation of his or her appeal.

...
(8) A reference to the ~~local board~~ governing body policy on the expungement of discipline records as required by G.S. 115C-402.

(b) Written notice may be provided by certified mail, fax, e-mail, or any other written method reasonably designed to achieve actual notice of the recommendation for long-term suspension. When school personnel are aware that English is not the primary language of the parent or guardian, the notice shall be written in both English and in the primary language of the parent or guardian when the appropriate foreign language resources are readily available. All notices described in this section shall be written in plain English, and shall include the following information translated into the dominant non-English language used by residents within the ~~local school administrative unit~~ public school unit:

...
(d) The formal hearing may be conducted by the ~~local board of education~~ governing body of the public school unit, by the superintendent, or by a person or group of persons appointed by the ~~local board governing body~~ or superintendent to serve as a hearing officer or hearing panel. Neither the ~~board governing body~~ nor the superintendent shall appoint any individual to serve as a hearing officer or on a hearing panel who is under the direct supervision of the principal recommending suspension. If the hearing is conducted by an appointed hearing officer or hearing panel, such officer or panel shall determine the relevant facts and credibility of witnesses based on the evidence presented at the hearing. Following the hearing, the superintendent or ~~local board governing body~~ shall make a final decision regarding the

suspension. The superintendent or ~~board-governing body~~ shall adopt the hearing officer's or panel's factual determinations unless they are not supported by substantial evidence in the record.

(e) Long-term suspension hearings shall be conducted in accordance with policies adopted by the ~~board of education-governing body~~ of the public school unit. Such policies shall offer the student procedural due process including, but not limited to, the following:

...

(g) Unless the decision was made by the ~~local board-governing body~~, the student may appeal the decision to ~~the a~~ local board of education in accordance with G.S. 115C-45(c) and policies adopted by the ~~board-governing body~~ of the public school unit. Notwithstanding the provisions of G.S. 115C-45(c), a student's appeal to the ~~board-governing body~~ of a decision upholding a long-term suspension shall be heard and a final written decision issued in not more than 30 calendar days following the request for such appeal.

...

(i) A decision of the ~~local board-governing body~~ of the public school unit to uphold the long-term suspension of a student is subject to judicial review in accordance with Article 4 of Chapter 150B of the General Statutes. The action must be brought within 30 days of the ~~local board's-governing body's~~ decision. A person seeking judicial review shall file a petition in the superior court of the county where the ~~local board-governing body~~ made its decision. Local rules notwithstanding, petitions for judicial review of a long-term suspension shall be set for hearing in the first succeeding term of superior court in the county following the filing of the certified copy of the official record."

SECTION 7.7.(g) G.S. 115C-390.9 reads as rewritten:

"§ 115C-390.9. Alternative education services.

(a) Students who are long-term suspended shall be offered alternative education services unless the superintendent provides a significant or important reason for declining to offer such services. The following may be significant or important reasons, depending on the circumstances and the nature and setting of the alternative education services:

...

(5) Educationally appropriate alternative education services are not available in the ~~local school administrative-public school~~ unit due to limited resources.

...

(b) If the superintendent declines to provide alternative education services to the suspended student, the student may seek review of such decision by the ~~local board of education-governing body~~ of the public school unit as permitted by G.S. 115C-45(c)(2). If the student seeks such review, the superintendent shall provide to the student and the ~~local board-governing body~~, in advance of the ~~board's-governing body's~~ review, a written explanation for the denial of services together with any documents or other information supporting the decision."

SECTION 7.7.(h) G.S. 115C-390.10 reads as rewritten:

"§ 115C-390.10. 365-day suspension for gun possession.

(a) All ~~local boards of education-governing bodies~~ of public school units shall develop and implement written policies and procedures, as required by the federal Gun Free Schools Act, 20 U.S.C. § 7151, requiring suspension for 365 calendar days of any student who is determined to have brought or been in possession of a firearm or destructive device on educational property, or to a school-sponsored event off of educational property. A principal shall recommend to the superintendent the 365-day suspension of any student believed to have violated ~~board-governing body~~ policies regarding weapons. The superintendent has the authority to suspend for 365 days a student who has been recommended for such suspension by the principal when such recommendation is consistent with ~~board-governing body~~ policies. Notwithstanding the foregoing, the superintendent may modify, in writing, the required 365-day suspension for an individual student on a case-by-case basis. The superintendent shall not impose a 365-day suspension if the superintendent determines that the student took or received the firearm or

destructive device from another person at school or found the firearm or destructive device at school, provided that the student delivered or reported the firearm or destructive device as soon as practicable to a law enforcement officer or a school employee and had no intent to use such firearm or destructive device in a harmful or threatening way.

...

(c) Nothing in this provision shall apply to a firearm that was brought onto educational property for activities approved and authorized by the local board of education, governing body of the public school unit, provided that the local board of education governing body has adopted appropriate safeguards to protect student safety.

(d) At the time the student and parent receive notice that the student is suspended for 365 days under this section, the superintendent shall provide notice to the student and the student's parent of the right to petition the local board of education governing body of the public school unit for readmission pursuant to G.S. 115C-390.12.

...."

SECTION 7.7.(i) G.S. 115C-390.11 reads as rewritten:

"§ 115C-390.11. Expulsion.

(a) Upon recommendation of the superintendent, a local board of education governing body of a public school unit may expel any student 14 years of age or older whose continued presence in school constitutes a clear threat to the safety of other students or school staff. Prior to the expulsion of any student, the local board governing body shall conduct a hearing to determine whether the student's continued presence in school constitutes a clear threat to the safety of other students or school staff. The student shall be given reasonable notice of the recommendation in accordance with G.S. 115C-390.8(a) and (b), as well as reasonable notice of the time and place of the scheduled hearing.

- (1) The procedures described in G.S. 115C-390.8(e)(1)-(8) apply to students facing expulsion pursuant to this section, except that the decision to expel a student by the local board of education governing body of the public school unit shall be based on clear and convincing evidence that the student's continued presence in school constitutes a clear threat to the safety of other students and school staff.
- (2) A local board of education governing body of a public school unit may expel any student subject to G.S. 14-208.18 in accordance with the procedures of this section. Prior to ordering the expulsion of a student, the local board of education governing body shall consider whether there are alternative education services that may be offered to the student. As provided by G.S. 14-208.18(f), if the local board of education governing body determines that the student shall be provided educational services on school property, the student shall be under the supervision of school personnel at all times.

...

(b) During the expulsion, the student is not entitled to be present on any property of the local school administrative public school unit and is not considered a student of the local board of education governing body of the public school unit. Nothing in this section shall prevent a local board of education governing body from offering access to some type of alternative educational services that can be provided to the student in a manner that does not create safety risks to other students and school staff."

SECTION 7.7.(j) G.S. 115C-390.12 reads as rewritten:

"§ 115C-390.12. Request for readmission.

(a) All students suspended for 365 days or expelled may, after 180 calendar days from the date of the beginning of the student's suspension or expulsion, request in writing readmission to the local school administrative public school unit. The local board of education governing body of the public school unit shall develop and publish written policies and procedures for the

readmission of all students who have been expelled or suspended for 365 days, which shall provide, at a minimum, the following process:

- (1) The process for 365-day suspended students.
 - a. At the ~~local board's~~ governing body's discretion, either the superintendent or the ~~local board~~ governing body itself shall consider and decide on petitions for readmission. If the decision maker is the superintendent, the superintendent shall offer the student an opportunity for an in-person meeting. If the decision maker is the ~~local board of education~~, governing body of the public school unit, the ~~board~~ governing body may offer the student an in-person meeting or may make a determination based on the records submitted by the student and the superintendent.
 - ...
 - c. A superintendent's decision not to readmit the student may be appealed to the ~~local board of education~~ governing body of the public school unit pursuant to G.S. 115C-45(c). The superintendent shall notify the parents of the right to appeal.
 - ...

- (2) The process for expelled students.
 - a. The ~~board of education~~ governing body of the public school unit shall consider all petitions for readmission of expelled students, together with the recommendation of the superintendent on the matter, and shall rule on the request for readmission. The ~~board~~ governing body shall consider the petition based on the records submitted by the student and the response by the administration and shall allow the parties to be heard in the same manner as provided by G.S. 115C-45(c).
 - ...
 - c. A decision by a ~~board of education~~ governing body of a public school unit to deny readmission of an expelled student is not subject to judicial review.
 - d. An expelled student may subsequently request readmission not more often than every six months. The ~~local board of education~~ governing body of the public school unit is not required to consider subsequent readmission petitions filed sooner than six months after the previous petition was filed.
 - ...

(b) If a student is readmitted under this section, the ~~board~~ governing body and the superintendent have the right to assign the student to any program within the ~~school system~~ public school unit and to place reasonable conditions on the readmission.

...."

SECTION 7.7.(k) G.S. 115C-391.1 reads as rewritten:

"§ 115C-391.1. Permissible use of seclusion and restraint.

...

- (b) The following definitions apply in this section:

...

- (9) "School personnel" means:

- a. Employees of a ~~local board of education~~ governing body of a public school unit.
- b. Any person working on school grounds or at a school function under a contract or written agreement with the public school ~~system~~ unit to provide educational or related services to students.

- c. Any person working on school grounds or at a school function for another agency providing educational or related services to students.

...

(j) Notice, Reporting, and Documentation.

- (1) Notice of procedures. – Each ~~local board of education governing body of a public school unit~~ shall provide copies of this section and all ~~local board governing body policies~~ developed to implement this section to school personnel and parents or guardians at the beginning of each school year.

...

- (5) No ~~local board of education governing body of a public school unit~~ or employee of a ~~local board of education governing body~~ shall discharge, threaten, or otherwise retaliate against another employee of the ~~board governing body~~ regarding that employee's compensation, terms, conditions, location, or privileges of employment because the employee makes a report alleging a prohibited use of physical restraint, mechanical restraint, aversive procedure, or seclusion, unless the employee knew or should have known that the report was false.

(k) Nothing in this section shall be construed to create a private cause of action against any ~~local board of education governing body of a public school unit~~, its agents or employees, or any ~~institutions of teacher education educator preparation programs~~ or their agents or employees or to create a criminal offense."

SECTION 7.7.(l) G.S. 14-208.18(f) reads as rewritten:

"(f) A person subject to subsection (a) of this section who is eligible under G.S. 115C-378 to attend public school may be present on school property if permitted by the ~~local board of education governing body of the public school unit~~ pursuant to G.S. 115C-390.11(a)(2)."

SECTION 7.7.(m) This section is effective when it becomes law. Subsections (a) through (k) of this section apply beginning with the 2023-2024 school year. G.S. 115C-390.2(a), as amended by this act, shall apply to material changes to policies existing on July 1, 2023, or new policies adopted on or after July 1, 2023.

REVISE ALLOCATION OF FUNDS FROM THE ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND FOR THE NATIONAL COLLEGE ADVISING CORPS

SECTION 7.8.(a) Section 3.5(a)(18) of S.L. 2021-25, as enacted by Section 7.27(a) of S.L. 2021-180, reads as rewritten:

- "(18) \$7,042,000 to be transferred to the Board of Governors of The University of North Carolina to be allocated to the National College Advising Corps, Inc., (CAC), a nonprofit organization, in response to the decrease in underrepresented students matriculating at institutions of higher education during the COVID-19 pandemic. These funds shall be used to support a ~~temporary expansion of existing college advisers and the placement of new college advisers in North Carolina public schools through CAC's program over a two-year period~~ for the purpose of increasing the number of underrepresented, low-income, or first-generation postsecondary degree or certificate students entering and completing their postsecondary education at community colleges and universities. In furthering its mission, CAC operates an innovative model of partnering with schools, communities, families, and postsecondary institutions, including providing for a two-year service opportunity to recent college graduates as near-peer college advisers working full-time in the public schools, with an emphasis on engaging college advisers who have similar backgrounds to the students the program seeks to serve.

CAC uses near-peer college advisers to perform various services for students, including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii) assisting with registering for college entrance exams, (iii) assisting with Free Application for Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available scholarships, (v) assisting with postsecondary applications, and (vi) engaging with parents. Funds made available to CAC pursuant to this subdivision shall be matched by CAC on the basis of two dollars (\$2.00) in non-State funds, other than federal funds, for every one dollar (\$1.00) in federal funds. CAC shall use the funds provided to it under this subdivision ~~to place~~ for the following purposes, in order of priority:

- a. Supporting all existing college advisers and placing new college advisers in counties designated as tier one and tier two under G.S. 143B-437.08.
- b. Placing new college advisers in counties designated as tier three under G.S. 143B-437.08.

CAC shall use its best efforts to ensure college advisers are located in every county in the State by the end of the 2023-2024 academic year. CAC shall submit an initial interim report by October 1, 2022, a subsequent interim report by October 1, 2023, and a final report by October 1, 2024, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the progress of expanding the placement of college advisers, data on the effectiveness of the program in increasing access for students to postsecondary education, and the use of the funds. CAC shall also include in its final report recommendations on (i) training of school counselors in the public schools based on the experiences of college advisers in the program and (ii) best practices from the program for school counselors on continued increased access for students to postsecondary attainment goals."

SECTION 7.8.(b) This section is effective July 1, 2022, or when it becomes law, whichever is earlier.

SCHOOL THREAT ASSESSMENT SURVEY

SECTION 7.9. No later than November 15, 2022, all public school units shall report to the Center for Safer Schools the information identified in subdivisions (1) through (5) of this section. No later than February 15, 2023, the Center for Safer Schools, in consultation with the Department of Public Instruction, shall report to the Joint Legislative Education Oversight Committee on recommendations to the General Assembly on a system to identify and address threats in schools that could be implemented by public school units statewide and any additional funding that would be required to support the system. The report shall also include the following information for each public school unit, as reported to the Center, and aggregated on a statewide level:

- (1) Whether the public school unit or any school in the public school unit has any systems, policies, procedures, or precautions in place to identify or address indications that a student may pose a risk of violence or other harm to themselves or others and, if so, a description of the system, policy, procedure, or precaution.
- (2) The number and nature of any threats identified under any system identified pursuant to subdivision (1) of this section. For purposes of this report, a threat includes a risk of violence or other harm to self or others.
- (3) The response to any identified threat and the result of that response.

- (4) Whether each school in the public school unit has a School Risk Management Plan and the number of drills conducted under the plan.
- (5) Any other systems, policies, procedures, or precautions the public school unit or a school in the public school unit undertakes with the purpose of minimizing violence and threats in schools.

CODIFY THE FEMININE HYGIENE PRODUCTS GRANT PROGRAM

SECTION 7.10.(a) Article 25B of Chapter 115C of the General Statutes reads as rewritten:

"Article 25B.

~~"Mental Health Needs of Student-Students.~~

...

"§ 115C-377. Feminine Hygiene Products Grant Program.

(a) Program; Purpose. – The Department of Public Instruction shall establish the Feminine Hygiene Products Grant Program (Program) to assist public school units participating in the Program in providing students with feminine hygiene products at no charge to the student.

(b) Grants. – To the extent funds are made available for the Program, the Department of Public Instruction shall award public school units grants of up to five thousand dollars (\$5,000) on a first-come, first-served basis, and the Department shall prioritize awarding grants to public school units that did not receive an award pursuant to the Program in the previous fiscal year. No public school unit shall receive more than one grant per fiscal year.

(c) Reporting. – No later than March 15, 2023, and every year thereafter that funds are made available for the Program, the Department shall report to the Joint Legislative Education Oversight Committee 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."

SECTION 7.10.(b) Section 6(d) of S.L. 2018-32, as amended by Section 1(f) of S.L. 2020-7, reads as rewritten:

"**SECTION 6.(d)** Applicability of Specific Statutes. – The local board of education with an approved renewal school system plan shall be subject to the following Articles and sections of Chapter 115C of the General Statutes:

...

(16a) Article 25B, ~~Mental Health Needs of Students.~~

...."

SECTION 7.10.(c) Notwithstanding G.S. 115C-377, as enacted by this section, for the 2022-2023 fiscal year, the Department shall prioritize awarding grants to public school units that did not receive an award pursuant to Section 7.22 of S.L. 2021-180.

INTEROPERABLE AND INTERCONNECTED STUDENT DATA SYSTEMS STUDY

SECTION 7.11. myFutureNC, Inc., in consultation with the North Carolina State Education Assistance Authority, the Department of Public Instruction, the Community College System Office, and The University of North Carolina System Office, in partnership with their respective public school units, community colleges, and universities, shall submit a report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division no later than March 15, 2023, on requirements necessary to create an interconnected and interoperable real-time data system to facilitate communication, collection, and transition of student data between public school units, community colleges, and universities and to provide students access to their own data, including after the student leaves the institution. The goal of such a system would be to share data more efficiently among educational institutions using existing student information management systems, to assist students in earning postsecondary credentials that

could assist the student in finding employment, and to eliminate redundant efforts and expenses among the institutions. The report shall include at least the following:

- (1) Current instances of best practices regarding data warehouses, school district-community partnerships, and relationship management systems.
- (2) Technology necessary to create such an interconnected and interoperable system and to create a working prototype.
- (3) Legal considerations for sharing data across institutional systems that would conform with the Family Educational Rights and Privacy Act (FERPA), specifically focusing on student support services.
- (4) Human capital and machine capabilities, such as artificial intelligence, needed to develop data and analytical capacity across institutions.
- (5) Any issues that may arise with cultural views on data as an individually owned resource, as opposed to a collaborative tool.
- (6) As applicable, the potential role of existing State longitudinal data systems.

PROFESSIONAL DEVELOPMENT SUPPORT FOR TEACHERS OF CHILDREN WITH DISABILITIES AGES THREE THROUGH FIVE

SECTION 7.12. The Department of Public Instruction shall use funds received pursuant to section 619 of Part B of the Individuals with Disabilities Education Improvement Act (IDEA), 20 U.S.C. § 1400, et seq., in Budget Code 13510, Fund Code 1400 to add a minimum of 13 full-time employee (FTE) positions to provide professional development and support to teachers in public schools who work with students with disabilities ages three through five, including preschool and kindergarten teachers.

VIRTUAL EDUCATION, REMOTE ACADEMIES, AND VIRTUAL CHARTER SCHOOL EDUCATION

SECTION 7.13.(a) G.S. 115C-84.3(c) reads as rewritten:

"(c) Except as provided in Part 3A of Article 16 of this Chapter or subsection (b) of this section, a public school unit shall not use remote instruction to satisfy the minimum required number of instructional days or hours for the school calendar."

SECTION 7.13.(b) Section 3(i) of S.L. 2021-130 reads as rewritten:

"**SECTION 3.(i)** This section is effective when it becomes law and applies to beginning with the 2021-2022 school year. ~~This section is repealed June 30, 2022.~~"

SECTION 7.13.(c) Article 16 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 3A. Remote Academies.

"§ 115C-234. Remote academies.

(a) A local school administrative unit may apply to the State Board of Education for approval of remote academies that meet the requirements of this Part.

(b) A remote academy is a public school whose instruction is provided primarily online through a combination of synchronous and asynchronous instruction delivered to students in a remote location outside of the school facility. A remote academy may include any combination of grade levels.

(c) Notwithstanding G.S. 115C-84.3, a remote academy approved by the State Board of Education may satisfy the minimum required number of instructional days or hours for the school calendar through remote instruction.

"§ 115C-234.5. Remote academy enrollment.

(a) A student shall not be assigned to attend a remote academy without parental consent. A local school administrative unit shall require an application to secure parental consent prior to enrollment of a student in a remote academy.

(b) A local school administrative unit shall identify characteristics for successful remote learning and establish criteria for admittance to a remote academy and shall make that information available to parents.

(c) A student may not be denied admission to a remote academy solely on the basis that the student is a child with a disability. If a student is admitted to a remote academy, that student's IEP team, as defined in G.S. 115C-106.3, or section 504 team, 29 U.S.C. § 794, must plan for a successful student entry and accommodations necessary to provide for a free appropriate public education in the remote academy.

(d) A local school administrative unit may reassign a student to an in-person school within that unit during the school year if the local board of education determines that an in-person school would better ensure academic success for that student. The local board of education may delegate this authority to the superintendent.

(e) A remote academy in a local school administrative unit shall comply with the requirements of G.S. 115C-301 with regards to class size.

"§ 115C-234.10. Remote academy requirements.

(a) Except as provided in this Part, a remote academy shall meet the same requirements required in this Chapter as other public schools governed by local boards of education.

(b) A remote academy shall provide all of the following to enrolled students:

- (1) Any hardware and software needed to participate in the remote academy. Students may not be charged rental fees but may be charged damage fees for abuse or loss of hardware or software under rules adopted by the State Board of Education.
- (2) Access to a learning management platform that enables monitoring of student performance and school-owned devices, as well as allows video conferencing and supervised text-based chat for synchronous communication.
- (3) Access to the internet that is available during instructional hours, evenings, and weekends.
- (4) Technical support that is available during instructional hours.
- (5) For children with an individualized education program (IEP), as defined in G.S. 115C-106.3, or a section 504 plan, 29 U.S.C. § 794, adaptive or assistive devices, transportation, and in-person services as required by that program or plan.

(c) A remote academy may require students to attend in person to fulfill State-mandated student assessments or graduation requirements. A remote academy may conduct optional in-person meetings between students and instructors or parents and instructors at a local school administrative unit facility.

(d) The employees of a remote academy shall meet the same licensure and evaluation requirements as required for in-person employees of the local school administrative unit. The remote academy shall ensure sufficient digital teaching and learning support staff, including, at a minimum, the following:

- (1) An instructional technology facilitator.
- (2) A school library media coordinator.
- (3) A data manager.
- (4) Sufficient remote technicians to ensure technical support throughout the instructional day for staff and students.

"§ 115C-234.15. Remote academy approval process.

(a) Each local board of education seeking to offer a remote academy shall submit to the State Board of Education for approval a plan that provides for the following:

- (1) The range of grades for which the remote academy will offer courses.

- (2) The method by which the remote academy will monitor calendar compliance, enrollment, daily attendance, course credit accrual, progress toward graduation, and course completion.
- (3) Hardware, software, and learning management platforms that support online learning.
- (4) The measures used to ensure that both synchronous and asynchronous remote instruction time, practice, and application components support learning growth that continues towards mastery of the standard course of study.
- (5) The professional development that will be provided to those teaching in the remote academy related to the pedagogy of providing remote instruction.
- (6) The identified characteristics for successful remote learning and criteria for admission to the remote academy. The governing body shall identify the means by which information will be communicated to the parents and legal guardians of prospective applicants and current enrollees about the remote academy and those characteristics and criteria to allow for informed decisions about enrollment.
- (7) Any school nutrition services or transportation services that will be provided to students.

(b) The State Board of Education shall review and approve a plan submitted by a local board of education for the creation of a remote academy that meets the requirements established in this Part for a term of five years.

"§ 115C-234.20. Operation and renewal of remote academies.

(a) Each approved remote academy shall adhere to the plan submitted to and approved by the State Board of Education unless the local board of education obtains in writing approval for plan modifications from the State Board of Education.

(b) Each approved remote academy shall receive a school code. A remote academy in a local school administrative unit with less than 100 students in final average daily membership is not entitled to 12 months of employment for a principal.

(c) A local board of education may apply for renewal of approval as a remote academy for additional terms of five years. The State Board shall consider compliance with the requirements of this Part and success of the remote academy in the prior five years in determining whether to approve a request for renewal of a remote academy.

"§ 115C-234.25. Evaluation.

The State Board of Education shall evaluate the success of remote academies approved under this Part. Success shall be measured by school performance scores and grades, retention rates, attendance rates, and, for grades nine through 12, high school completion and dropout rates. The Board shall report by November 15 of each year to the Joint Legislative Education Oversight Committee on the evaluation of these schools and on any recommended statutory changes."

SECTION 7.13.(d) The State Board of Education shall make the first evaluation report required by G.S. 115C-234.25, as enacted by this section, by November 15, 2024.

SECTION 7.13.(e) Section 3B(c) of S.L. 2021-130 is repealed. Notwithstanding G.S. 115C-84.3, as amended by this section, or G.S. 115C-234, as enacted by this section, a public school unit assigned a school code to operate a school with virtual instruction as the primary means of instruction as of May 1, 2021, may continue to operate that school for the 2022-2023 school year. A public school unit that submitted a virtual instruction plan for the 2021-2022 school year to the Department of Public Instruction may continue to provide virtual instruction in accordance with that plan for the 2022-2023 school year.

SECTION 7.13.(f) Notwithstanding G.S. 115C-84.3, as amended by this section, a charter school that submitted a virtual instruction plan for the 2021-2022 school year to the Department of Public Instruction may continue to provide virtual instruction in accordance with that plan for the 2023-2024 school year.

SECTION 7.13.(g) Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of S.L. 2016-94 and Section 7.13 of S.L. 2018-5, reads as rewritten:

"SECTION 8.35.(a) Notwithstanding G.S. 115C-218.5 or any other provision of law to the contrary, the State Board of Education shall establish a pilot program to authorize the operation of two virtual charter schools serving students in kindergarten through twelfth grade. The State Board shall establish an application process to allow student enrollment in the selected virtual charter schools beginning with the 2015-2016 school year. A virtual charter school participating in the pilot may serve any grade span of students in kindergarten through twelfth grade. The pilot program shall continue for a period of ~~eight~~ 10 school years and shall end with the ~~2022-2023~~ 2024-2025 school year.

...."

SECTION 7.13.(h) A virtual charter school that participated in the pilot program authorized by Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of S.L. 2016-94, Section 7.13 of S.L. 2018-5, and this section, shall be eligible to apply to the State Board of Education for a charter renewal as provided in G.S. 115C-218.6.

SECTION 7.13.(i) Except as otherwise provided, this section is effective when it becomes law and applies beginning with the 2022-2023 school year. Subsection (c) of this section applies beginning with the 2023-2024 school year.

ALLOW GUILFORD COUNTY SCHOOLS LONG-TERM LEASE FOR COMMUNITY EDUCATION CENTER

SECTION 7.14.(a) Notwithstanding G.S. 146-29 or any other provision of law to the contrary, for the purpose of constructing a Guilford County Community Education Center pursuant to the Guilford County Schools' (GCS) Elementary and Secondary School Emergency Relief Fund (ESSER) spending plan, as approved by the Department of Public Instruction, the Department of Administration may enter into a lease of 50 years or greater with Guilford County Schools to locate the community education center in Gateway Research Park in order to comply with requirements for the spending of direct federal grant funds under 34 C.F.R. § 75-603.

SECTION 7.14.(b) Notwithstanding G.S. 146-29 or any other provision of law to the contrary, the Department of Administration may enter into a lease of 50 years or greater with a private development which will complement and align with the Guilford County Community Education Center referenced in subsection (a) of this section to promote and enhance economic and community development in Guilford County. The private development must be located on the same property as the Guilford County Community Education Center within the Gateway Research Park.

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 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	\$3,700
1	\$3,800
2	\$3,900
3	\$4,000
4	\$4,100
5	\$4,200
6	\$4,300

7	\$4,400
8	\$4,500
9	\$4,600
10	\$4,700
11	\$4,800
12	\$4,900
13	\$5,000
14	\$5,100
15-24	\$5,200
25+	\$5,400

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

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (6) School counselors who are licensed as counselors at the master's degree level or higher shall receive a salary supplement each month of one hundred dollars (\$100.00).

SECTION 7A.1.(c) For school psychologists, school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and school audiologists who are licensed as audiologists at the master's degree level or higher, the following shall apply:

- (1) The first step of the salary schedule shall be equivalent to the sixth step of the "A" salary schedule.
- (2) These employees shall receive the following salary supplements each month:
 - a. Ten percent (10%) of their monthly salary, excluding the supplement provided pursuant to sub-subdivision b. of this subdivision.
 - b. Three hundred fifty dollars (\$350.00).
- (3) These employees are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.
- (4) The twenty-sixth step of the salary schedule shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

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

SECTION 7A.1.(e) A teacher compensated in accordance with this salary schedule for the 2022-2023 school year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the salary schedule for the applicable school year.
- (2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:
 - a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.
 - b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.
 - c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- (3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the salary and annual bonus the teacher received in the 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

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

BONUSES FOR TEACHERS BASED ON STUDENT GROWTH

SECTION 7A.2.(a) Establish Growth-Based Teacher Bonus Program. – The State Board of Education shall establish a teacher bonus program based on student growth for the 2022-2023 fiscal year 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 2023, based on data from the 2021-2022 school year, in accordance with this section.

SECTION 7A.2.(b) Definitions. – For purposes of this section, the following definitions shall apply:

- (1) Eligible teacher. – A teacher who meets at least one of the following criteria:
 - a. Is employed by, or retired having last held a position at, a qualifying public school unit and meets one of the following criteria:
 1. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for third grade reading from the previous school year.
 2. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.
 3. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year.
 - b. Is employed by, or retired having last held a position at, a local school administrative unit and meets one of the following criteria:
 1. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for third grade reading from the previous school year.
 2. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.
 3. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for fourth, fifth,

- sixth, seventh, or eighth grade mathematics from the previous school year.
- c. Was employed by a local school administrative unit that employed in the previous school year three or fewer total teachers in that teacher's grade level as long as the teacher has an EVAAS student growth index score from the previous school year of exceeded expected growth in one of the following subject areas:
 - 1. Third grade reading.
 - 2. Fourth or fifth grade reading.
 - 3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.
- (2) EVAAS. – The Education Value-Added Assessment System.
- (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 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.2.(c) Statewide Growth Bonuses. – Of the funds appropriated in this act for the program, bonuses shall be provided to qualifying teachers who are eligible teachers under sub-subdivision a. of subdivision (1) of subsection (b) of this section, as follows:

- (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to eligible teachers under sub-sub-subdivision a.1. of subdivision (1) of subsection (b) of this section. These funds shall be distributed equally among qualifying teachers.
- (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2. of subdivision (1) of subsection (b) of this section.
- (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3. of subdivision (1) of subsection (b) of this section.

SECTION 7A.2.(d) Local Growth Bonuses. – Of the funds appropriated in this act for the program, bonuses shall be provided to eligible teachers under sub-subdivisions b. and c. of subdivision (1) of subsection (b) of this section, as follows:

- (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to eligible EVAAS teachers under sub-sub-subdivisions b.1. and c.1. of subdivision (1) of subsection (b) of this section. These funds shall be divided proportionally based on average daily membership in third grade for each local school administrative unit and then distributed equally among qualifying third grade reading teachers in each local school administrative unit.
- (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision b.2. or c.2. of subdivision (1) of subsection (b) of this section.
- (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision b.3. or c.3. of subdivision (1) of subsection (b) of this section.

SECTION 7A.2.(e) Limitations and Other Criteria. – The following additional limitations and other criteria shall apply to the program:

- (1) Bonus funds awarded to a teacher pursuant to subdivision (c)(1) and subdivision (d)(1) of this section shall not exceed three thousand five hundred dollars (\$3,500) per subdivision in any given school year.
- (2) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (1) of subsection (b) of this section may receive a bonus under both subdivision (c)(1) and subdivision (d)(1) of this section but shall not receive more than seven thousand dollars (\$7,000) pursuant to subdivisions (c)(1) and (d)(1) of this section in any given school year.
- (3) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2., b.2., or c.2. of subdivision (1) of subsection (b) of this section may receive a bonus under both subdivision (c)(2) and subdivision (d)(2) of this section but shall not receive more than two bonuses pursuant to subdivisions (c)(2) and (d)(2) of this section in any given school year.
- (4) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3., b.3., or c.3. of subdivision (1) of subsection (b) of this section may receive a bonus under both subdivision (c)(3) and subdivision (d)(3) of this section but shall not receive more than two bonuses pursuant to subdivisions (c)(3) and (d)(3) of this section in any given school year.

SECTION 7A.2.(f) 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.2.(g) 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, 2023. The report shall include, at a minimum, the following information:

- (1) Average bonus amount awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (1) of subsection (b) of this section.
- (2) The percentage of teachers who received a bonus pursuant to this section and were eligible to receive a bonus for teaching in the same grade level in both January 2019 and January 2020 pursuant to one of the following programs:

- a. 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.
 - b. 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.
 - c. 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.
- (3) The percentage of teachers who received a bonus pursuant to this section and received a bonus for teaching in the same grade level in either January 2019 or January 2020 pursuant to one of the programs listed in sub-subdivision a., b., or c. of subdivision (2) of this subsection.
 - (4) The percentage of teachers who received a bonus pursuant to this section and received a bonus for teaching in the same grade level in both January 2019 and January 2020 pursuant to one of the programs listed in sub-subdivision a., b., or c. of subdivision (2) of this subsection.
 - (5) The statistical relationship between a teacher receiving a bonus in January 2023 pursuant to this section and receiving a bonus pursuant to a predecessor bonus program in January 2019 and January 2020. For purposes of this subdivision, the following are predecessor programs:
 - a. The Third Grade Read to Achieve Teacher Bonus Program is the predecessor program to bonuses awarded pursuant to subdivision (c)(1) and subdivision (d)(1) of this section.
 - b. The Fourth and Fifth Grade Reading Teacher Bonus Program is the predecessor program to bonuses awarded pursuant to subdivision (c)(2) and subdivision (d)(2) of this section.
 - c. The Fourth to Eighth Grade Math Teacher Bonus Program is the predecessor program to bonuses awarded pursuant to subdivision (c)(3) and subdivision (d)(3) of this section.
 - (6) The distribution of statewide and local growth bonuses awarded pursuant to this section as among qualifying public school units and, where applicable, schools within those units.

SMALL COUNTY AND LOW WEALTH SIGNING BONUS FOR TEACHERS

SECTION 7A.3.(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 2022-2023 school year.
 - b. Was not employed by the eligible employer identified in sub-subdivision a. of this subdivision in the 2021-2022 fiscal year.
 - c. Is employed by the eligible employer identified in sub-subdivision a. of this subdivision as of October 1, 2022.
- (2) Eligible employer. – The governing board of a local school administrative unit that receives at least one of the following in the 2022-2023 fiscal year:
 - a. Small county school system supplemental funding.
 - b. Supplemental funding for local school administrative units in low-wealth counties.

- (3) Local funds. – Matching funds provided by an eligible employer to enable an eligible employee to qualify for the signing bonus program established by this section.
- (4) Teacher. – Teachers and instructional support personnel.

SECTION 7A.3.(b) Signing Bonus Program. – For the 2022-2023 fiscal year, the Department of Public Instruction shall establish and administer a signing bonus program for teachers. Signing bonuses shall be provided to all eligible employees who are employed by an eligible employer as long as they are matched on the basis of one dollar (\$1.00) in State funds for every one dollar (\$1.00) in local funds, up to one thousand dollars (\$1,000) in State funds.

SECTION 7A.3.(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, 2025, at the earliest. This section shall not apply to any legislatively mandated bonuses received by teachers that are not signing bonuses.

SECTION 7A.3.(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.3.(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.

PRINCIPAL SALARY SCHEDULE

SECTION 7A.4.(a) The following annual salary schedule for principals shall apply 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	\$72,621	\$79,883	\$87,145
201-400	\$76,252	\$83,877	\$91,502
401-700	\$79,883	\$87,871	\$95,860
701-1,000	\$83,514	\$91,865	\$100,217
1,001-1,600	\$87,145	\$95,860	\$104,574
1,601+	\$90,776	\$99,854	\$108,931

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

- (1) A principal shall be paid according to the Exceeded Growth column of the schedule as follows:
 - a. Between July 1, 2022, and December 31, 2022, if the school growth scores show the school or schools exceeded expected growth in at least two of the prior three school years.
 - b. Between January 1, 2023, and June 30, 2023, if the school growth score shows the school exceeded expected growth.
- (2) A principal shall be paid according to the Met Growth column of the schedule as follows:
 - a. Between July 1, 2022, and December 31, 2022, if any of the following apply:
 1. The school growth scores show the school or schools met expected growth in at least two of the prior three school years.

2. 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.
3. 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.
- b. Between January 1, 2023, and June 30, 2023, if the school growth score shows the school met expected growth or the principal supervised a school in the prior school year that was not eligible to receive a school growth score.
- (3) A principal shall be paid according to the Base column, as follows:
 - a. Between July 1, 2022, and December 31, 2022, if either of the following applies:
 1. The school growth scores show the school or schools did not meet expected growth in at least two of the prior three years.
 2. 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.
 - b. Between January 1, 2023, and June 30, 2023, if the school growth score shows the school did not meet expected growth or the principal has not supervised any school as a principal for a majority of the prior school year.

SECTION 7A.4.(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, 2022, and December 31, 2022, the average daily membership for the school from the 2021-2022 school year. If the school did not have an average daily membership in the 2021-2022 school year, the projected average daily membership for the school for the 2022-2023 school year.
- (2) Between January 1, 2023, and June 30, 2023, the average daily membership for the school for the 2022-2023 school year.

SECTION 7A.4.(c) For purposes of determining the school growth scores for each school the principal supervised in one or more prior school years, the following school growth scores shall be used during the following time periods:

- (1) Between July 1, 2022, and December 31, 2022, the school growth scores from the three most recent available school years, up to the 2018-2019 school year.
- (2) Between January 1, 2023, and June 30, 2023, the school growth score from the 2021-2022 school year.

SECTION 7A.4.(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.4.(e) A principal compensated in accordance with this section for the 2022-2023 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.

BONUSES FOR PRINCIPALS

SECTION 7A.5.(a) The Department of Public Instruction shall administer a bonus in the 2022-2023 fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, calculated by the State Board pursuant to G.S. 115C-83.15(c), as follows:

2022-2023 Principal Bonus Schedule

Statewide Growth Percentage	Bonus
Top 5%	\$15,000
Top 10%	\$10,000
Top 15%	\$5,000
Top 20%	\$2,500
Top 50%	\$1,000

A principal shall receive no more than one bonus pursuant to this subsection. The bonus shall be paid at the highest amount for which the principal qualifies.

SECTION 7A.5.(b) The bonus awarded pursuant to this section shall be in addition to any regular wage or other bonus the principal receives or is scheduled to receive.

SECTION 7A.5.(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.5.(d) It is the intent of the General Assembly that funds provided pursuant to this section will supplement principal compensation and not supplant local funds.

SECTION 7A.5.(e) The bonus provided pursuant to this section shall be paid no later than October 31, 2022, to qualifying principals employed as of October 1, 2022.

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.6.(a) For the 2022-2023 fiscal year, beginning July 1, 2022, 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.6.(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.6.(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.6.(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.6.(e) An assistant principal compensated in accordance with this section for the 2022-2023 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.7.(a) For the 2022-2023 fiscal year, beginning July 1, 2022, the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, whose salaries are supported from State funds, shall be increased by four percent (4%).

SECTION 7A.7.(b) The monthly salary maximums that follow 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	\$7,069
School Administrator II	\$7,490
School Administrator III	\$7,937
School Administrator IV	\$8,247
School Administrator V	\$8,576
School Administrator VI	\$9,085
School Administrator VII	\$9,447

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.7.(c) The monthly salary maximums that follow apply to superintendents for the 2022-2023 fiscal year, beginning July 1, 2022:

	2022-2023 Fiscal Year Maximum
Superintendent I	\$10,014
Superintendent II	\$10,611
Superintendent III	\$11,248
Superintendent IV	\$11,924
Superintendent V	\$12,641

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.7.(d) 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.7.(e) 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.7.(f) 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.

NONCERTIFIED PERSONNEL SALARIES

SECTION 7A.8.(a) Beginning with the 2022-2023 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 fifteen dollars (\$15.00) per hour.

SECTION 7A.8.(b) For the 2022-2023 fiscal year, beginning July 1, 2022, 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. Four percent (4%).
 - b. An amount necessary to increase the minimum hourly compensation rate of the employee to fifteen dollars (\$15.00) 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.

EXPAND SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

SECTION 7A.9.(a) Section 7A.12(b)(6) of S.L. 2021-180 reads as rewritten:

"(6) Eligible county. – A county that meets the following criteria:

- a. For the 2021-2022 fiscal year, has an adjusted market value of taxable real property of less than forty billion dollars (\$40,000,000,000).
- b. For the 2022-2023 fiscal year, has an adjusted market value of taxable real property of less than ~~forty-one billion four hundred million dollars (\$41,400,000,000)~~ forty-three billion seven hundred million dollars (\$43,700,000,000)."

SECTION 7A.9.(b) Section 7A.12(c)(4) of S.L. 2021-180 reads as rewritten:

- "(4) Allocation and funding cap. – The State Board shall allocate the amount determined pursuant to subdivision (3) of this subsection, ~~up to a maximum of four thousand two hundred fifty dollars (\$4,250) per State-funded teacher, subsection~~ to each eligible local school administrative unit for each applicable fiscal ~~year~~, as follows:
- a. For the 2021-2022 fiscal year, up to a maximum of four thousand two hundred fifty dollars (\$4,250) per State-funded teacher.
 - b. For the 2022-2023 fiscal year, up to a maximum of five thousand dollars (\$5,000) per State-funded teacher."

SECTION 7A.9.(c) This section applies to allocations of funds for the 2022-2023 fiscal year only.

PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM

REVISE UNC ENROLLMENT CHANGE DOCUMENTATION REQUIREMENTS

SECTION 8.1. G.S. 116-11(9)a1. reads as rewritten:

- "a1. The Board of Governors shall provide full documentation and justification of any enrollment change funding request at the time it is recommended. This documentation and justification shall include the following:
1. If the enrollment change funding request is based in whole or in part on enrollment growth, the most recent academic year's actual enrollment numbers in the same format in which the growth increase request is made. The actual enrollment numbers shall be the actual student credit hours (SCH) or full-time equivalencies (FTE).
 2. If the enrollment change funding request is based in whole or in part on one or more metrics other than enrollment growth, including student performance, identification of any metric used, and the portion of the funding request based on that metric for each constituent institution."

REVISE WAKE FOREST INSTITUTE FOR REGENERATIVE MEDICINE REPORT

SECTION 8.2. Section 11.12(d) of S.L. 2013-360 reads as rewritten:

"SECTION 11.12.(d) Wake Forest on behalf of the Institute shall comply with the following reporting requirements:

- (1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the ~~Board of Governors of The University of North Carolina~~ Joint Legislative Oversight Committee on Health and Human Services on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources. The annual report shall include a report of royalty revenues generated from the Subject Projects.
- (2) Provide to the Fiscal Research Division a copy of the Institute's annual audited financial statement within 30 days of issuance of the statement."

RECOMMENDATIONS ON INCREASING NURSING GRADUATES

SECTION 8.3. No later than February 1, 2023, the Board of Governors of The University of North Carolina, in collaboration with the State Board of Community Colleges, shall study and provide recommendations to the Joint Legislative Education Oversight Committee and

the Joint Legislative Oversight Committee on Health and Human Services on methods and a timeline for increasing the number of graduates from nursing programs at constituent institutions of The University of North Carolina and community colleges by at least fifty percent (50%).

UNC AND ECU DENTAL SCHOOL CLINICAL OPERATIONS PERSONNEL FLEXIBILITY

SECTION 8.4.(a) Part 3 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-37.3. Personnel of Dental School Clinical Operations at the University of North Carolina at Chapel Hill.

(a) UNC-CH Dental School Clinical Operations. – For purposes of this section, the term "UNC-CH Dental School Clinical Operations" refers to a division of the Adams School of Dentistry at the University of North Carolina at Chapel Hill that operates clinical programs and facilities in Chapel Hill, North Carolina, and across the State for the purpose of providing medical care to the general public and training dentists and other health care professionals.

(b) Personnel. – Employees of UNC-CH Dental School Clinical Operations shall be deemed to be employees of the State and shall be subject to all provisions of State law relevant thereto; provided, however, that except as to the provisions of Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the provisions of Chapter 126 of the General Statutes shall not apply to employees of UNC-CH Dental School Clinical Operations, and the policies and procedures governing the terms and conditions of employment of such employees shall be adopted by the Board of Trustees of the University of North Carolina at Chapel Hill; provided, that with respect to such employees as may be members of the faculty of the University of North Carolina at Chapel Hill, no such policies and procedures may be inconsistent with policies established by, or adopted pursuant to delegation from, the Board of Governors of The University of North Carolina. Such policies and procedures shall be implemented on behalf of UNC-CH Dental School Clinical Operations by a personnel office maintained by the University of North Carolina at Chapel Hill.

- (1) The board of trustees shall fix or approve the schedules of pay, expense allowances, and other compensation, and adopt position classification plans for employees of UNC-CH Dental School Clinical Operations.
- (2) The board of trustees may adopt or provide for rules and regulations concerning, but not limited to, annual leave, sick leave, special leave with full pay, or with partial pay supplementing workers' compensation payments for employees injured in accidents arising out of and in the course of employment, working conditions, service awards, and incentive award programs, grounds for dismissal, demotion, or discipline, other personnel policies, and any other measures that promote the hiring and retention of capable, diligent, and effective career employees. However, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by June 30, 2022, shall not have his or her compensation reduced as a result of this subdivision. Further, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by June 30, 2022, shall be subject to the rules regarding discipline or discharge that were effective on June 30, 2022, and shall not be subject to the rules regarding discipline or discharge adopted after June 30, 2022.
- (3) The board of trustees may prescribe the office hours, workdays, and holidays to be observed by the various offices and departments of UNC-CH Dental School Clinical Operations.
- (4) The board of trustees may establish boards, committees, or councils to conduct hearings upon the appeal of employees who have been suspended, demoted,

otherwise disciplined, or discharged, to hear employee grievances, or to undertake any other duties relating to personnel administration that the board of trustees may direct.

The board of trustees shall submit all initial classification and pay plans, and other rules and regulations adopted pursuant to subdivisions (1) through (4) of this subsection, to the Office of State Human Resources for review upon adoption by the board. Any subsequent changes to these plans, rules, and policies adopted by the board shall be submitted to the Office of State Human Resources for review. Any comments by the Office of State Human Resources shall be submitted to the Chancellor of the University of North Carolina at Chapel Hill and the President of The University of North Carolina."

SECTION 8.4.(b) G.S. 116-40.6 reads as rewritten:

"§ 116-40.6. ~~East Carolina University Medical Faculty Practice Plan.~~Certain Personnel of East Carolina University.

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

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

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

(b) Personnel. – Employees of the Medical Faculty Practice Plan and ECU Dental School Clinical Operations shall be deemed to be employees of the State and shall be subject to all provisions of State law relevant thereto; provided, however, that except as to the provisions of Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the provisions of Chapter 126 shall not apply to employees of the Medical Faculty Practice Plan, Plan or ECU Dental School Clinical Operations, and the policies and procedures governing the terms and conditions of employment of such employees shall be adopted by the Board of Trustees of East Carolina University; provided, that with respect to such employees as may be members of the faculty of East Carolina University, no such policies and procedures may be inconsistent with policies established by, or adopted pursuant to delegation from, the Board of Governors of The University of North Carolina. Such policies and procedures shall be implemented on behalf of the Medical Faculty Practice Plan and ECU Dental School Clinical Operations by a personnel office maintained by East Carolina University.

(1) The board of trustees shall fix or approve the schedules of pay, expense allowances, and other compensation, and adopt position classification plans for employees of the Medical Faculty Practice Plan.

(2) The board of trustees may adopt or provide for rules and regulations concerning, but not limited to, annual leave, sick leave, special leave with full pay, or with partial pay supplementing workers' compensation payments for employees injured in accidents arising out of and in the course of employment, working conditions, service awards, and incentive award programs, grounds for dismissal, demotion, or discipline, other personnel policies, and any other measures that promote the hiring and retention of capable, diligent, and effective career employees. However, employees with the following exceptions:

a. For employees of the Medical Faculty Practice Plan, an employee who has achieved career State employee status as defined by G.S. 126-1.1

by October 31, 1998, shall not have his or her compensation reduced as a result of this subdivision. Further, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by October 31, 1998, shall be subject to the rules regarding discipline or discharge that were effective on October 31, 1998, and shall not be subject to the rules regarding discipline or discharge adopted after October 31, 1998.

- b. For employees of ECU Dental School Clinical Operations, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by June 30, 2022, shall not have his or her compensation reduced as a result of this subdivision. Further, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by June 30, 2022, shall be subject to the rules regarding discipline or discharge that were effective on June 30, 2022, and shall not be subject to the rules regarding discipline or discharge adopted after June 30, 2022.
- (3) The board of trustees may prescribe the office hours, workdays, and holidays to be observed by the various offices and departments of the Medical Faculty Practice ~~Plan~~ Plan and ECU Dental School Clinical Operations.
- (4) The board of trustees may establish boards, committees, or councils to conduct hearings upon the appeal of employees who have been suspended, demoted, otherwise disciplined, or discharged, to hear employee grievances, or to undertake any other duties relating to personnel administration that the board of trustees may direct.

The board of trustees shall submit all initial classification and pay plans, and other rules and regulations adopted pursuant to subdivisions (1) through (4) of this subsection to the Office of State Human Resources for review upon adoption by the board. Any subsequent changes to these plans, rules, and policies adopted by the board shall be submitted to the Office of State Human Resources for review. Any comments by the Office of State Human Resources shall be submitted to the Chancellor of East Carolina University and the President of The University of North Carolina.

...."

SECTION 8.4.(c) G.S. 126-5(c8) reads as rewritten:

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

- (1) Employees of the University of North Carolina Health Care System.
- (2) Employees of the University of North Carolina Hospitals at Chapel Hill, as may be provided pursuant to G.S. 116-37(a)(4).
- (3) Employees of the clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill as may be provided pursuant to G.S. 116-37(a)(4).
- (4) Employees of the Medical Faculty Practice Plan, a division of the School of Medicine of East Carolina University.
- (5) Employees of UNC-CH Dental School Clinical Operations, a division of the Adams School of Dentistry at the University of North Carolina at Chapel Hill.
- (6) Employees of ECU Dental School Clinical Operations, a division of the School of Dental Medicine at East Carolina University."

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

INCREASE FUNDING AND ELIGIBILITY THRESHOLD FOR OPPORTUNITY SCHOLARSHIPS AND FUNDING FOR PERSONAL EDUCATION STUDENT ACCOUNTS

SECTION 8A.1.(a) G.S. 115C-562.8(b), as amended by Section 8A.3(i) of S.L. 2021-180, 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 for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
...	
2023-2024	\$120,540,000 <u>\$176,540,000</u>
2024-2025	\$135,540,000 <u>\$191,540,000</u>
2025-2026	\$150,540,000 <u>\$206,540,000</u>
2026-2027	\$165,540,000 <u>\$221,540,000</u>
2027-2028	\$180,540,000 <u>\$236,540,000</u>
2028-2029	\$195,540,000 <u>\$251,540,000</u>
2029-2030	\$210,540,000 <u>\$266,540,000</u>
2030-2031	\$225,540,000 <u>\$281,540,000</u>
2031-2032	\$240,540,000 <u>\$296,540,000</u>

For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~two hundred fifty five million five hundred forty thousand dollars (\$255,540,000)~~ three hundred eleven million five hundred forty thousand dollars (\$311,540,000) 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.1.(b) G.S. 115C-562.1, as amended by Section 8A.3(c) of S.L. 2021-180, reads as rewritten:

"§ 115C-562.1. Definitions.

The following definitions apply in this Part:

- ...
- (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:

...

- b. Meets one of the following criteria:

1. Resides in a household with an income level not in excess of ~~one hundred seventy five percent (175%)~~ two hundred percent (200%) 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-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.1.(c) G.S. 115C-600, as enacted by Section 8A.3(l) of S.L. 2021-180, reads as rewritten:

"§ 115C-600. Funds for Personal Education Student Accounts.

The General Assembly finds that due to the continued growth and ongoing need in this State to provide opportunity for school choice for children with disabilities, it is imperative that the State provide an increase in funds of at least one million dollars (\$1,000,000) each fiscal year for 10 years for the Personal Education Student Accounts for Children with Disabilities Program. To that end, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the following amounts each fiscal year to be allocated to the Authority for the Program in accordance with this Article:

Fiscal Year	Appropriation
2023-2024	\$32,643,166 \$48,943,166
2024-2025	\$33,643,166 \$49,943,166
2025-2026	\$34,643,166 \$50,943,166
2026-2027	\$35,643,166 \$51,943,166
2027-2028	\$36,643,166 \$52,943,166
2028-2029	\$37,643,166 \$53,943,166
2029-2030	\$38,643,166 \$54,943,166
2030-2031	\$39,643,166 \$55,943,166
2031-2032	\$40,643,166 \$56,943,166
2032-2033 and each subsequent fiscal year thereafter	\$41,643,166 \$57,943,166

When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this section, the Director of the Budget shall include the appropriated amount specified in this section for that fiscal year."

SECTION 8A.1.(d) Subsection (b) of this section applies beginning with applications for scholarship funds for the 2023-2024 school year.

LIMIT TUITION GRANTS FOR GRADUATES OF NCSSM AND UNCSA TO UNDERGRADUATE TUITION

SECTION 8A.2.(a) G.S. 116-209.90 reads as rewritten:

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

(a) Within the funds available, a high school graduate from the North Carolina School of Science and Mathematics (NCSSM) or the University of North Carolina School of the Arts (UNCSA) in each school year who meets the following conditions shall be eligible for a tuition grant awarded under this Part:

- (1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.
- (2) Enrolls as a full-time student in a constituent institution of The University of North Carolina in the next academic year after graduation.

(b) Students who receive initial tuition grants as a cohort of a high school graduating class of NCSSM or UNCSA shall also be eligible to apply for tuition grants for subsequent academic years for up to a total of four academic ~~years~~years, provided that tuition grants are only used for undergraduate tuition.

(b1) A student must be continuously enrolled ~~in~~in an undergraduate program at a constituent institution of The University of North Carolina after the award of the initial tuition grant to be eligible for tuition grants in subsequent academic years. The Authority shall have the discretion to waive this requirement if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship.

(c) The amount of the tuition grant to each graduate shall be determined and distributed as provided in G.S. 116-209.91."

SECTION 8A.2.(b) G.S. 116-209.91(a) reads as rewritten:

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

TEMPORARILY WAIVE COMPLIANCE WITH CERTAIN SELECTIVE SERVICE REQUIREMENTS AND REPORT

SECTION 8A.3.(a) Notwithstanding G.S. 116-143.3(c) and G.S. 143B-421.1, for the 2022-2023 and 2023-2024 academic years only, the following shall apply:

- (1) A dependent relative of a member of the Armed Forces who is abiding in this State incident to active military duty pursuant to G.S. 116-143.3(c) is not required to comply with the requirements of the Selective Service System in order to be charged the in-State tuition rate in accordance with G.S. 116-143.3.
- (2) A person who is required to register under 50 U.S.C. § 3802 who fails to do so may receive State-supported scholarships, programs for financial assistance for postsecondary education, or loans insured by any State agency, including educational assistance authorized under Article 23 of Chapter 116 of the General Statutes.

SECTION 8A.3.(b) No later than January 15, 2023, the State Education Assistance Authority shall report to the Joint Legislative Education Oversight Committee on the following recommendations related to ensuring compliance with G.S. 116-143.3(c) and G.S. 143B-421.1, beginning in the 2024-2025 academic year and thereafter:

- (1) The practicability and advisability of ensuring compliance.
- (2) Methods of ensuring compliance and their merits.
- (3) Administrative costs and other barriers to ensuring compliance.
- (4) Any other relevant information.

EARLY ADMISSION TO KINDERGARTEN FOR STUDENTS PARTICIPATING IN NCSEAA K-12 SCHOLARSHIP PROGRAMS

SECTION 8A.4.(a) G.S. 115C-562.1(3)a.3. reads as rewritten:

- "3. Is eligible to enter kindergarten, first grade, or second grade pursuant to Article 25 of this Chapter. A child who is the age of 4four 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)~~ established by the Authority pursuant to G.S. 115C-562.2(d) and those findings are submitted to the Authority with the child's application."

SECTION 8A.4.(b) G.S. 115C-562.2(d) reads as rewritten:

"(d) The Authority shall establish rules and regulations for the administration and awarding of scholarship grants and shall include a rule regarding the early admission of four-year-old children that establishes the same factors for eligibility as the rule adopted by the State Board of Education pursuant to G.S. 115C-364(d). The Authority may include in those rules a lottery process for selection of scholarship grant recipients within the criteria established by this section."

SECTION 8A.4.(c) G.S. 115C-591(3)a. reads as rewritten:

"a. Is eligible to attend a North Carolina public school pursuant to Article 25 of this Chapter. A child who is the age of ~~4~~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)~~ established by the Authority pursuant to G.S. 115C-562.2(d) and those findings are submitted to the Authority with the child's application."

SECTION 8A.4.(d) By December 31, 2022, the State Education Assistance Authority shall adopt a rule regarding the early admission of four-year-old children pursuant to G.S. 115C-562.2(d), as amended by subsection (b) of this section, that establishes the same guidelines as the rule adopted by the State Board of Education pursuant to G.S. 115C-364(d).

SECTION 8A.4.(e) This section is effective when it becomes law and applies beginning with applications for scholarship grants for the 2023-2024 school year.

CHANGES TO NCSEAA'S ADMINISTRATION OF THE OPPORTUNITY SCHOLARSHIP PROGRAM

SECTION 8A.5.(a) G.S. 115C-562.5(a)(2) reads as rewritten:

"(2) Provide to the Authority a criminal background check conducted for the staff member with the highest decision-making authority, as defined by the bylaws, articles of incorporation, or other governing ~~document, to ensure that person has not been convicted of any crime listed in G.S. 115C-332.~~ document. Information provided to the Authority in accordance with this subdivision is privileged information and is not a public record but is for the exclusive use of the Authority."

SECTION 8A.5.(b) G.S. 115C-562.5(a)(6) reads as rewritten:

"(6) Contract with a certified public accountant to perform a financial review, consistent with generally accepted accounting principles, for each school year in which the school ~~accepts enrolls 70 or more students receiving more than three hundred thousand dollars (\$300,000) in scholarship grants or scholarship funds awarded under this Part by the Authority.~~

SECTION 8A.5.(c) G.S. 115C-562.5(d) reads as rewritten:

"(d) ~~A nonpublic school accepting students receiving scholarship grants that fails to comply with the requirements of this section shall be ineligible to receive future scholarship grants if~~ If the Authority determines that the a nonpublic school is not in compliance with the requirements of this section, the nonpublic school shall be ineligible to receive future scholarship funds. The nonpublic school shall notify the parent or guardian of any enrolled student receiving a scholarship grant that the nonpublic school is no longer eligible to receive future scholarship grants. A The Authority shall establish by rule a process for a nonpublic school may to appeal for reconsideration of eligibility after one year. To ensure compliance, the Board of Directors of the Authority shall review the criminal history provided under subdivision (2) of subsection (a) of this section to ensure that the person has not been convicted of any crime listed in G.S. 115C-332. The Board shall determine through this review whether the nonpublic school is noncompliant with this section. The Board shall make written findings with regard to how the

criminal history information was used when making the compliance determination. The Board of Directors may delegate any of the duties in this subsection to the Executive Director of the Authority. As part of its review, the Board shall determine whether the results indicate that the staff member has any of the following disqualifying characteristics:

- (1) Poses a threat to the physical safety of students or personnel.
- (2) Demonstrates that he or she does not have the integrity or honesty to fulfill his or her duties in overseeing State funds and the requirements of the scholarship grant program.
- (3) Has not fully satisfied the criminal sentencing obligations imposed following his or her conviction by a court of competent jurisdiction."

CHANGES TO NCSEAA'S ADMINISTRATION OF EDUCATION SAVINGS ACCOUNTS

SECTION 8A.6.(a) G.S. 115C-592(b1), as amended by Section 2.14(a) of S.L. 2022-6, reads as rewritten:

"(b1) Scholarship Awards for Students with Certain Disabilities. – A student who has one or more of the following disabilities listed as a primary or secondary disability on the student's eligibility determination form submitted as required by subsection (e) of this section at the time of application for scholarship funds may be awarded scholarship funds for each school year in an amount of up to (i) seventeen thousand dollars (\$17,000) for an eligible student or (ii) eight thousand five hundred dollars (\$8,500) for an eligible part-time student:

- (1) Autism.
- (2) Hearing impairment.
- (3) Moderate or severe intellectual ~~or developmental~~ disability.
- (4) ~~Multiple, permanent orthopedic impairments.~~ Orthopedic impairment.
- (5) Visual impairment.

...."

SECTION 8A.6.(b) G.S. 115C-593 reads as rewritten:

"§ 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 Except for eligible students whose primary disability is developmental delay, 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."

SECTION 8A.6.(c) No later than November 15, 2022, the State Education Assistance Authority shall provide written notice to every parent of an eligible student who will be impacted by subsection (b) of this section. The written notice shall (i) inform the parent of the change and when the change will be implemented and (ii) provide the parent with relevant information and resources related to continuing student eligibility for a Personal Education Savings Account pursuant to Article 41 of Chapter 115C of the General Statutes.

SECTION 8A.6.(d) Subsection (b) of this section applies beginning with the 2023-2024 school year.

REVISE WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM

SECTION 8A.7.(a) Section 8A.8 of S.L. 2021-180 reads as rewritten:

"SECTION 8A.8.(a) Scholarship Program Established. – Of the funds appropriated by this act for the 2021-2022 fiscal year to the Board of Governors of The University of North Carolina for the Washington Center Internship Scholarship Program, the State Education Assistance Authority (Authority) shall award scholarship grants to students who are residents of North Carolina and are enrolled in their second year or higher in a constituent institution of The University of North Carolina to attend a semester or summer term internship program or a shortened one- to four-week public policy and career readiness seminar program at The Washington Center for Internships and Academic Seminars (Washington Center) located in Washington, D.C. The Authority shall administer the scholarship program pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of funds when a student withdraws from the program. A student who meets the eligibility criteria of the Washington Center to attend a semester or summer term internship program or a shortened one- to four-week public policy and career readiness seminar program may apply to the Authority for a grant to cover costs related to the ~~internship program in an amount of program~~. The Authority shall award grants to students in its discretion based on student demand. Grants awarded pursuant to the program shall be for the following amounts:

- (1) For semester term internships, up to ~~seven-ten~~ thousand dollars (\$7,000). The Authority shall award grants to students in the order in which applications are received. (\$10,000).
- (2) For summer term internships, up to eight thousand dollars (\$8,000).
- (3) For shortened seminar programs, up to four thousand dollars (\$4,000).

"SECTION 8A.8.(b) Limitations on Grant Amount. – If a student who is eligible for a grant pursuant to this section also receives a scholarship or other grant covering the cost of attendance for the program, then the amount of the State grant shall be reduced by an appropriate amount determined by the Authority. The Authority shall reduce the amount of the grant so that the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost of attendance for the program, including program fees, housing, and incidental costs. The cost of attendance shall be established by the Authority in accordance with information provided to the Authority by the Washington Center.

"SECTION 8A.8.(c) Internship Activities. – A student participating in the Washington Center's program shall (i) intern four days a week with a nonprofit corporation, private company, federal agency, or a member of the United States Congress, (ii) take an academic class taught by the Washington Center's faculty, (iii) participate in career readiness training programs, and (iv) be responsible for a final portfolio project outlining work completed during the program. Students from all academic majors can participate and benefit from the program.

"SECTION 8A.8.(c1) Academic Credit. – No later than December 1, 2022, the Board of Governors of The University of North Carolina shall develop and promulgate guidance to constituent institutions on a process for awarding up to three academic credit hours for participation in an internship in accordance with the scholarship program.

"SECTION 8A.8.(d) Funds for the Program. – Any funds that are unencumbered for the program at the end of each fiscal year shall not revert to the General Fund but shall remain available for the purposes of this section. The Authority may use up to one percent (1%) of the funds appropriated each fiscal year for the program for administrative costs.

"SECTION 8A.8.(e) Reporting. – By March 1, 2023, 1 of each year in which grants are received under the program, the Authority, in consultation with the Washington Center, shall report to the Joint Legislative Education Oversight Committee, the Senate Appropriations

Committee on Education/Higher Education, the House of Representatives Appropriations Committee on Education, and the Fiscal Research Division on the implementation of the scholarship program, including the number of participating students and the amount of awards for each semester or summer term or shortened seminar program by constituent institution.

...."

SECTION 8A.7.(b) This section applies beginning with the award of scholarship grants for the 2023 spring academic semester.

REPORT ON AND SUSPEND CERTAIN PROGRAM EVALUATION REQUIREMENTS FOR OPPORTUNITY SCHOLARSHIPS

SECTION 8A.8.(a) No later than March 1, 2023, the Authority, in collaboration with the Department of Administration, Division of Nonpublic Education, and the Department of Public Instruction, shall report to the Joint Legislative Education Oversight Committee on at least the following information:

- (1) Options and a timeline to implement the recommendations of the March 1, 2018, report of the task force established pursuant to Section 10A.6 of S.L. 2017-57.
- (2) The estimated cost of each option provided pursuant to subdivision (1) of this subsection.
- (3) Any legislative recommendations on improving the evaluation of students receiving scholarship grants pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes.

SECTION 8A.8.(b) Notwithstanding G.S. 115C-562.5(d), a nonpublic school shall not be ineligible to receive scholarship grants during the 2022-2023 school year as a result of an inability to report data as required by G.S. 115C-562.5(c).

SECTION 8A.8.(c) For the 2022-2023 school year, the requirements of G.S. 115C-562.5(c) do not apply.

SECTION 8A.8.(d) For the 2022 and 2023 calendar years, the requirements of G.S. 115C-562.7(c) do not apply.

PART IX. HEALTH AND HUMAN SERVICES

PART IX-A. AGING AND ADULT SERVICES

STATE-COUNTY SPECIAL ASSISTANCE PROGRAM CHANGES

SECTION 9A.1.(a) G.S. 108A-42.1, as enacted by Section 9A.3A(b) of S.L. 2021-180, reads as rewritten:

"§ 108A-42.1. State-County Special Assistance Program payment rates.

(a) Basic Rate. – The maximum monthly rate for State-County Special Assistance recipients residing in adult care homes or in-home living arrangements without a diagnosis of Alzheimer's disease or dementia shall be one thousand one hundred eighty-two dollars (\$1,182) per month per resident. This rate shall be adjusted on ~~January 1, 2024,~~ January 1, 2023, and each January 1 thereafter, using the federally approved Social Security cost-of-living adjustment effective for the applicable year.

(b) Enhanced Rate. – The maximum monthly rate for State-County Special Assistance recipients residing in special care units or in-home living arrangements with a diagnosis of Alzheimer's disease or dementia shall be one thousand five hundred fifteen dollars (\$1,515) per month per resident. This rate shall be adjusted on ~~January 1, 2024,~~ January 1, 2023, and each January 1 thereafter, using the federally approved Social Security cost-of-living adjustment effective for the applicable year."

SECTION 9A.1.(b) Section 9A.3A(d) of S.L. 2021-180 reads as rewritten:

"SECTION 9A.3A.(d) Subsections (b), (c), and (e) of this section become effective on ~~July 1, 2022, the date the Current Operations Appropriations Act of 2022 becomes law, or 30 days after the date that all of the following have occurred, whichever is later:~~

- ~~(1) Both both the SSA and CMS have approved the applications submitted by the Department of Health and Human Services pursuant to subsection (a) of this section, section, whichever is later.~~
- ~~(2) CMS has approved the use of savings arising from the enhanced federal medical assistance percentage (FMAP) for home and community-based services available to the State under section 9817(a) of the American Reseue Plan Act of 2021 (ARPA), P.L. 117-2, for both of the expenditures identified in subsection (e) of this section.~~

The Secretary of the Department of Health and Human Services shall report to the Revisor of Statutes when both the SSA and CMS approvals are obtained and the date of the approval. Subsections (b), (c), and (e) of this section shall not become effective if either the SSA or CMS disapproves the applications submitted by the Department of Health and Human Services pursuant to subsection (a) of this section ~~or if CMS disapproves the use of the savings arising from the enhanced FMAP for home and community-based services under ARPA for either of the expenditures identified in subsection (e) of this section.~~ If, by June 30, 2023, the Department of Health and Human Services has not received ~~(i) notification of application approval from both the SSA and CMS pursuant to subsection (a) of this section and (ii) notification from CMS of approval for the use of the savings from the enhanced FMAP for either of the expenditures identified in subsection (e) of this section,~~ then subsections (b), (c), and (e) of this section shall expire. This subsection is effective when it becomes law."

SECTION 9A.1.(c) Section 9A.3A(e) of S.L. 2021-180 reads as rewritten:

"SECTION 9A.3A.(e) The Department of Health and Human Services shall use savings arising from the enhanced FMAP for home and community-based services available to the State under section 9817(a) of ARPA to fund ~~both of the following:~~

- ~~(1) NC Medicaid program costs associated with beneficiaries residing in an in-home living arrangement who are eligible for the State-County Special Assistance Program due to the changes to the program required by this section.~~
- ~~(2) The State share of the monthly State-County Special Assistance payments associated with individuals residing in an in-home living arrangement who are eligible for the State-County Special Assistance Program due to the changes to the program required by this section.~~

The Department of Health and Human Services shall continue to fund the expenditures identified under ~~subdivisions (1) and (2) of this subsection~~ utilizing funds from the HCBS Fund established in Section 9D.8A of this act, so long as funds remain available in the HCBS Fund."

SECTION 9A.1.(d) Subsections (a) and (c) of this section become effective on the date the Current Operations Appropriations Act of 2022 becomes law, or 30 days after the date that both the SSA and CMS have approved the applications submitted by the Department of Health and Human Services pursuant to subsection (a) of Section 9A.3A of S.L. 2021-180, whichever is later. The remainder of this section is effective when it becomes law.

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT

DETAILED PLAN FOR REORGANIZING CERTAIN CHILD AND FAMILY WELL-BEING PROGRAMS

SECTION 9B.1.(a) By October 1, 2022, the Department of Health and Human Services (Department) shall submit a detailed plan and time line to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on its proposal to

transfer certain child and family well-being programs and services to a new division within the Department. At a minimum, the plan shall include the following:

- (1) The mission and purpose of the proposed new division.
- (2) A list of the specific programs and services to be transferred to the new division.
- (3) A detailed proposed budget for the new division, including:
 - a. The specific budget codes and fund codes that would be impacted by the creation of the new division and the transfer of certain child and family well-being programs and services into the new division.
 - b. Identification of any positions that would be transferred to the new division.
 - c. An estimate and explanation of any realignment or reapportionment of State funds or federal block grant funds that would be necessary to implement the proposed reorganization. If any fund codes are being split, the estimated dollar amount that will be allocated to each division.
- (4) Anticipated impact on local governments and key service providers.
- (5) Identification of the specific functions, powers, duties, and obligations that would need to be transferred to the new division in order to implement this proposed reorganization.
- (6) Any legislative changes that would be necessary to implement this proposed reorganization.
- (7) Any other information the Department deems relevant to implementing this proposed reorganization.

SECTION 9B.1.(b) By April 1, 2023, the Department shall submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division any revisions to the detailed plan required by subsection (a) of this section, along with an explanation for each of the revisions.

SECTION 9B.1.(c) No reorganization of child and family well-being programs and services, and no realignment or reapportionment of State funds or federal block grant funds related to the reorganization of child and family well-being programs and services, shall be implemented without express authorization to do so by an act of the General Assembly.

REDIRECTION OF FUNDS FROM ATRIUM HEALTH TO CLEVELAND COUNTY FOR DEVELOPMENT OF A HEALTH CENTER

SECTION 9B.2. Effective June 30, 2022, and notwithstanding the Committee Report referenced in Section 43.2 of S.L. 2021-180 or any provision of law to the contrary, the funds appropriated to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, in the sum of five million dollars (\$5,000,000) in nonrecurring funds for the 2021-2022 fiscal year to be allocated as a directed grant to Atrium Health for the development of a federally qualified health center (FQHC) or an FQHC look-alike in Cleveland County shall instead be allocated as a directed grant to Cleveland County for this purpose.

FURTHER STUDY OF THE STATEWIDE HEALTH INFORMATION EXCHANGE NETWORK AND THE STATEWIDE HEALTH INFORMATION EXCHANGE ACT (HIEA); AND TEMPORARY SUSPENSION OF THE HIEA PROVISION CONDITIONING THE RECEIPT OF STATE FUNDS ON CONNECTING TO AND SUBMITTING DATA THROUGH THE HEALTH INFORMATION EXCHANGE NETWORK

SECTION 9B.3.(a) By March 31, 2023, the North Carolina Health Information Exchange Advisory Board shall submit a report on the statewide health information exchange network (HIE Network) known as NC HealthConnex to the Joint Legislative Oversight Committee on Health and Human Services. The report shall include at a minimum:

- (1) An update regarding the connectivity status of providers and entities required by G.S. 90-414.4 to connect to and submit data through the HIE Network. This update shall be based on an analysis conducted by the North Carolina Health Information Exchange Authority, with assistance as necessary from the Department of State Treasurer, State Health Plan Division, and the Department of Health and Human Services, Division of Health Benefits.
- (2) As a supplement to the recommendations provided pursuant to Section 7(a) of S.L. 2021-26, additional recommendations regarding appropriate features or actions, including legislative or administrative proposals, to support enforcement of the Statewide Health Information Exchange Act and enhancement of the HIE Network.

SECTION 9B.3.(b) Notwithstanding any provision of Article 29B of Chapter 90 of the General Statutes or any other provision of law to the contrary, connecting to and submitting data through the HIE Network known as NC HealthConnex shall not be a condition precedent to the receipt of State funds, including Medicaid funds, by any provider or entity subject to subsection (b) of G.S. 90-414.4 until a bill designating a lead agency responsible for enforcement of the Statewide Health Information Exchange Act is enacted into law.

SECTION 9B.3.(c) This section is effective when it becomes law.

PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION

RAISE NC PRE-K BASE REIMBURSEMENT RATES

SECTION 9C.1. Section 9C.3 of S.L. 2021-180 reads as rewritten:

"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%)~~ seven percent (7%) 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. A portion of these funds shall be allocated to raise the base reimbursement rates for public schools and Head Start centers participating in the NC Pre-K program by five percent (5%) over the 2021-2022 rates for the 2022-2023 fiscal year."

RAISE CAP ON ADMINISTRATIVE COSTS/SMART START

SECTION 9C.2. Section 9C.6(b) of S.L. 2021-180 reads as rewritten:

"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%)~~ nine percent (9%) 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."

ALIGN STATE CRIMINAL BACKGROUND CHECKS FOR PROSPECTIVE CHILD CARE PROVIDERS WITH FEDERAL BLOCK GRANT REQUIREMENTS/REPORT

SECTION 9C.3.(a) G.S. 110-90.2(b) reads as rewritten:

"(b) ~~Effective January 1, 1996, the~~ The Department shall ensure that, prior to employment and every ~~three-five~~ years thereafter, the criminal history of all child care providers is checked and a determination is made of the child care provider's fitness to have responsibility for the safety and well-being of children based on the criminal history. The Department shall ensure that all child care providers are checked for county, State, and federal criminal histories."

SECTION 9C.3.(b) G.S. 110-90.2 is amended by adding a new subsection to read:

"(d1) The Department may allow a prospective child care provider to begin employment on a provisional basis when the Department has not yet received satisfactory results from the county, State, and federal criminal history checks but receives satisfactory results from either the federal or State criminal history check for the prospective child care provider. However, until the Department makes its determination regarding checks from the county, State, and federal criminal histories, a prospective child care provider employed provisionally pursuant to this subsection shall be supervised at all times by a child care provider who has received qualifying results on the child care provider's criminal history checks within the last five years. If the county, State, and federal criminal history checks are not completed within 45 days from the date the checks were requested and there are no disqualifying results on any of the completed components of the criminal history checks, the Department shall provide written notification to the provisional child care provider that the child care provider is qualified to provide child care and is no longer subject to provisional status."

SECTION 9C.3.(c) The Department of Health and Human Services (Department) shall submit a report by December 1, 2022, and subsequently each year for five years thereafter, to the Joint Legislative Oversight Committee on Health and Human Services on the following:

- (1) The number of prospective child care providers employed provisionally pursuant to this section.
- (2) The number of provisional child care providers who qualified to provide child care because that provider was no longer subject to provisional status.
- (3) Any concerns or issues that arise as a result of implementing this section.
- (4) Any other information the Department deems relevant.

PART IX-D. HEALTH BENEFITS

MODIFY MEDICAID RECEIVABLES ACCOUNTED FOR AS NONTAX REVENUE

SECTION 9D.1. Section 9D.6(b) of S.L. 2021-180 reads as rewritten:

"**SECTION 9D.6.(b)** For the 2021-2022 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred forty-six million seven hundred five thousand five hundred eighty-four dollars (\$146,705,584) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2022-2023 fiscal year, the Department of Health and Human Services shall deposit from its revenues ~~one hundred fifty-three million eight hundred five thousand five hundred eighty-four dollars (\$153,805,584)~~ one hundred sixty-one million five hundred thousand dollars (\$161,500,000) 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).~~ thirty-one million three hundred sixty-five thousand three hundred five dollars (\$31,365,305).
- (2) All State-owned and State-operated hospitals, other than the University of North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care shall annually deposit an amount equal to the amount of the payments from the Department of Health and Human Services, Division of Health Benefits, for uncompensated care."

MODIFY LME/MCO INTERGOVERNMENTAL TRANSFERS

SECTION 9D.2. Section 9D.7(a) of S.L. 2021-180 reads as rewritten:

"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 <u>\$4,558,852</u>
Cardinal Innovations Healthcare	\$4,751,262	\$4,645,652 <u>N/A</u>
Eastpointe	\$1,664,172	\$1,663,249 <u>\$1,637,614</u>
Partners Health Management	\$2,637,754	\$2,749,261 <u>\$3,413,647</u>
Sandhills Center	\$1,879,510	\$1,878,469 <u>\$2,473,081</u>
Trillium Health Resources	\$2,656,332	\$2,654,860 <u>\$2,967,117</u>
Vaya Health	\$1,580,769	\$1,579,892 <u>\$2,977,906."</u>

MEDICAID RATES FOR PERSONAL CARE SERVICES AND SKILLED NURSING

SECTION 9D.3.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Health Benefits (DHB), in S.L. 2021-180, as amended by Section 2.2 of this act, the sum of fifty-two million eight hundred thousand dollars (\$52,800,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to support the rate increases for personal care services and skilled nursing outlined in the bulletin published by DHB on March 24, 2022, entitled "SPECIAL BULLETIN COVID-19 #239: Update on Temporary Rate Increases and HCBS DCW Rate Implementation" for the months of April, May, and June of 2022.

SECTION 9D.3.(b) Of the funds appropriated to DHB in this act, the sum of ninety-five million dollars (\$95,000,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used to provide the nonfederal share of the following increased Medicaid rates for a limited period of time beginning July 1, 2022:

- (1) An increase of one dollar and seven cents (\$1.07) per 15-minute increment resulting in a total rate of five dollars and ninety-six cents (\$5.96) per

15-minute increment for personal care services provided to Medicaid beneficiaries through Medicaid Direct, Community Alternatives Program for Children (CAP/C) Services, Community Alternatives Program for Disabled Adults (CAP/DA), and Community Alternatives Program Choice (CAP/CO).

- (2) The difference in the skilled nursing rates that were in place as of February 1, 2020, and the increased rates in place as of June 30, 2022, in order to continue the rates in place as of June 30, 2022.

When there are not sufficient funds remaining from the funds appropriated to DHB in this subsection to provide the full nonfederal share of both of the increased Medicaid rates specified in subdivisions (1) and (2) of this subsection for the next full month, then DHB shall use whatever funds remain available to provide the nonfederal share of increased Medicaid rates for personal care services and skilled nursing services that are as close as possible, within the funds remaining, to the rates specified in subdivisions (1) and (2) of this subsection.

Once there are no longer any funds remaining from the funds appropriated to DHB in this subsection, DHB shall not be required to maintain any of the increased Medicaid rates specified in this subsection. Consistent with G.S. 108A-54(e)(1), DHB shall set rates for personal care services and skilled nursing at such a level that the total expenditures for DHB, net of agency receipts, does not exceed the authorized budget for the Medicaid and NC Health Choice programs.

SECTION 9D.3.(c) Subsection (a) of this section becomes effective June 30, 2022.

MEDICAID COVERAGE/EBCI

SECTION 9D.4. The Secretary of the Department of Health and Human Services is authorized to submit an 1115 Demonstration Waiver, State Plan amendment, or other type of waiver to the Centers for Medicare and Medicaid Services that allows for Medicaid coverage of healthcare services that (i) qualify for one hundred percent (100%) federal medical assistance percentage, (ii) are provided by Indian Health Service (IHS) providers or Eastern Band of Cherokee Indians tribal facilities, and (iii) are provided to individuals with no other form of health coverage.

CONFORM TO FEDERAL REQUIREMENTS/ENDING OF PHE

SECTION 9D.5. Section 6(b) of S.L. 2020-88 reads as rewritten:

"SECTION 6.(b) In complying with the requirements of this section, county departments of social services shall not terminate benefits for a Medicaid beneficiary if doing so would result in the State being ineligible for the increased Medicaid funding under Section 6008 of P.L. 116-127. When a county department of social services identifies a case that would be subject to termination of Medicaid eligibility in the absence of the preceding requirement, the case shall be identified in the NC FAST system utilizing a uniform identifier to be established by the Department of Health and Human Services no later than July 31, 2020. ~~Notices of termination for cases with the identifier shall be sent in accordance with G.S. 108A-79 within 90 days.~~ All Medicaid renewals, post-enrollment verifications, and redeterminations of eligibility for individuals that would have been completed, or that would have resulted in a termination, but for the imposition of federal requirements related to Section 6008 of P.L. 116-127 shall be completed, and any applicable notices of termination sent in accordance with G.S. 108A-79, as expeditiously as possible and no later than the twelfth month after the expiration of the declared nationwide public health emergency as a result of the 2019 novel coronavirus."

USE OF THE MEDICAID TRANSFORMATION FUND FOR MEDICAID TRANSFORMATION NEEDS CHANGES

SECTION 9D.6.(a) Section 9D.16(b) of S.L. 2021-180 reads as rewritten:

"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)~~ one hundred ninety-three million one hundred three thousand three hundred forty-four dollars (\$193,103,344) 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. Any amount of funds from the one hundred thirty-three million seventy-eight thousand dollars (\$133,078,000) made available under this subsection for transfer to DHB in the 2021-2022 fiscal year that has not been transferred to DHB for qualifying needs as of June 30, 2022, shall continue to be available for transfer to DHB as qualifying needs arise during the 2022-2023 fiscal year.

For the purposes of this section, the term "qualifying need" shall be limited to the following Medicaid transformation needs and may include contracts and temporary staffing:

...."

SECTION 9D.6.(b) Section 9D.16(c)(2) of S.L. 2021-180 reads as rewritten:

"(2) The amount requested provides a State share that will not result in total requirements that exceed ~~eight hundred million dollars (\$800,000,000)~~ one billion fifty million dollars (\$1,050,000,000) in nonrecurring funds for the 2021-2023 fiscal biennium."

ADJUST IMPLEMENTATION DATE FOR BH IDD TAILORED PLANS

SECTION 9D.7.(a) The Division of Health Benefits, Department of Health and Human Services (DHHS), shall implement BH IDD tailored plans, as defined under G.S. 108D-1, no later than December 1, 2022. The initial term of the BH IDD tailored plan contracts is four years, ending December 1, 2026. If DHHS extends the standard benefit plan contracts, as authorized by Section 7(b) of S.L. 2020-88, then DHHS shall offer to extend the initial term of the BH IDD tailored plan contracts an equivalent amount of time.

SECTION 9D.7.(b) Section 7(b) of S.L. 2020-88 reads as rewritten:

"SECTION 7.(b) The Department of Health and Human Services (DHHS) shall amend the statewide and regional standard benefit plan prepaid health plan capitated contracts awarded as of June 1, 2020, so that the ~~contract covers four contract year terms, instead of three, contracts continue through December 1, 2026,~~ with the option to extend the ~~contract contracts~~ for up to one successive contract year or a shorter period as required by DHHS."

SECTION 9D.7.(c) G.S. 108D-60(a) reads as rewritten:

"(a) BH IDD tailored plans shall be defined as capitated PHP contracts that meet all requirements in this Article pertaining to capitated PHP contracts, except as specifically provided in this section. With regard to BH IDD tailored plans, the following shall occur:

...

(2) During the initial contract term ~~of the initial contracts~~ for BH IDD tailored ~~plans to begin one year after the implementation of the first contracts for standard benefit plans and to last four years,~~ plans, an LME/MCO shall be the only entity that may operate a BH IDD tailored plan. LME/MCOs operating BH IDD tailored plans shall receive all capitation payments under the BH IDD tailored plan contracts. Entities operating BH IDD tailored plan contracts shall conduct care coordination administrative functions for all services offered through the BH IDD tailored plans, and shall bear all risk for service utilization. This subdivision shall not be construed to preclude an entity

- operating a BH IDD tailored plan from engaging in incentives, risk sharing, or other contractual arrangements.
- (3) During the initial contract term ~~of the initial contracts for BH IDD tailored plans to begin one year after the implementation of the first contracts for standard benefit plans and to last four years, plans,~~ BH IDD tailored plans shall be operated only by LME/MCOs that meet certain criteria established by the Department. Any LME/MCO desiring to operate a BH IDD tailored plan ~~will~~ shall make an application to the Department in response to this set of criteria. Approval to operate a BH IDD tailored plan will be contingent upon a comprehensive readiness review. The constituent counties of the existing LME/MCOs may change, or existing LME/MCOs may merge or be acquired by another LME/MCO, as allowed under Chapter 122C of the General Statutes, prior to operating a BH IDD tailored plan, provided that the Department ensures every county in the State is covered by an LME/MCO that operates a BH IDD tailored plan. The Department shall issue no more than seven and no fewer than five regional BH IDD tailored plan contracts and shall not issue any statewide BH IDD tailored plan contracts.
- (4) After the term of the initial contracts for BH IDD tailored ~~plans to last four years, plans,~~ BH IDD tailored plan contracts ~~will~~ shall be the result of ~~RFPs requests for proposals~~ issued by the Department and the submission of competitive bids from nonprofit PHPs and entities operating the initial BH IDD tailored plan contracts.
-"

CLARIFY TREATMENT OF 340B DRUGS/ADDRESS REIMBURSEMENT FOR FQHCS

SECTION 9D.8.(a) Section 9D.19A of S.L. 2021-180 reads as rewritten:

"**SECTION 9D.19A.(a)** Notwithstanding G.S. 108D-65(6)b., for the prepaid health plan capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the reimbursement for the ingredient cost for ~~prescription-covered outpatient~~ drugs and the ~~prescription-professional~~ drug dispensing fee shall be set at one hundred percent (100%) of the Medicaid pharmacy fee-for-service reimbursement, pursuant to the Centers for Medicare and Medicaid Services' reimbursement methodologies in Attachment 4.19-B of section 12 of the Medicaid State Plan under Title XIX of the Social Security Act Medicaid Assistance Program, as filed with, and approved by, the Centers for Medicare and Medicaid Services. The National Average Drug Acquisition Cost and Cost (NADAC), when applicable and as allowed under the Medicaid State Plan, plus a professional dispensing fee based on the cost of the dispensing study conducted on behalf of the North Carolina Department of Health and Human Services, Division of Health Benefits. Benefits, will serve as the primary method utilized for reimbursement for retail community pharmacy claims not dispensed utilizing covered outpatient drugs acquired through the 340B drug discount program established under 42 U.S.C. § 256b. All claims utilizing drugs acquired through the 340B drug discount program shall be reimbursed in accordance with the CMS-approved Medicaid State Plan.

"**SECTION 9D.19A.(b)** This section is effective when it becomes law and expires June 30, ~~2023-2026.~~"

SECTION 9D.8.(b) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, Division of Health Benefits (DHB), for the 2022-2023 fiscal year, the sum of four million four hundred thousand dollars (\$4,400,000) in nonrecurring funds shall be used for temporary Medicaid reimbursement increases to federally qualified health centers (FQHCs) to be applicable to all FQHCs as a percentage above cost. DHB shall submit the necessary documents to obtain approval from the Centers for Medicare and

Medicaid Services to implement this section that contains an effective date for these increases of July 1, 2022.

SECTION 9D.8.(c) DHB shall collaborate with FQHCs to develop a comprehensive reimbursement structure that addresses pharmacy costs in the context of overall financial challenges faced by FQHCs. No later than February 1, 2023, DHB shall submit a detailed proposal of the comprehensive reimbursement structure, including the anticipated cost to the State of implementation, to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division.

SECTION 9D.8.(d) Subsection (a) of this section is effective retroactively to November 18, 2021.

ADJUST IMPLEMENTATION DATE FOR REQUIRING LME/MCOS TO PAY FOR BEHAVIORAL HEALTH SERVICES PROVIDED TO BENEFICIARIES AWAITING HOSPITAL DISCHARGE

SECTION 9D.9. Section 9D.22(f) of S.L. 2021-180 reads as rewritten:

"SECTION 9D.22.(f) CMS Approval. – The Department of Health and Human Services, Division of Health Benefits, shall submit to the Centers for Medicare and Medicaid Services (CMS) any State Plan amendments necessary to establish the new Medicaid coverage required by this section. The new Medicaid covered services and rates shall be implemented ~~July 1, 2022; December 31, 2022.~~ If approval from CMS is not granted by ~~July 1, 2022; December 31, 2022,~~ then DHB shall retroactively implement services and rates upon approval from CMS to ~~July 1, 2022; December 31, 2022.~~ The new Medicaid covered services and rates shall only be implemented to the extent allowable by CMS."

MEDICAID HOSPITAL ASSESSMENT TECHNICAL ADJUSTMENTS

SECTION 9D.10.(a) G.S. 108A-146.12, as enacted by Section 9D.13A(c) of S.L. 2021-180, reads as rewritten:

"§ 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 quarter of the 2022-2023 State fiscal year, the postpartum coverage component is eleven million four thousand four hundred twenty-four dollars (\$11,004,424). For each subsequent State fiscal year, the postpartum coverage component shall be increased over the prior year's quarterly amount by the Medicare Economic Index."

SECTION 9D.10.(b) G.S. 108A-146.13, as amended by Section 9D.13A(d) of S.L. 2021-180, reads as rewritten:

"§ 108A-146.13. Intergovernmental transfer adjustment component.

(a) The intergovernmental transfer adjustment component is the sum of all of the following subcomponents:

- (1) The historical subcomponent is forty-one million two hundred twenty-seven thousand three hundred twenty-one dollars (\$41,227,321) for each quarter of the 2021-2022 State fiscal year. For each quarter of the 2022-2023 State fiscal year, the historical subcomponent is forty-two million seventeen thousand forty-five dollars (\$42,017,045). For each subsequent State fiscal year, the historical subcomponent shall be increased over the prior year's quarterly amount by the market basket percentage.
- (2) The postpartum subcomponent applies to the assessments under this Part only during the period of April 1, 2022, through March 31, 2027, and is two million nine hundred sixty-two thousand five hundred dollars (\$2,962,500) for each quarter of the 2021-2022 State fiscal year. For each quarter of the 2022-2023 State fiscal year, the postpartum subcomponent is two million six hundred six

thousand three hundred eighty-four dollars (\$2,606,384). For each subsequent State fiscal year, the postpartum subcomponent shall be increased over the prior year's quarterly amount by the Medicare Economic Index.

...

(b) If a public acute care hospital closes or becomes a private acute care hospital, then, beginning in the first assessment quarter following the closure or change to a private acute care hospital and for each quarter thereafter, the intergovernmental transfer adjustment component described in subsection (a) of this section, as inflated in accordance with that section, shall be reduced by the amount of the public acute care hospital's intergovernmental transfer obligation to the Department ~~made~~ during its last quarter of operation as a public acute care hospital."

SECTION 9D.10.(c) Notwithstanding G.S. 108A-146.12 and G.S. 108A-146.13, for the quarter beginning October 1, 2022, the postpartum coverage component is three million three hundred forty-nine thousand seven hundred thirty-one dollars (\$3,349,731) and the postpartum subcomponent of the intergovernmental transfer adjustment component is seven hundred eighty-nine thousand five hundred fifty-nine dollars (\$789,559).

SECTION 9D.10.(d) This section becomes effective October 1, 2022, and applies to modernized hospital assessments imposed under Part 2 of Article 7B of Chapter 108A of the General Statutes on or after that date.

AVERAGE COMMERCIAL RATE SUPPLEMENTAL AND DIRECTED PAYMENT PROGRAM/ECU HEALTH PHYSICIANS

SECTION 9D.11. Notwithstanding Section 13(d) of S.L. 2020-88, the Department of Health and Human Services shall revise the Average Commercial Rate Supplemental and Directed Payment Program to permit program eligibility for providers affiliated with ECU Health Physicians, a part of East Carolina University Health. ECU Health Physicians shall be subject to the same limit on payments that applies to eligible providers affiliated with the East Carolina University Brody School of Medicine.

BH IDD TAILORED PLAN PMPM ADJUSTMENT RECOMMENDATIONS

SECTION 9D.12. Beginning March 1, 2023, and for five years thereafter, the Department of Health and Human Services, Division of Health Benefits (DHB), shall submit to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division a report containing recommendations regarding adjustments to the per member per month (PMPM) capitation amount paid to local management entities/managed care organizations (LME/MCOs) operating BH IDD tailored plans. The recommendations shall include adjustment amounts that are sufficient to increase the wages of direct support personnel who provide services to Medicaid beneficiaries residing in intermediate care facilities for individuals with intellectual disabilities (ICF/IIDs), including ICF/IID-level group homes, and Medicaid beneficiaries receiving services through the North Carolina Innovations waiver program. The report shall contain the costs associated with any recommended adjustments to the PMPM capitation amount. DHB shall take the following into account when making the recommendations:

- (1) Wages of direct support personnel working at the State developmental centers, with the goal of aligning the wages of direct support personnel regardless of place of employment.
- (2) Actuarial soundness requirements for capitation rates.
- (3) Assurance of continued safe and effective provision of services to Medicaid beneficiaries residing in ICF/IIDs or receiving services through the North Carolina Innovations waiver program.

- (4) Input from stakeholders, including the acceptance of data from knowledgeable trade organizations that supports the validation of any recommended adjustment to the PMPM capitation amounts.

CHANGES RELATED TO BH IDD TAILORED PLANS LAUNCH

SECTION 9D.13.(a) Notwithstanding the requirements under G.S. 108D-35 and G.S. 108D-60(a), coverage of outpatient point-of-sale prescription drugs for Medicaid beneficiaries enrolled in a BH IDD tailored plan shall continue to be covered through Medicaid fee-for-service and not through the BH IDD tailored plans for a period of time that (i) shall be determined by the Department of Health and Human Services, Division of Health Benefits, and (ii) does not exceed six months from the date BH IDD tailored plan initial contracts begin. During this time period, BH IDD tailored plans shall cover prescription drugs submitted as medical outpatient professional claims through the Physician Administered Drug Program.

SECTION 9D.13.(b) Until December 31, 2023, G.S. 122C-124.2(b)(1) and G.S. 122C-125.2 shall not apply to any local management entity/managed care organization (LME/MCO) under a BH IDD tailored plan contract with the Department of Health and Human Services (DHHS). For this period of time, any solvency and capital reserve requirements for an LME/MCO shall be set by DHHS in its BH IDD tailored plan contract. No later than March 1, 2023, DHHS shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, and the Fiscal Research Division that contains detailed recommendations on solvency standards applicable to all LME/MCOs post-implementation of the BH IDD tailored plans, including any legislative changes to G.S. 108D-124.2 and G.S. 122C-125.2.

SECTION 9D.13.(c) G.S. 108D-1(6) is repealed.

SECTION 9D.13.(d) G.S. 108D-21 reads as rewritten:

"§ 108D-21. LME/MCO provider networks.

Each LME/MCO operating the combined 1915(b) and (c) waivers shall develop and maintain a closed network of providers to furnish mental health, intellectual or developmental disabilities, and substance abuse services to its enrollees. A closed network is the network of providers that have contracted with the local management entity/managed care organization operating the combined 1915(b) and (c) waivers."

SECTION 9D.13.(e) G.S. 108D-23 reads as rewritten:

"§ 108D-23. BH IDD tailored plan networks.

~~Entities—Each entity~~ operating ~~a~~ BH IDD tailored ~~plans—plan~~ shall develop and maintain a closed network of providers only for the provision of behavioral health, intellectual and developmental disability, and traumatic brain injury services. A closed network is the network of providers that have contracted with the entity operating a BH IDD tailored plan to furnish these services to enrollees. A closed network must include all essential providers, as designated in accordance with G.S. 108D-22(b), that (i) are located within the region for which the entity holds a BH IDD tailored plan contract and (ii) provide any covered behavioral health, intellectual and developmental disability, or traumatic brain injury service in that region."

SECTION 9D.13.(f) G.S. 108D-60(a)(1)d. is repealed.

SECTION 9D.13.(g) G.S. 122C-115.3 reads as rewritten:

"§ 122C-115.3. Dissolution of area authority.

(a) Repealed by Session Laws 2013-85, s. 5(a), effective June 12, 2013.

(b) No county shall withdraw from an area authority nor shall an area authority be dissolved without prior approval of the Secretary.

~~(b1) The Secretary shall, prior to the date that BH IDD tailored plans begin operating, direct the dissolution of any area authority that does not receive an initial contract to operate a BH IDD tailored plan. The Secretary shall deliver a notice of dissolution to the board of county commissioners of each of the counties in the dissolved LME/MCO.~~

(c), (d) Repealed by Session Laws 2013-85, s. 5(a), effective June 12, 2013.

(e) Any fund balance or risk reserve available to an area authority at the time of its dissolution that is not utilized to pay liabilities shall be transferred to one or more area authorities contracted to operate the 1915(b)/(c) Medicaid Waiver or a BH IDD tailored plan in all or a portion of the catchment area of the dissolved area authority, as directed by the Department.

(e1) Effective until the date that BH IDD tailored plans begin operating, if the fund balance transferred from the dissolved area authority under subsection (e) of this section is insufficient to constitute fifteen percent (15%) of the anticipated operational expenses arising from assumption of responsibilities from the dissolved area authority, the Secretary shall guarantee the operational reserves for the area authority assuming the responsibilities under the 1915(b)/(c) Medicaid Waiver until the assuming area authority has reestablished fifteen percent (15%) operational reserves.

(f), (g) Repealed by Session Laws 2013-85, s. 5(a), effective June 12, 2013.

(h) Effective until December 1, 2023, upon the termination of a BH IDD tailored plan contract with an area authority, the Secretary shall direct the dissolution of that area authority. The Secretary shall deliver a notice of dissolution to the board of county commissioners of each of the counties in the dissolved area authority."

SECTION 9D.13.(h) No later than January 10, 2023, DHHS shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice containing proposed legislative language regarding actions to be taken upon the termination of a contract operated by an LME/MCO for (i) a BH IDD tailored plan, (ii) a capitated arrangement authorized by G.S. 108D-60(d), or (iii) the 1915(b)/(c) combined Medicaid waiver. The proposed legislation shall address at least all of the following:

- (1) The transition of the Medicaid coverage under the terminated contract to one or more other entities.
- (2) The transfer of all or a portion of any fund balance or risk reserve balance from the LME/MCO that held the contract that was terminated to one or more other entities.
- (3) For counties in the catchment area of the LME/MCO that held the contract that was terminated, the future alignment of those counties with one or more LME/MCOs.
- (4) Any revisions to the definition of catchment area in Chapter 122C of the General Statutes that are needed.

MISCELLANEOUS DHB-RELATED TECHNICAL CORRECTIONS

SECTION 9D.14.(a) G.S. 108D-40(a)(12) reads as rewritten:

"(12) Recipients with a serious mental illness, a serious emotional disturbance, a severe substance use disorder, an intellectual/developmental disability, or who have survived a traumatic brain injury and who are receiving traumatic brain injury services, who are on the waiting list for the Traumatic Brain Injury waiver, or whose traumatic brain injury otherwise is a knowable fact, until BH IDD tailored plans become operational, at which time this population will be enrolled with a BH IDD tailored plan in accordance with ~~G.S. 108D-60(10).~~ G.S. 108D-60(a)(10). Recipients in this category shall have the option to voluntarily enroll with a PHP, provided that (i) a recipient electing to enroll with a PHP would only have access to the behavioral health services covered by PHPs according to G.S. 108D-35(1) and would no longer have access to the behavioral health services excluded under G.S. 108D-35(1) and (ii) the recipient's informed consent shall be required prior to the recipient's enrollment with a PHP. Recipients in this category shall include, at a minimum, recipients who meet any of the following criteria:

...."

SECTION 9D.14.(b) Effective retroactively to January 1, 2022, G.S. 108A-146.12A, as enacted by Section 9D.13A(c) of S.L. 2021-180, reads as rewritten:
"§ 108A-146.12A. Home and community-based services component.

The home and community-based services component is thirty-five million five hundred thousand dollars (\$35,500,000) for each quarter of the 2023-2024 State fiscal year. For each subsequent State fiscal year, the ~~postpartum coverage home and community-based services~~ component shall be increased over the prior year's quarterly amount by the Medicare Economic Index."

SECTION 9D.14.(c) Effective retroactively to May 4, 2020, Section 4.8 of S.L. 2020-4 reads as rewritten:

"**SECTION 4.8.** Effective ~~no later than June 1, 2020, upon approval by the Centers for Medicare and Medicaid Services,~~ the eligibility requirements for the Disabled Adult Child Passalong authorized under section 1634 of the Social Security Act for the Medicaid program shall consist of only the following four requirements:

...."

SECTION 9D.14.(d) Section 9A of S.L. 2015-245, as amended by Section 2(e1) of S.L. 2016-121 and Section 9D.14 of S.L. 2021-180, reads as rewritten:

"**SECTION 9A.** Eligibility for Parents or Caretaker Relatives of Children in Foster Care. – DHHS is 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 a parent or caretaker relative, as defined in 42 C.F.R. § 435.4, to retain Medicaid eligibility when (i) the parent or caretaker relative 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,~~ a court of competent jurisdiction has neither found that aggravated circumstances exist in accordance with G.S. 7B-901(c) or found that a plan of reunification would be unsuccessful nor inconsistent with the child's health or safety in accordance with G.S. 7B-906.1(d)."

SECTION 9D.14.(e) G.S. 108A-54.3A(2a) reads as rewritten:

- "(2a) A parent or caretaker relative, as defined in 42 C.F.R. § 435.4, 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 or caretaker relative has lost legal custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes.
 - b. A child of the parent or caretaker relative 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.~~ A court of competent jurisdiction has neither found that aggravated circumstances exist in accordance with G.S. 7B-901(c) nor found that a plan of reunification would be unsuccessful or inconsistent with the child's health or safety in accordance with G.S. 7B-906.1(d).
 - d. The parent or caretaker relative continues to meet the family income requirements under subdivision (1) or (2) of this section."

SECTION 9D.14.(f) Section 9D.10(a) of S.L. 2021-180 reads as rewritten:

"**SECTION 9D.10.(a)** Beginning July 1, 2022, the copayments for Medicaid services that are subject to a copayment under the Medicaid State Plan 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 or~~ recipients prohibited by federal law from cost-sharing requirements."

SECTION 9D.14.(g) Section 9D.15B of S.L. 2021-180 reads as rewritten:

"SECTION 9D.15B. ~~Beginning January 1, 2022, the~~ As soon as practicable after the receipt of approval from the Centers for Medicare and Medicaid Services, the Department of Health and Human Services, Division of Health Benefits, shall increase to eleven dollars and twenty-five cents (\$11.25) per 15 minutes the rate paid for private duty nursing services pursuant to Medicaid Clinical Coverage Policies 3G-1: Private Duty Nursing for Beneficiaries Age 21 and ~~Older and Older~~, 3G-2: Private Duty Nursing for Beneficiaries Under 21 Years of ~~Age~~, Age, and 3K-1: Community Alternatives Program for Children (CAP/C)."

ELIMINATE NC HEALTH CHOICE AND MOVE BENEFICIARIES TO MEDICAID

SECTION 9D.15.(a) Effective when this act becomes law, the Department of Health and Human Services is directed to submit any necessary State Plan amendments to the Centers for Medicare and Medicaid Services (CMS) for the merger of the NC Health Choice program into the North Carolina Medicaid program to occur no later than June 30, 2023. This merger would result in the elimination of NC Health Choice. All children currently eligible for NC Health Choice would then be eligible for Medicaid as of the date approved for the elimination by CMS.

SECTION 9D.15.(b) Part 8 of Article 2 of Chapter 108A of the General Statutes is repealed.

SECTION 9D.15.(c) G.S. 108A-54.3A reads as rewritten:

"§ 108A-54.3A. Eligibility categories and income thresholds.

The Department shall provide Medicaid coverage for individuals in accordance with federal statutes and regulations and specifically shall provide coverage for the following populations:

- ...
- (3) Children ~~under through~~ the age of ~~6-18~~ with family incomes equal to or less than two hundred ten percent (210%) of the federal poverty guidelines.
 - (4) ~~Children aged 6 through 18 with family incomes equal to or less than one hundred thirty three percent (133%) of the federal poverty guidelines.~~

...."

SECTION 9D.15.(d) G.S. 7B-2717(a) reads as rewritten:

"(a) The juvenile court counselor shall work with the parent, guardian, or custodian of the juvenile receiving juvenile consultation services to obtain for the juvenile any medical, surgical, psychiatric, psychological, or other evaluation or treatment as needed or recommended as part of the juvenile consultation process. The juvenile court counselor shall work with the parent, guardian, or custodian of the juvenile and other funding resources to find a means for paying for such services, including helping the parent, guardian, or custodian of the juvenile to apply for Health Choice and/or Medicaid benefits under the North Carolina Medicaid program."

SECTION 9D.15.(e) G.S. 105-164.13(13d) reads as rewritten:

"(13d) Sales of diapers or incontinence underpads on prescription by an enrolled State ~~Medicaid/Health Choice-Medicaid~~ provider for use by beneficiaries of the State Medicaid program when the provider is reimbursed by the State Medicaid program or a Medicaid managed care organization, as defined in 42 U.S.C. § 1396b(m)."

SECTION 9D.15.(f) G.S. 108A-24(3e) reads as rewritten:

"(3e) "Fee-for-service program" means a payment model for the Medicaid ~~and NC Health Choice programs-program~~ operated by the Department of Health and Human Services pursuant to its authority under Part 6 ~~and Part 8~~ of Article 2 of Chapter 108A of the General Statutes in which the Department pays enrolled providers for services provided to Medicaid ~~and NC Health Choice~~

recipients rather than contracting for the coverage of services through a capitated payment arrangement."

SECTION 9D.15.(g) Subsections (a) and (b) of G.S. 108A-54.1B are repealed.

SECTION 9D.15.(h) G.S. 108A-57(c) is repealed.

SECTION 9D.15.(i) G.S. 108A-70.51 reads as rewritten:

"§ 108A-70.51. Reporting.

Beginning with the calendar year 2020, no later than March 1 of each year, the Department shall submit a report to the Joint Legislative Oversight Committee on ~~Medicaid and NC Health Choice~~, Medicaid, the Fiscal Research Division, and the State Auditor that contains the following information about the prior calendar year:

...."

SECTION 9D.15.(j) G.S. 108A-79(c)(4a) reads as rewritten:

"(4a) With regard to the Medicaid ~~and NC Health Choice programs~~ program only, the option to request an expedited appeal in accordance with subsection (j1) of this section."

SECTION 9D.15.(k) G.S. 108C-2 reads as rewritten:

"§ 108C-2. Definitions.

The following definitions apply in this Chapter:

...

(2) Applicant. – An individual, partnership, group, association, corporation, institution, or entity that applies to the Department for enrollment as a provider in the North Carolina ~~Medical Assistance Program or the North Carolina Health Insurance Program for Children~~ Medicaid program.

(3) Department. – The North Carolina Department of Health and Human Services, its legally authorized agents, contractors, or vendors who acting within the scope of their authorized activities, assess, authorize, manage, review, audit, monitor, or provide services pursuant to Title XIX or XXI of the Social Security Act, the North Carolina State Plan of Medical Assistance, ~~the North Carolina State Plan of the Health Insurance Program for Children~~, or any waivers of the federal Medicaid Act granted by the United States Department of Health and Human Services.

...

(6) ~~Health Choice. — The Health Insurance Program for Children authorized by G.S. 108A-70.25 and as set forth in the North Carolina State Plan of the Health Insurance Program for Children.~~

(7) Managing employee. – As defined in 42 C.F.R. § 455.101.

...

(10) Provider. – An individual, partnership, group, association, corporation, institution, or entity required to enroll in the North Carolina ~~Medical Assistance Program or the North Carolina Health Insurance Program for Children~~ Medicaid program to provide services, goods, supplies, or merchandise to a Medicaid ~~or Health Choice~~ recipient.

(11) Revalidation. – The reenrollment of a provider in the Medicaid ~~or Health Choice programs~~ program as required under federal law.

...."

SECTION 9D.15.(l) G.S. 108C-4 reads as rewritten:

"§ 108C-4. Criminal history record checks for certain providers.

...

(b) The Division shall deny enrollment or terminate the enrollment of a provider where any person with a five percent (5%) or greater direct or indirect ownership interest in the provider has been convicted of a criminal offense related to that person's involvement with the Medicare,

Medicaid, or ~~Health Choice program~~ any Children's Health Insurance Program in the last 10 years, unless the Division determines that denial or termination of enrollment is not in the best interests of Medicaid and the State Medicaid agency documents that determination in writing. The Department shall honor civil and criminal settlement agreements entered into with a provider or any person with a five percent (5%) or greater direct or indirect ownership interest in the provider within 10 years of the effective date of this act.

(c) The Division may deny enrollment or terminate the enrollment of a provider subject to G.S. 108C-3(g) for any of the following offenses of the provider, an ~~owner and/or operator~~, owner, an operator, or an employee if, after review of the seriousness, age, and other circumstances involving the offense, the Division determines it is in the best interest of the integrity of the North Carolina Medicaid or Health Choice program to do so: ~~any~~

- (1) Any criminal offenses as set forth in any of the following Articles of Chapter 14 of the General Statutes:
 - a. Article 5, Counterfeiting and Issuing Monetary ~~Substitutes;~~ Substitutes.
 - b. Article 5A, Endangering Executive, Legislative, and Court ~~Officers;~~ Officers.
 - c. Article 6, ~~Homicide;~~ Homicide.
 - d. Article 7B, Rape and Other Sex ~~Offenses;~~ Offenses.
 - e. Article 8, ~~Assaults;~~ Assaults.
 - f. Article 10, Kidnapping and ~~Abduction;~~ Abduction.
 - g. Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or ~~Material;~~ Material.
 - h. Article 14, Burglary and Other ~~Housebreakings;~~ Housebreakings.
 - i. Article 15, Arson and Other ~~Burnings;~~ Burnings.
 - j. Article 16, ~~Larceny;~~ Larceny.
 - k. Article 17, ~~Robbery;~~ Robbery.
 - l. Article 18, ~~Embezzlement;~~ Embezzlement.
 - m. Article 19, False Pretenses and ~~Cheats;~~ Cheats.
 - n. Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other ~~Means;~~ Means.
 - o. Article 19B, Financial Transaction Card Crime ~~Act;~~ Act.
 - p. Article 20, ~~Frauds;~~ Frauds.
 - q. Article 21, ~~Forgery;~~ Forgery.
 - r. Article 26, Offenses Against Public Morality and ~~Decency;~~ Decency.
 - s. Article 26A, Adult ~~Establishments;~~ Establishments.
 - t. Article 27, ~~Prostitution;~~ Prostitution.
 - u. Article 28, ~~Perjury;~~ Perjury.
 - v. Article 29, ~~Bribery;~~ Bribery.
 - w. Article 31, Misconduct in Public ~~Office;~~ Office.
 - x. Article 35, Offenses Against the Public ~~Peace;~~ Peace.
 - y. Article 36A, Riots and Civil ~~Disorders;~~ Disorders.
 - z. Article 39, Protection of ~~Minors;~~ Minors.
 - aa. Article 40, Protection of the ~~Family;~~ Family.
 - bb. Article 59, Public ~~Intoxication;~~ and Intoxication.
 - cc. Article 60, Computer-Related Crime. ~~The crimes also include possession~~
- (2) Possession or sale of drugs in violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related Statutes.

- (3) Alcohol-related offenses such as sale to underage persons in violation of G.S. 18B-302, or driving G.S. 18B-302.
- (4) Driving while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5."

SECTION 9D.15.(m) G.S. 108C-5 reads as rewritten:

"§ 108C-5. Payment suspension and audits utilizing extrapolation.

...

(b) In addition to the procedures for suspending payment set forth at 42 C.F.R. § 455.23, the Department may also suspend payment to any provider that (i) owes a final overpayment, assessment, or fine to the Department and has not entered into an approved payment plan with the Department or (ii) has had its participation in the Medicaid program or former NC Health Choice programs-program suspended or terminated by the Department. For purposes of this section, a suspension or termination of participation does not become final until all administrative appeal rights have been exhausted and shall not include any agency decision that is being contested at the Department or the Office of Administrative Hearings or in Superior Court provided that the Superior Court has entered a stay pursuant to the provisions of G.S. 150B-48.

...

(d) Providers whose participation in the Medicaid program or former NC Health Choice programs-program has been suspended or terminated shall have all payments suspended beginning on the thirty-first day after the suspension or termination becomes final.

...."

SECTION 9D.15.(n) G.S. 108C-9 reads as rewritten:

"§ 108C-9. Provider enrollment criteria.

(a) Applicants who submit an initial application for enrollment in North Carolina Medicaid ~~or North Carolina Health Choice~~ shall be required to submit an attestation and complete trainings prior to being enrolled.

(b) The applicant's attestation shall contain a statement that the applicant's organization has met the minimum business requirements necessary to comply with all federal and State requirements governing the Medicaid and Children's Health Insurance programs, does not owe any outstanding taxes or fines to the U.S. or North Carolina Departments of Revenue or Labor or the Division of Employment Security (DES) of the Department of Commerce, does not owe any final overpayment, assessment, or fine to the North Carolina Medicaid ~~or North Carolina Health Choice programs-program~~, the former NC Health Choice program, or any other State Medicaid or Children's Health Insurance program, and has implemented a corporate compliance program as required under federal law. The Department shall set forth by rule the minimum business requirements necessary to comply with all federal and State requirements governing the Medicaid ~~and or Children's Health Insurance Program-programs.~~

(c) Prior to being initially enrolled in the North Carolina Medicaid ~~or Health Choice programs-program~~, an applicant's representative shall attend trainings as designated by the Department in rules, including, but not limited to, the following:

...

Online training shall be available for completion through the Department's Web site. The Department may charge a fee to recover costs of such trainings.

(d) Making any materially false or misleading statement in an attestation or enrollment application shall be grounds for denial, termination of, or permanent exclusion from enrollment in the North Carolina Medicaid ~~or North Carolina Health Choice programs-program.~~"

SECTION 9D.15.(o) G.S. 108C-13 reads as rewritten:

"§ 108C-13. Certain waivers of Medicaid ~~and Health Choice co-payments~~ copayments prohibited.

(a) No provider that has obtained a permit pursuant to G.S. 90-85.21 or G.S. 90-85-21A shall waive the collection of ~~co-payments copayments~~ owed by Medicaid recipients of Medicaid ~~and Health Choice, as required by the respective program,~~ with the intent to induce recipients to

purchase, lease, or order items or services from the permitted provider. For enforcement purposes, a permitted provider that waives a ~~co-payment~~ copayment owed by a Medicaid recipient of Medicaid or Health Choice is in violation of this subsection regardless of the monetary amount that is waived by the permitted provider. A permitted provider shall not be in violation of this subsection if the provider waives a ~~co-payment~~ copayment owed by a Medicaid recipient of Medicaid or Health Choice for any of the following reasons:

- (1) The waiver is authorized under the ~~Medical Assistance Program or the North Carolina Health Insurance Program for Children~~ North Carolina Medicaid program.

...

(b) A violation of this section shall result in suspension or termination by the Department of a permitted provider's participation in the North Carolina Medicaid and Health Choice program in accordance with administrative sanctions and remedial measures established by the Department for violations of this section."

SECTION 9D.15.(p) G.S. 108D-1(1) reads as rewritten:

- "(1) Adverse benefit determination. – As defined in 42 C.F.R. § 438.400(b). ~~In accordance with 42 C.F.R. § 457.1260, this definition applies to NC Health Choice beneficiaries in the same manner as it applies to Medicaid beneficiaries.~~"

SECTION 9D.15.(q) G.S. 108D-1(5) reads as rewritten:

- "(5) Beneficiary. – A person to whom or on whose behalf medical assistance ~~or~~ assistance through the North Carolina Health Choice for Children program is granted under Article 2 of Chapter 108A of the General Statutes."

SECTION 9D.15.(r) G.S. 108D-1(16) reads as rewritten:

- "(16) Fee-for-service program. – A payment model for the Medicaid ~~and NC Health Choice programs~~ program operated by the Department of Health and Human Services pursuant to its authority under Part 6 ~~and Part 8~~ of Article 2 of Chapter 108A of the General Statutes in which the Department pays enrolled providers for services provided to Medicaid ~~and NC Health Choice~~ beneficiaries rather than contracting for the coverage of services through a capitated payment arrangement."

SECTION 9D.15.(s) G.S. 108D-2 reads as rewritten:

"§ 108D-2. Scope; applicability of this Chapter.

This Chapter applies to every managed care entity, applicant, enrollee, provider of emergency services, and network provider of a managed care entity. This Chapter does not apply to Medicaid ~~or NC Health Choice~~ services delivered through the fee-for-service program. ~~Nothing in this Chapter shall be construed to grant a NC Health Choice beneficiary benefits in excess of what is required by G.S. 108A-70.21.~~"

SECTION 9D.15.(t) G.S. 108D-13(c) reads as rewritten:

- "(c) Continuation of Benefits. – A managed care entity shall continue the benefits of a Medicaid enrollee during the pendency of a managed care entity level appeal to the same extent required under 42 C.F.R. § 438.420. ~~In accordance with 42 C.F.R. § 457.1260, NC Health Choice enrollees shall not be entitled to continuation of benefits.~~"

SECTION 9D.15.(u) G.S. 108D-14(c) reads as rewritten:

- "(c) Continuation of Benefits. – A managed care entity shall continue the benefits of a Medicaid enrollee during the pendency of an expedited managed care entity level appeal to the extent required under 42 C.F.R. § 438.420. ~~In accordance with 42 C.F.R. § 457.1260, NC Health Choice enrollees shall not be entitled to continuation of benefits.~~"

SECTION 9D.15.(v) G.S. 108D-15(g) reads as rewritten:

- "(g) Continuation of Benefits. – A managed care entity shall continue the benefits of a Medicaid enrollee during the pendency of an appeal to the same extent required under 42 C.F.R.

§ 438.420. ~~In accordance with 42 C.F.R. § 457.1260, NC Health Choice enrollees shall not be entitled to continuation of benefits. Notwithstanding any other provision of State law, the administrative law judge does not have the power to order and shall not order a managed care entity to continue benefits in excess of what is required by 42 C.F.R. § 438.420.~~"

SECTION 9D.15.(w) G.S. 108D-35 reads as rewritten:

"§ 108D-35. Services covered by PHPs.

(a) 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,~~ services, except as otherwise provided in this section.

(b) The capitated contracts required by this section shall not ~~cover~~ cover any of the following:

...."

SECTION 9D.15.(x) G.S. 143-682(a) reads as rewritten:

"(a) There is established the Commission on Children With Special Health Care Needs. The Department of Health and Human Services shall provide staff services and space for Commission meetings. The purpose of the Commission is to monitor and evaluate the availability and provision of health services to special needs children in this State, ~~and to monitor and evaluate services provided to special needs children under the Health Insurance Program for Children established under Part 8 of Article 2 of Chapter 108A of the General Statutes.~~ State."

SECTION 9D.15.(y) G.S. 150B-1(e)(17) is repealed.

SECTION 9D.15.(z) As a result of the repeal of Part 8 of Article 2 of Chapter 108A of the General Statutes under this section, the Revisor of Statutes shall eliminate the following phrases from wherever they appear in the sections of the General Statutes not amended by this section:

- (1) Health Choice.
- (2) NC Health Choice.
- (3) NC Health Choice program.
- (4) North Carolina Health Choice.
- (5) North Carolina Health Insurance Program for Children.

When eliminating these phrases, the Revisor of Statutes may adjust subject and verb agreement and the placement of conjunctions and may eliminate extraneous conjunctions.

SECTION 9D.15.(aa) Article 23B of Chapter 120 of the General Statutes reads as rewritten:

"Article 23B.

"Joint Legislative Oversight Committee on ~~Medicaid and NC Health Choice.~~ Medicaid.

"§ 120-209. Creation and membership of Joint Legislative Oversight Committee on ~~Medicaid and NC Health Choice.~~ Medicaid.

(a) The Joint Legislative Oversight Committee on Medicaid ~~and NC Health Choice~~ is established. The Committee consists of 14 members as follows:

- (1) Seven members of the Senate appointed by the President Pro Tempore of the Senate, at least two of whom are members of the minority party.
- (2) Seven members of the House of Representatives appointed by the Speaker of the House of Representatives, at least two of whom are members of the minority party.

...

"§ 120-209.1. Purpose and powers of Committee.

(a) The Joint Legislative Oversight Committee on Medicaid ~~and NC Health Choice~~ shall examine budgeting, financing, administrative, and operational issues related to the Medicaid ~~and NC Health Choice~~ programs ~~program~~ administered by the Department of Health and Human Services.

(b) The Committee may make periodic reports, including recommendations, to a regular session of the General Assembly on issues related to ~~Medicaid and NC Health Choice programs.~~Medicaid.

...

"§ 120-209.3. Additional powers.

The Joint Legislative Oversight Committee on ~~Medicaid and NC Health Choice,~~Medicaid, while in discharge of official duties, shall have access to any paper or document and may compel the attendance of any State official or employee before the Committee or secure any evidence under G.S. 120-19. In addition, G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Committee as if it were a joint committee of the General Assembly.

"§ 120-209.4. Reports to Committee.

Whenever the Department of Health and Human Services, or any division within the Department, is required by law to report to the General Assembly or to any of its permanent, study, or oversight committees or subcommittees on matters relating to the ~~Medicaid and NC Health Choice programs, program,~~ the Department shall transmit a copy of the report to the cochairs of the Joint Legislative Oversight Committee on ~~Medicaid and NC Health Choice.~~Medicaid."

SECTION 9D.15.(bb) The Revisor of Statutes shall change all references to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice wherever it appears in the General Statutes to instead be references to the Joint Legislative Oversight Committee on Medicaid.

SECTION 9D.15.(cc) Except as otherwise provided, this section is effective on the date that the NC Health Choice program is eliminated, as approved by the Centers for Medicare and Medicaid Services (CMS) in accordance with subsection (a) of this section. The Secretary of the Department of Health and Human Services shall report to the Revisor of Statutes and the Fiscal Research Division when the elimination of the NC Health Choice program has been approved by CMS and the specific date approved for that elimination to take place.

PART IX-E. HEALTH SERVICE REGULATION

HIRING OF HEALTH CARE PERSONNEL BY NURSING FACILITIES TO PERFORM NURSE AIDE DUTIES

SECTION 9E.1.(a) G.S. 131E-255 is amended by adding a new subsection to read:

"(f) Notwithstanding the provisions of this section or any other provision of law, a nursing facility may employ or contract with health care personnel who are not listed on the Nurse Aide Registry to perform the duties of a nurse aide for a period of up to four months, consistent with subsection (d) of 42 C.F.R. § 483.35. As used in this subsection, "health care personnel" means unlicensed staff that have direct access to residents, clients, or their property. Direct access includes any unlicensed staff that, during the course of employment, have the opportunity for direct contact with an individual or an individual's property when that individual is a resident, client, or person to whom the nursing facility provides services."

SECTION 9E.1.(b) The Medical Care Commission shall, to the extent necessary, amend its rules pertaining to the employment or contracting of nurse aides by nursing facilities consistent with the provisions of subsection (f) of G.S. 131E-255, as enacted by this section.

SECTION 9E.1.(c) This section is effective when it becomes law, and beginning on that date, nursing facilities may employ or contract with health care personnel who are not listed on the Nurse Aide Registry to perform the duties of a nurse aide for a period of up to four months, as provided in subsection (f) of G.S. 131E-255, as enacted by this section.

EMERGENCY FLEXIBILITIES FOR CERTAIN FACILITIES AND SERVICES REGULATED BY THE DIVISION OF HEALTH SERVICE REGULATION

SECTION 9E.2.(a) Article 2 of Chapter 122C of the General Statutes is amended by adding a new section to read:

"§ 122C-27.5. Waiver of rules and increase in bed capacity during an emergency.

In the event of a declaration of a state of emergency by the Governor in accordance with Article 1A of Chapter 166A of the General Statutes, a declaration of a national emergency by the President of the United States, a declaration of a public health emergency by the Secretary of the United States Department of Health and Human Services; or to the extent necessary to allow for consistency with any temporary waiver or modification issued by the Secretary of the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services under section 1135 or 1812(f) of the Social Security Act; or when the Division of Health Service Regulation determines the existence of an emergency that poses a risk to the health or safety of clients, the Division of Health Service Regulation may do either or both of the following:

- (1) Temporarily waive any rules adopted to implement this Article.
- (2) Allow a facility licensed under this Article to temporarily increase its bed capacity."

SECTION 9E.2.(b) G.S. 131D-7 reads as rewritten:

"§ 131D-7. Waiver of rules ~~for certain adult care homes providing shelter or services~~ and increase in bed capacity during ~~disaster or an~~ emergency.

...

(a1) In the event of a declaration of a state of emergency by the Governor in accordance with Article 1A of Chapter 166A of the General Statutes, a declaration of a national emergency by the President of the United States, a declaration of a public health emergency by the Secretary of the United States Department of Health and Human Services; or to the extent necessary to allow for consistency with any temporary waiver or modification issued by the Secretary of the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services under section 1135 or 1812(f) of the Social Security Act; or when the Division of Health Service Regulation determines the existence of an emergency that poses a risk to the health or safety of residents, the Division of Health Service Regulation may do either or both of the following:

- (1) Temporarily waive any rules of the Commission pertaining to adult care homes.
- (2) Allow an adult care home to temporarily increase its bed capacity.

...."

SECTION 9E.2.(c) G.S. 131E-84 reads as rewritten:

"§ 131E-84. Waiver of rules ~~for hospitals that provide temporary shelter or temporary services~~ and increase in bed capacity during ~~a disaster or an~~ emergency.

...

(a1) In the event of a declaration of a state of emergency by the Governor in accordance with Article 1A of Chapter 166A of the General Statutes, a declaration of a national emergency by the President of the United States, a declaration of a public health emergency by the Secretary of the United States Department of Health and Human Services; or to the extent necessary to allow for consistency with any temporary waiver or modification issued by the Secretary of the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services under section 1135 or 1812(f) of the Social Security Act; or when the Division of Health Service Regulation determines the existence of an emergency that poses a risk to the health or safety of patients, the Division of Health Service Regulation may do either or both of the following:

- (1) Temporarily waive any rules of the Commission pertaining to hospitals.
- (2) Notwithstanding G.S. 131E-183, allow a hospital to temporarily increase its bed capacity.

...."

SECTION 9E.2.(d) G.S. 131E-112 reads as rewritten:

"§ 131E-112. ~~Waiver of rules for health care facilities that provide temporary shelter or temporary services and increase in bed capacity during a disaster or an emergency.~~

...

(a1) In the event of a declaration of a state of emergency by the Governor in accordance with Article 1A of Chapter 166A of the General Statutes, a declaration of a national emergency by the President of the United States, a declaration of a public health emergency by the Secretary of the United States Department of Health and Human Services; or to the extent necessary to allow for consistency with any temporary waiver or modification issued by the Secretary of the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services under section 1135 or 1812(f) of the Social Security Act; or when the Division of Health Service Regulation determines the existence of an emergency that poses a risk to the health or safety of patients or residents, the Division of Health Service Regulation may do either or both of the following:

- (1) Temporarily waive any rules of the Commission pertaining to facilities or home care agencies.
- (2) Allow a facility or nursing home to temporarily increase its bed capacity.

...."

SECTION 9E.2.(e) G.S. 131E-158 reads as rewritten:

"§ 131E-158. ~~Credentialed personnel required.~~required; temporary waiver of requirements during an emergency.

(a) Every ambulance when transporting a patient shall be occupied at a minimum by all of the following:

- (1) At least one emergency medical technician who shall be responsible for the medical aspects of the mission prior to arrival at the medical facility, assuming no other individual with higher credentials is available.
- (2) One emergency medical responder who is responsible for the operation of the vehicle and rendering assistance to the emergency medical technician.

An ambulance owned and operated by a licensed health care facility that is used solely to transport sick or infirm patients with known nonemergency medical conditions between facilities or between a residence and a facility for scheduled medical appointments is exempt from the requirements of this subsection.

(a1) In the event of a declaration of a state of emergency by the Governor in accordance with Article 1 of Chapter 166A of the General Statutes, a declaration of a national emergency by the President of the United States, a declaration of a public health emergency by the Secretary of the United States Department of Health and Human Services, or a determination by the North Carolina Office of Emergency Medical Services of the existence of an emergency that poses a risk to the health or safety of patients, the North Carolina Office of Emergency Medical Services may temporarily waive the requirements of subsection (a) of this section and allow ambulances to transport patients with a minimum of the following:

- (1) At least one emergency medical technician who shall be responsible for all the medical aspects of the mission prior to arrival at the medical facility.
- (2) A noncredentialed, licensed driver who has been screened in accordance with protocols approved by the EMS system and the North Carolina Office of Emergency Medical Services, and who shall be responsible for the operation of the vehicle. A noncredentialed, licensed driver shall be responsible only for operation of the vehicle and shall not be responsible for any medical aspects of the mission or any patient care.

(b) The Commission shall adopt rules setting forth exemptions to the requirements stated in subsection (a) of this section applicable to situations where exemptions are considered by the Commission to be in the public interest."

SECTION 9E.2.(f) Article 7 of Chapter 131E of the General Statutes is amended by adding a new section to read:

"§ 131E-161.5. Waiver of rules during an emergency.

In the event of a declaration of a state of emergency by the Governor in accordance with Article 1A of Chapter 166A of the General Statutes, a declaration of a national emergency by the President of the United States, a declaration of a public health emergency by the Secretary of the United States Department of Health and Human Services; or to the extent necessary to allow for consistency with any temporary waiver or modification issued by the Secretary of the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services under section 1135 or 1812(f) of the Social Security Act; or when the Division of Health Service Regulation determines the existence of an emergency that poses a risk to the health or safety of patients, the Division of Health Service Regulation may temporarily waive any rules of the Commission pertaining to emergency medical services."

SECTION 9E.2.(g) Article 10 of Chapter 131E of the General Statutes is amended by adding a new section to read:

"§ 131E-208. Waiver of rules and increase in bed capacity during an emergency.

In the event of a declaration of a state of emergency by the Governor in accordance with Article 1A of Chapter 166A of the General Statutes, a declaration of a national emergency by the President of the United States, a declaration of a public health emergency by the Secretary of the United States Department of Health and Human Services; or to the extent necessary to allow for consistency with any temporary waiver or modification issued by the Secretary of the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services under section 1135 or 1812(f) of the Social Security Act; or when the Division of Health Service Regulation determines the existence of an emergency that poses a risk to the health or safety of patients or residents, the Division of Health Service Regulation may do either or both of the following:

- (1) Temporarily waive any rules of the Commission pertaining to hospices, hospice inpatient facilities, and hospice residential care facilities.
- (2) Allow a hospice inpatient facility or hospice residential care facility to temporarily increase its bed capacity."

SECTION 9E.2.(h) G.S. 131E-255, as amended by Section 9E.1 of this act, reads as rewritten:

"§ 131E-255. Nurse Aide Registry-Registry; waiver of rules during an emergency.

...

(g) In the event of a declaration of a state of emergency by the Governor in accordance with Article 1A of Chapter 166A of the General Statutes, a declaration of a national emergency by the President of the United States, a declaration of a public health emergency by the Secretary of the United States Department of Health and Human Services; or to the extent necessary to allow for consistency with any temporary waiver or modification issued by the Secretary of the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services under section 1135 or 1812(f) of the Social Security Act; or when the Division of Health Service Regulation determines the existence of an emergency that poses a risk to the health or safety of patients or residents of a nursing facility, the Division of Health Service Regulation may temporarily waive any rules of the Commission pertaining to the nurse aide registry."

SECTION 9E.2.(i) This section becomes effective on the date Executive Order No. 116 (Declaration of a State of Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19) expires or is rescinded.

PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE ABUSE SERVICES

USE OF OPIOID SETTLEMENT FUNDS

SECTION 9F.1. Section 9F.1 of S.L. 2021-180 reads as rewritten:

"SECTION 9F.1.(a) The Opioid Abatement Reserve (Reserve) is established in the General Fund to maintain (i) 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 County, (ii) any other funds received by the State as a result of a settlement, as defined in G.S. 114-2.4A, relating to claims regarding the manufacturing, marketing, distribution, dispensing, or sale of opioids, and (iii) funds received by the State as a beneficiary of a confirmation order by a bankruptcy court relating to claims regarding the manufacturing, marketing, distribution, dispensing, or sale of opioids.

Monies in the Reserve shall be made available to ~~(i)~~ cover the costs incurred by the State in investigating and pursuing these claims and ~~(ii)~~ to abate and remediate the harms caused to North Carolina and its citizens by the opioid epidemic. Funds from the Reserve may be allocated or expended only by an act of appropriation by the General Assembly.

"SECTION 9F.1.(a1) The Opioid Abatement Fund (Fund) is created in the Department of Health and Human Services ~~(Department)~~ as a special fund consisting of all interest and investment earnings received on monies in the Fund. The State Controller shall transfer from the Reserve to the Fund the sum of fifteen million seven hundred thirty-five thousand four hundred ninety-six dollars (\$15,735,496) for the 2021-2022 fiscal year and the sum of eight hundred twelve thousand two hundred fifty dollars (\$812,250) for the 2022-2023 fiscal year. These funds are appropriated to the Department of Health and Human Services to be used and allocated as set forth in subsection (b) of this section.

"SECTION 9F.1.(b) During the 2021-2023 fiscal biennium, the funds appropriated to the Department of Health and Human Services by subsection ~~(a)~~ (a1) of this section shall be used to respond to the negative impacts of the opioid epidemic within the State of North Carolina, as follows:

- (1) To expand employment and transportation supports through innovative pilot programs in industries in North Carolina that suffered the greatest job losses during the COVID-19 pandemic and are most relied upon by individuals recovering from opioid use disorders to reenter the workforce, such as the food service industry, the hotel and lodging industry, and the entertainment industry. These funds may be used to support all of the following:
 - a. Employment support services for individuals in recovery from opioid use disorder, such as job application support and placement with partnering employers, with emphasis on supporting innovative pilot programs to develop a more robust workforce in rural areas of the State.
 - b. Training and development funding to encourage a consortium of public and private employers, workforce development boards, and vocational services providers to develop workplace recovery friendly ecosystems.
 - c. Transportation support services to enable individuals recovering from opioid use disorder to travel to their places of treatment and their places of employment.

- (2) To support individuals with opioid use disorder who are involved in the criminal justice system through programs and initiatives designed to accomplish any one or more of the following:
 - a. Establishment or expansion of existing prearrest and postarrest diversion programs. This includes prearrest diversion, postarrest diversion, and court-based diversion through treatment or recovery courts.
 - b. Establishment, expansion, or sustainment of medication-assisted treatment programs that provide to individuals who are incarcerated any medication approved by the United States Food and Drug Administration for opioid use disorder. Programs authorized under this sub-subdivision that are funded in whole or in part by the Opioid Abatement Fund shall be made available to individuals who were already participating in a medication-assisted treatment program prior to being incarcerated, as well as to individuals who initiate medication-assisted treatment during their incarceration to address an opioid use disorder.
 - c. Creation or expansion of reentry programs to connect individuals exiting incarceration with harm reduction, treatment, and recovery supports.
- (3) To expand evidence-based treatment supports and to improve connections to care, especially for individuals hospitalized for overdose who are uninsured or underinsured, through the following activities or initiatives:
 - a. Evidence-based addiction treatment, including medication-assisted treatment provided by inpatient or outpatient opioid treatment programs.
 - b. Expanded access to cost-effective, low-cost, or no-cost medication-assisted treatment in community-based settings.
 - c. Expanded care management services, including the use of peer support specialists and care navigators in local health departments, detention facilities, local departments of social services, and community-based settings. Any funding provided pursuant to this sub-subdivision shall be used to provide care management services involving outreach to, engagement with, and coordination for individuals to assist them with accessing opioid use disorder treatment.
- (4) To develop evidence-based supportive housing services, such as Housing First, that are inclusive of individuals with substance use disorders. Qualifying services that may be funded under this subdivision include the following:
 - a. Providing a move-in deposit, rental or utility assistance, or all of these for individuals with substance use disorders who are in recovery or transitioning from residential treatment or incarceration.
 - b. Providing community training sessions on tenancy rights and responsibilities.
 - c. Establishing relationships with landlords to encourage the elimination of preconditions for housing and to reduce potential incidences of evictions due to substance misuse.
 - d. Providing other housing-related supports such as tents, sleeping bags, or other supplies for outdoor living.
 - e. Funding or otherwise supporting recovery supported housing that accepts individuals who are utilizing any medication approved by the

United States Food and Drug Administration for the treatment of opioid use disorder.

"SECTION 9F.1.(c) The State Controller shall transfer from the Opioid Abatement Reserve to the Opioid Abatement Fund the sum of fourteen million seven hundred eighty-one thousand two hundred three dollars (\$14,781,203) for the 2022-2023 fiscal year. These funds are appropriated to be used and allocated as follows:

- (1) \$9,225,000 to the Department of Health and Human Services to be used and allocated as follows:

 - a. \$1,850,000 to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for the Prescription Digital Therapeutics Pilot Program authorized in Section 9F.2 of this act.
 - b. \$1,000,000 to Triangle Residential Options for Substance Abusers, Inc. (TROSAs), a nonprofit corporation, to fund the construction of additional units of housing on its Durham campus that must be used to provide housing support to individuals in recovery from opioid use disorder or individuals receiving Medication-Assisted Treatment for opioid use disorder.
 - c. \$6,000,000 to be allocated equally among the local management entities/managed care organizations (LME/MCOs) to support opioid remediation programs throughout the State. The LME/MCOs shall not use these funds for any purposes other than to do all of the following:
 1. To purchase low-cost naloxone and other supplies and distribute them free of charge to harm reduction programs located in their respective catchment areas for the purpose of reducing the number of opioid-related overdoses and deaths.
 2. To purchase all forms of medications approved by the federal Food and Drug Administration for the treatment of opioid use disorder and distribute them free of charge to jails located in their respective catchment areas.
 3. To fund community-based opioid treatment programs located in their respective catchment areas that provide opioid agonist treatment or facilitate the provision of opioid agonist treatment from other providers.
 4. To purchase equipment for local opioid use disorder treatment programs located in their respective catchment areas to enable rapid analysis of opioids and other drugs causing overdose outbreaks.
 - d. \$375,000 to the North Carolina Association of County Commissioners to facilitate local and regional strategic planning to accomplish the following:
 1. To maximize the long-term positive impact of the opioid settlement funds received by the State.
 2. To triage requests for technical assistance and deliver technical assistance to counties to maximize the long-term positive impact of the opioid settlement funds received by the State.
 3. To satisfy all requirements of the Memorandum of Agreement governing the use of opioid settlement funds by counties and municipalities in North Carolina.
- (2) \$5,556,203 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, to be used as follows:

- a. \$400,000 to the University of North Carolina Injury Prevention Research Center to expand and operate the Community Opioid Resources Engine for North Carolina (NC-CORE) as a state of the art information clearinghouse for reports on the use and impact of North Carolina's opioid settlement funds. These funds shall be used to accomplish the following:
 1. To develop and display high-quality resources and data to assist counties and municipalities in maximizing the long-term positive impact of the opioid settlement funds.
 2. To develop and operate information portals enabling counties and municipalities to transmit required reports and data regarding the opioid settlement funds in a timely and efficient manner.
 3. To expand user-friendly, public-facing dashboards to ensure a high level of transparency and accountability with respect to the use of opioid settlement funds flowing to North Carolina counties and municipalities.
- b. \$600,000 to support opioid remediation project management and community partnership outreach at North Carolina Central University.
- c. \$1,900,000 to make grants available on a competitive basis to each campus of the constituent institutions of The University of North Carolina for opioid abatement research and development projects.
- d. \$2,656,203 to fund a research partnership concerning opioid abatement with the Eshelman Institute for Innovation at the University of North Carolina at Chapel Hill School of Pharmacy."

PRESCRIPTION DIGITAL THERAPEUTICS PILOT PROGRAM FOR OPIOID USE DISORDER TREATMENT

SECTION 9F.2.(a) It is the intent of the General Assembly to combat the opioid epidemic in this State by expanding access to innovative evidence-based treatments for individuals with opioid use disorder. To that end, from the funds allocated in Section 9F.1 of this act for a prescription digital therapeutics pilot program, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall develop and administer a two-year pilot program to gauge the effectiveness of prescription digital therapeutics (PDTs) authorized by the federal Food and Drug Administration for the treatment of opioid use disorder.

SECTION 9F.2.(b) The pilot program authorized by this section shall be subject to all of the following requirements and limitations:

- (1) The pilot program shall commence no later than December 1, 2022, and terminate no later than December 1, 2024.
- (2) The DMH/DD/SAS shall determine all of the following:
 - a. The number of sites at which the pilot program will be conducted; provided, however, that the sites shall include regions that are geographically diverse.
 - b. Eligibility requirements for pilot program participants.
 - c. The specific types of PDTs that will be prescribed and evaluated under the pilot program; provided, however, that the selected PDTs must be authorized by the federal Food and Drug Administration for the treatment of opioid use disorder.
- (3) The DMH/DD/SAS may use up to one hundred fifty thousand dollars (\$150,000) of these allocated funds for administrative purposes.

SECTION 9F.2.(c) Within six months after the termination of the pilot program authorized by this section, the DMH/DD/SAS shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the impact of the pilot program. The report shall include at least all of the following components:

- (1) A breakdown of all expenditures from the funds appropriated to the DMH/DD/SAS for the pilot program authorized by this section.
- (2) The number and location of pilot program sites.
- (3) The number of pilot program participants selected to participate at each site and a description of their individual opioid use disorder treatment plans prior to and upon entering the pilot program.
- (4) Identification of the specific PDTs prescribed to treat pilot program participants and an evaluation of their effectiveness, as measured by successful completion of their individual treatment goals.
- (5) An explanation of whether and how the PDTs prescribed to pilot program participants improved their access to treatment.
- (6) A review of how satisfied program participants were with the PDTs prescribed for their treatment.
- (7) The impact of the pilot program on issues related to health equity and the hospitalization of pilot program participants, as compared to the patient population at large.
- (8) An explanation of the successes and challenges of the pilot program.
- (9) Any recommendations for future coverage of PDTs by State-funded healthcare programs, along with a cost-benefit analysis for such coverage.
- (10) Any other information the DMH/DD/SAS deems relevant in examining the effectiveness of using PDTs to treat opioid use disorder.

SECTION 9F.2.(d) The funds allocated in Section 9F.1 of this act for the prescription digital therapeutics pilot program authorized by this section shall not revert on June 30, 2023, but shall remain available for nonrecurring expenditures associated with the pilot program until the date the pilot program terminates or December 1, 2024, whichever is earlier.

PART IX-G. PUBLIC HEALTH

FUNDS FOR THE OFFICE OF THE CHIEF MEDICAL EXAMINER TO INCREASE THE TRANSPORTATION RATE FOR DEATH INVESTIGATIONS AND AUTOPSIES AND TO INCREASE THE NUMBER OF FORENSIC PATHOLOGIST POSITIONS

SECTION 9G.1.(a) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, Division of Public Health, Office of the Chief Medical Examiner (OCME), the sum of four million seven hundred fifty thousand dollars (\$4,750,000) in recurring funds for the 2022-2023 fiscal year shall be used as follows:

- (1) Three million dollars (\$3,000,000) to increase the current base contract rate paid by the Department to transport bodies one way for death investigations or autopsies to one hundred seventy dollars (\$170.00) for the first 40 miles and then one dollar (\$1.00) per mile after the first 40 miles.
- (2) One million seven hundred fifty thousand dollars (\$1,750,000) to create seven new full-time Forensic Pathologist positions within the OCME.

SECTION 9G.1.(b) Subdivision (a)(1) of this section becomes effective July 1, 2022, and applies to contracts entered into, renewed, or amended on or after that date.

CHANGE IN COMPOSITION OF MATERNAL MORTALITY REVIEW COMMITTEE

SECTION 9G.2. G.S. 130A-33.60(b) reads as rewritten:

"(b) The Secretary shall appoint a multidisciplinary committee comprised of ~~nine~~ 20 members who represent the community, several academic ~~disciplines~~ disciplines, and professional specializations essential to reviewing cases of mortality due to complications from pregnancy or childbirth. Committee members shall serve without compensation, but may receive travel reimbursement from funds available to the Department."

USE OF JUUL SETTLEMENT FUNDS

SECTION 9G.3.(a) Section 9G.10 of S.L. 2021-180 reads as rewritten:

"SECTION 9G.10.(a) The Youth Electronic Nicotine Dependence Abatement Fund (Fund) is created within the Department of Health and Human Services, Division of Public Health, as a nonreverting special fund. The Fund shall consist of (i) monies received by the State as a beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Attorney General v. Juul Labs, Inc., in the General Court of Justice, Superior Court Division, Durham County (JLI Case) and (ii) all interest and investment earnings received on monies in the Fund. Monies in the Fund shall be expended only ~~by~~ upon an act of appropriation by the General Assembly and in accordance with the final consent judgment resolving the JLI Case.

"SECTION 9G.10.(b) There is appropriated from the Youth Electronic Nicotine Dependence Abatement Fund created in subsection (a) of this section to the Department of Health and Human Services, Division of Public Health, the sum of thirteen million dollars (\$13,000,000) in nonrecurring funds for the 2021-2022 fiscal year to be used and allocated as follows:

- (1) \$2,000,000 shall be transferred to the Department of Justice to cover the costs of litigation incurred by the Office of the Attorney General with respect to the JLI Case.
- (2) \$4,400,000 shall be allocated for tobacco cessation media campaigns, resources, and programs to help both youth and young adults who have become addicted to nicotine using e-cigarettes and other tobacco/nicotine products quit.
- (3) \$3,300,000 shall be allocated for evidence-based media and education campaigns to prevent the initiation of tobacco use, especially with respect to e-cigarettes and other new and emerging tobacco/nicotine products.
- (4) \$1,100,000 shall be allocated for data monitoring to track tobacco/nicotine use and exposure among youth and young adults and populations at risk; and for independent evaluation of the reach and effectiveness of the State's tobacco prevention and cessation programs with respect to evidence-based programs designed to help youth addicted to nicotine through e-cigarettes and other new and emerging tobacco and nicotine products quit.
- (5) \$2,200,000 shall be allocated for staff, projects, and systems to educate partners and stakeholders about evidence-based policy, systems, and environmental change to help youth quit tobacco/nicotine products and prevent initiation of tobacco/nicotine products; and to track compliance with the conduct provisions set forth in Part III of the final consent judgment resolving the JLI Case.

Funds allocated under this subsection shall remain available for expenditure as specified in this subsection until expended.

...."

SECTION 9G.3.(b) This section becomes effective June 30, 2022.

FILING OF DEATH CERTIFICATES

SECTION 9G.4.(a) It is the intent of the General Assembly to ensure a smooth transition away from a manual, paper-based process for creating death records toward a secure,

web-based, online electronic death registration system. Accordingly, as the Department of Health and Human Services, Division of Public Health, Office of Vital Records, progresses toward statewide implementation of the North Carolina Database Application for Vital Events (NCDAVE) system, each local health department and each local register of deeds shall accept paper death certificates through August 31, 2022.

SECTION 9G.4.(b) G.S. 130A-115 is amended by adding a new subsection to read:

"(g) Beginning September 1, 2022, death certificates shall be filed electronically with the Office of Vital Records via the North Carolina Database Application for Vital Events (NCDAVE) system. No individual responsible for the certification of a death pursuant to subsection (c) of this section shall fail or refuse to certify the death certificate via the designated electronic death registration system. Notwithstanding subsection (f) of this section, the Department may impose an administrative penalty against any individual who willfully and knowingly violates this requirement in the amount of two hundred fifty dollars (\$250.00) for the first violation, five hundred dollars (\$500.00) for the second violation, and one thousand dollars (\$1,000) for the third and each subsequent violation."

EXTENSION OF TERMS OF NC RARE DISEASES ADVISORY COUNCIL MEMBERS AND EXPANSION OF COUNCIL MEMBERSHIP

SECTION 9G.5.(a) G.S. 130A-33.65 reads as rewritten:

"§ 130A-33.65. Advisory Council on Rare Diseases; membership; terms; compensation; meetings; quorum.

...

(b) Advisory Council Membership.

(1) Upon the recommendation of the Dean of the School of Medicine of the University of North Carolina at Chapel Hill, the Secretary shall appoint members to the advisory council as follows:

- a. A physician licensed and practicing in this State with experience researching, diagnosing, or treating rare diseases.
- b. A medical researcher with experience conducting research concerning rare diseases.
- c. A registered nurse or advanced practice registered nurse licensed and practicing in the State with experience treating rare diseases.
- d. One rare diseases survivor.
- e. One member who represents a rare diseases foundation.
- f. One representative from each academic research institution in this State that receives any grant funding for rare diseases research.
- g. One parent of a childhood rare disease survivor.

(2) The chairs of the Joint Legislative Oversight Committee on Health and Human Services, or the chairs' designees, shall serve on the advisory council. A member of the advisory council who is designated by the chairs of the Joint Legislative Oversight Committee on Health and Human Services may be a member of the General Assembly.

(3) The Secretary, or the Secretary's designee, shall serve as an ex officio, nonvoting member of the advisory council.

(c) Members appointed pursuant to subsection (b) of this section shall serve for a term of three years, and no member shall serve more than ~~two~~ three consecutive terms.

...."

SECTION 9G.5.(b) This section is effective when it becomes law and applies to current members of the Advisory Council on Rare Diseases.

EXPANDED ACCESS TO CLIENT-SPECIFIC INFORMATION CONTAINED IN THE NORTH CAROLINA IMMUNIZATION REGISTRY

SECTION 9G.6. Article 6 of Chapter 130A of the General Statutes is amended by adding a new section to read:

"§ 130A-158.5. Access to North Carolina Immunization Registry.

Notwithstanding any provision of this Chapter or any other provision of law, the Department shall grant access to client-specific immunization information contained within the secure, web-based North Carolina Immunization Registry to the following entities; provided, however, that the authorized recipient of this information shall agree, in writing, on a form prescribed by the Department to maintain the confidentiality of the information:

- (1) Prepaid health plans, as defined in G.S. 108D-1.
- (2) Primary care case management entities, as defined in 42 C.F.R. § 438.2, as amended."

AUTHORIZATION FOR STATE HEALTH DIRECTOR TO ISSUE STATEWIDE STANDING ORDERS TO FACILITATE THE ADMINISTRATION OF COVID-19 VACCINATIONS, DIAGNOSTIC TESTS, OR OTHER TREATMENTS

SECTION 9G.7.(a) The State Health Director may issue a statewide standing order to facilitate the administration of vaccinations, diagnostic tests, or other treatments for COVID-19, or any combination of these when the State Health Director determines that a statewide standing order is necessary to protect the public health, safety, and welfare of the citizens of North Carolina, provided that the statewide standing order is consistent with federal and State law.

SECTION 9G.7.(b) Any statewide standing order in effect on or before July 1, 2022, concerning the administration of vaccinations, diagnostic tests, or other treatments for COVID-19 shall remain in effect until rescinded by the State Health Director.

SECTION 9G.7.(c) This section shall not be construed to authorize the State Health Director to require any citizen of North Carolina to submit to a vaccination, diagnostic test, or other treatment for COVID-19.

SECTION 9G.7.(d) The State Health Director, acting pursuant to this section, is immune from any civil or criminal liability for actions authorized by this section.

SECTION 9G.7.(e) This section is effective when it becomes law and expires on December 31, 2023.

MODIFICATIONS TO QUARANTINE AND ISOLATION AUTHORITY

SECTION 9G.8.(a) G.S. 130A-145(f), as enacted by Section 19E.6(e) of S.L. 2021-180, reads as rewritten:

"(f) Notwithstanding the first sentence of subsection (d) of this section, ~~for a period of no more than seven calendar days,~~ the State Health Director or a local health director shall have the authority to determine and order that a class or category of persons need to be quarantined or isolated to protect the public ~~health.~~ health, subject to the following limitations:

- (1) For an order that applies statewide, the State Health Director or a local health director may issue the order for a period of no more than seven days. If such an order under this section applies statewide, the State Health Director may move the court for extensions of the order in accordance with subsection (e) of this section after the State Health Director has notified the Governor, and the Governor has received the concurrence of the Council of State.
- (2) For an order that applies less than statewide, the State Health Director or a local health director may issue the order for a period of no more than 30 calendar days. If such an order applies less than statewide, the State Health

Director may move the court for extension of the order in accordance with subsection (e) of this section.

If the State Health Director's or local health director's orders under this subsection would extend the application of the class or categories in areas, when combined, to statewide application, the State Health Director shall notify the Governor, and the Governor shall seek the concurrence of the Council of State in accordance with this subsection prior to moving the court for the extension of any of the orders."

SECTION 9G.8.(b) This section becomes effective January 1, 2023, and applies to any order of quarantine or isolation issued on or after that date under subsection (f) of G.S. 130A-145, as amended by this section.

FLEXIBILITIES FOR REACCREDITATION/RECERTIFICATION OF ASBESTOS MANAGEMENT AND LEAD ABATEMENT PROFESSIONALS

SECTION 9G.9.(a) In order to ensure there are a sufficient number of professionals accredited to perform asbestos management and lead abatement and renovation work in the State, the following professionals whose accreditation or certification will expire due to their failure to complete a required refresher training course shall have until 180 days after the date Executive Order No. 116 (Declaration of a State of Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19) expires or is rescinded to complete their respective refresher training requirements:

- (1) Professionals accredited to perform asbestos management activities under 10A NCAC 41C .0602.
- (2) Professionals certified to perform lead-based paint activities under 10A NCAC 41C .0802.
- (3) Dust sampling technicians certified under 10A NCAC 41C .0902(c).
- (4) Lead-based paint renovators certified under 10A NCAC 41C .0902(d).

SECTION 9G.9.(b) This section becomes effective on the date Executive Order No. 116 (Declaration of a State of Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19) expires or is rescinded.

FUNDS FOR PREGNANCY CENTERS

SECTION 9G.10. Of the funds appropriated in this act from the Local Project Reserve, established in Section 2.2 of this act, to the Department of Health and Human Services, Division of Public Health, the sum of two million five hundred eighty-five thousand dollars (\$2,585,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated as directed grants to nonprofit pregnancy centers located in this State, according to the following schedule:

	2022-2023
Davie Pregnancy Care Center, Inc.	\$260,000
Heartbeats – A Pregnancy Care Center, Inc.	\$325,000
Open Arms Pregnancy Support Services, Inc.	\$500,000
Salem Pregnancy Support Center, Inc.	\$100,000
H.E.L.P. Center, Inc.	\$150,000
Cabarrus Women's Center, Inc.	\$250,000
Coastal Pregnancy Care Center, Inc.	\$250,000
Havelock Pregnancy Resource Center	\$250,000
Eastern Pregnancy Information Clinic	\$250,000
International Athletes' Abolition Mission, to support 1st Choice Pregnancy Resources of Pamlico County	\$250,000

PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]

PART IX-I. SOCIAL SERVICES

LOW INCOME ENERGY ASSISTANCE PROGRAM/ALLOW FLEXIBILITY WHEN ADDITIONAL FUNDS AVAILABLE

SECTION 9I.1. G.S. 108A-25.4(a) reads as rewritten:

"(a) The Low-Income Energy Assistance Program Plan developed by the Department of Health and Human Services (Department) and submitted to the U.S. Department of Health and Human Services shall focus the annual energy assistance payments on the elderly population age 60 and above with income up to ~~one hundred thirty percent (130%)~~ one hundred fifty percent (150%) of the federal poverty level and disabled persons receiving services through the Division of Aging and Adult Services. The energy assistance payment shall be paid directly to the service provider by the county department of social services. The Plan for Crisis Intervention Program (CIP) shall provide assistance for vulnerable populations who meet income eligibility criteria established by the Department. The CIP payment shall be paid directly to the service provider by the county department of social services and shall not exceed ~~six hundred dollars (\$600.00)~~ one thousand dollars (\$1,000) per household in a fiscal year."

INCREASE FOSTER CARE ADMINISTRATIVE RATE WITH EXISTING FUNDS

SECTION 9I.2. The Department of Health and Human Services, Division of Social Services, shall implement an increase to the administrative rate for foster care using available funds in the foster care budget.

ADDITIONAL CHILD ADVOCACY CENTER FUNDS

SECTION 9I.3. Section 9I.17 of S.L. 2021-180 reads as rewritten:

"**SECTION 9I.17.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of five million dollars (\$5,000,000) in recurring funds for each year of the 2021-2023 fiscal ~~biennium and biennium~~, the sum of five million dollars (\$5,000,000) in nonrecurring funds for the 2021-2022 fiscal year-year, and the sum of three million dollars (\$3,000,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated to the Children's Advocacy Centers of North Carolina, Inc., (CACNC) a nonprofit organization. At least seventy-five percent (75%) of these funds shall be distributed to child advocacy centers in this State that are in good standing with CACNC."

EXTEND TIME FOR FOOD AND NUTRITION SERVICES APPEALS DECISIONS

SECTION 9I.4. G.S. 108A-79(j) reads as written:

"(j) After the administrative hearing, the hearing officer shall prepare a proposal for decision, citing pertinent law, regulations, and evidence, which shall be served upon the appellant and the county department of social services or their personal representatives. The appellant and the county department of social services shall have the opportunity to present oral and written arguments in opposition to or in support of the proposal for decision to the designated official of the Department who is to make the final decision. The final decision shall be based on, conform to, and set forth in detail the relevant evidence, pertinent State and federal law and regulations, and matters officially noticed. The decision shall be rendered not more than 90 days, or ~~45-60~~ 45 days in the case of the food and nutrition services program, from the date of request for the hearing, unless the hearing was delayed at the request of the appellant. If the hearing was delayed at the appellant's request, the decision may only be delayed for the length of time the appellant requested a delay. The final decision shall be served upon the appellant and upon the county department of social services by certified mail, with a copy furnished to either party's attorney of record. In the absence of a petition for judicial review filed pursuant to subsection (k) herein, the

final decision shall be binding upon the appellant, the county department of social services, the county board of social services, and the board of county commissioners."

PART IX-J. VOCATIONAL REHABILITATION SERVICES [RESERVED]

PART IX-K. HHS MISCELLANEOUS

EXPAND THE RIGHTS OF APPEAL PURSUANT TO INSPECTIONS OF LOCAL CONFINEMENT FACILITIES

SECTION 9K.1.(a) G.S. 153A-222 reads as rewritten:

"§ 153A-222. Inspections of local confinement facilities.

(a) Department personnel shall visit and inspect each local confinement facility at least semiannually. The purpose of the inspections is to investigate the conditions of confinement, the treatment of prisoners, the maintenance of entry level employment standards for jailers and supervisory and administrative personnel of local confinement facilities as provided for in G.S. 153A-216(4), and to determine whether the facilities meet the minimum standards published pursuant to G.S. 153A-221. The inspector shall make a written report of each inspection and submit it within 30 days after the day the inspection is completed to the governing body and other local officials responsible for the facility. The report shall specify each way in which the facility ~~does not meet the minimum standards-is alleged to be deficient.~~

(b) The Within 30 days of receiving the inspection report under subsection (a) of this section, the governing body shall consider the report ~~at its first regular meeting after receipt of the report~~ and shall promptly (i) initiate any action necessary to bring the facility into conformity with the ~~standards-~~minimum standards published pursuant to G.S. 153A-221 or (ii) request a contested case hearing regarding any or all findings in the report pursuant to subsection (c) of this section.

(c) A governing body, sheriff, or other administrator of a local confinement facility has a right to request a contested case hearing regarding any or all findings in the report pursuant to and in accordance with the provisions of Article 3 of Chapter 150B of the General Statutes. Appeals of any contested case hearing shall be conducted pursuant to Article 4 of Chapter 150B of the General Statutes.

(d) Notwithstanding the provisions of G.S. 8-53 or any other provision of law relating to the confidentiality of communications between physician and patient, the representatives of the Department of Health and Human Services who make ~~these inspections~~ under this section may review any writing or other record in any recording medium which pertains to the admission, discharge, medication, treatment, medical condition, or history of persons who are or have been inmates of the facility being inspected. Physicians, psychologists, psychiatrists, nurses, and anyone else involved in giving treatment at or through a facility who may be interviewed by representatives of the Department may disclose to these representatives information related to an inquiry, notwithstanding the existence of the physician-patient privilege in G.S. 8-53 or any other rule of law; provided the ~~patient, resident or client-inmate~~ has not made written objection to such disclosure. The facility, its employees, and any person interviewed during these inspections shall be immune from liability for damages resulting from the disclosure of any information to the Department. Any confidential or privileged information received from review of records or interviews shall be kept confidential by the Department and not disclosed without written authorization of the inmate or legal representative, or unless disclosure is ordered by a court of competent jurisdiction. The Department shall institute appropriate policies and procedures to ensure that this information shall not be disclosed without authorization or court order. The Department shall not disclose the name of anyone who has furnished information concerning a facility without the consent of that person. Neither the names of persons furnishing information nor any confidential or privileged information obtained from records or interviews shall be

considered "public records" within the meaning of G.S. 132-1. Prior to releasing any information or allowing any inspections referred to in this ~~section~~section, the ~~patient, resident or client inmate~~ must be advised in writing ~~that he has the~~ of the inmate's right to object in writing to ~~such the~~ release of information or review of ~~his records the inmate's records~~, and that by ~~an objection~~ objecting in writing ~~he the inmate~~ may prohibit the inspection or release of ~~his the inmate's~~ records."

SECTION 9K.1.(b) The Department of Health and Human Services shall adopt temporary rules under G.S. 150B-21.1 to comply with this section and shall adopt permanent rules to comply with this section by October 1, 2023.

SECTION 9K.1.(c) This section becomes effective October 1, 2022, and applies to actions taken by a governing body, sheriff, or other administrator of a local confinement facility related to inspection reports received on or after that date.

CLARIFY TREATMENT OF PREGNANT FEMALE INMATES

SECTION 9K.2.(a) G.S. 153A-221 reads as rewritten:

"§ 153A-221. Minimum standards.

(a) The Secretary shall develop and publish minimum standards for the operation of local confinement facilities and may from time to time develop and publish amendments to the standards. The standards shall be developed with a view to providing secure custody of prisoners and to protecting their health and welfare and providing for their humane treatment. The standards shall provide for all of the following:

...
(11) Compliance with the requirements of Part 2B of Article 10 of Chapter 153A of the General Statutes, Dignity for Women Incarcerated in Local Confinement Facilities.

...
(e) ~~A local confinement facility shall be subject to the requirements of Part 2B of Article 10 of Chapter 153A of the General Statutes."~~

SECTION 9K.2.(b) G.S. 153A-229.2(c) reads as rewritten:

"(c) Nutrition. – The sheriff or the administrator of the local confinement facility shall ensure that pregnant female incarcerated persons are provided sufficient food and dietary supplements and are provided access to food at appropriate times of day, as ordered by a physician, a physician staff member, or a local confinement facility nutritionist ~~to meet generally accepted prenatal nutritional guidelines for pregnant female incarcerated persons. in accordance with the guidelines for women who are pregnant or lactating as set forth in the most recent edition of Dietary Guidelines for Americans published by the United States Department of Health and Human Services and the United States Department of Agriculture. Orders by a physician or physician staff regarding dietary needs or restrictions for any particular pregnant incarcerated person shall take precedence over the Dietary Guidelines for Americans.~~ While in the hospital, pregnant female incarcerated persons and female incarcerated persons in the postpartum recovery period shall have access to the full range of meal options provided by the hospital to ensure that each meal meets the female incarcerated person's nutritional needs."

SECTION 9K.2.(c) This section is effective when it becomes law.

TEMPORARY AUTHORIZATION OF BEHAVIOR ANALYSTS TO PRACTICE WITHOUT SUPERVISION

SECTION 9K.3.(a) Notwithstanding G.S. 90-270.154 and 21 NCAC 54 .2801 through .2806, individuals who reside in this State and meet one of the following criteria may engage in the practice of behavior analysis, as defined in G.S. 90-732(8), without the supervision of a licensed psychologist:

- (1) The individual is licensed or certified in another state or jurisdiction as a behavior analyst, assistant behavior analyst, or behavior technician, as defined in G.S. 90-732, respectively.
- (2) The individual is nationally accredited by the Behavior Analyst Certification Board, or its successor, as a board-certified behavior analyst, board-certified assistant behavior analyst, or registered behavior technician.
- (3) The individual is nationally accredited by the Qualified Applied Behavior Analysis Credentialing Board, or its successor, as a qualified behavior analyst, qualified autism services practitioner supervisor, or applied behavior analysis technician.

SECTION 9K.3.(b) Assistant behavior analysts, behavior technicians, or their nationally accredited equivalents authorized to practice under this section shall be supervised by a behavior analyst in accordance with Article 43 of Chapter 90 of the General Statutes.

SECTION 9K.3.(c) This section is effective when this act becomes law.

SECTION 9K.3.(d) This section expires 60 calendar days from the date the North Carolina Behavior Analysis Board accepts licensure applications for behavior analysts, assistant behavior analysts, and behavior technicians.

INTERCHANGEABLE BIOLOGICAL PRODUCT DEFINITION MODIFICATION AND BIOLOGICAL PRODUCT ELECTRONIC RECORD REQUIREMENT

SECTION 9K.4.(a) G.S. 90-85.27(3a) reads as rewritten:

"(3a) Interchangeable biological product. – A biological product determined by the United States Food and Drug Administration to meet the standards for interchangeability set forth in 42 U.S.C. § 262(k)(4), ~~or deemed therapeutically equivalent by the United States Food and Drug Administration.~~42 U.S.C. § 262(k)(4)."

SECTION 9K.4.(b) G.S. 90-85.28(b2) is reenacted as it existed immediately before its expiration and reads as rewritten:

"(b2) ~~Within a reasonable time~~ five business days following the dispensing of a biological product requiring a prescription, the pharmacist or a designee shall communicate to the prescriber the product name and manufacturer of the specific biological product dispensed to the patient. This required communication shall be conveyed by making an entry into ~~an~~ any of the following that is electronically accessible to the prescriber:

- (1) ~~An interoperable electronic medical records system, or electronic system.~~
- (2) ~~Electronic prescribing technology, or a technology.~~
- (3) ~~A pharmacy benefit management system, or a system.~~
- (4) The North Carolina Health Information Exchange Network.
- (5) ~~A pharmacy record that can be electronically accessible by the prescriber record.~~

Entry into one of the ~~above referenced methods of communication~~ electronic records systems listed in this subsection by the pharmacist or a designee is presumed to provide the required ~~communication.~~ communication and notice to the prescriber. Otherwise, the pharmacist or a designee shall provide the required communication to the prescriber by facsimile, telephone, electronic transmission, or other prevailing means, provided that communication shall not be required under any of the following circumstances:

- (1) There is no United States Food and Drug Administration-approved interchangeable biological product for the product prescribed.
- (2) A refill prescription is not changed from the product dispensed on the prior filling of the prescription."

SECTION 9K.4.(c) This section becomes effective October 1, 2022, and applies to the dispensing of biological products requiring a prescription on or after that date.

PART IX-L. DHHS BLOCK GRANTS

REVISE DHHS BLOCK GRANTS

SECTION 9L.1. Section 9L.1 of S.L. 2021-180, as amended by Section 3.4 of S.L. 2021-189, reads as rewritten:

"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
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Local Program Expenditures

Division of Social Services

01. Work First Family Assistance	\$35,549,914	\$35,549,914
02. Work First County Block Grants	80,093,566	80,093,566
03. Work First Electing Counties	2,378,213	2,378,213
04. Adoption Services – Special Children Adoption Fund	4,197,750	4,001,676
05. Child Protective Services – Child Welfare Workers for Local DSS	11,583,264	11,387,190
06. Child Welfare Program Improvement Plan	775,176	775,176
07. Child Welfare Collaborative	400,000	400,000
08. Child Welfare Initiatives	1,400,000	1,400,000

Division of Child Development and Early Education

09. Subsidized Child Care Program	45,813,694	45,813,694
10. Swap-Child Care Subsidy	12,600,000	12,600,000
11. NC Pre-K Services	68,300,000	68,300,000

Division of Public Health

12. Teen Pregnancy Prevention Initiatives	3,522,996	3,538,541
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DHHS Administration

13. Division of Social Services	2,482,260	2,482,260
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14. Office of the Secretary	34,042	34,042
15. Eligibility Systems – Operations and Maintenance	737,565	658,250
16. NC FAST Implementation	426,357	802,959
17. Division of Social Services – Workforce Innovation & Opportunity Act (WIOA)	93,216	93,216
18. Division of Social Services TANF Modernization	2,000,000	2,000,000 <u>1,667,571</u>

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
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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 <u>17,547,843</u>
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~~ **\$311,626,943**

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS

Local Program Expenditures

Division of Child Development and Early Education

01. Subsidized Child Care	\$35,790,508	\$33,439,988
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TOTAL TEMPORARY ASSISTANCE FOR

**NEEDY FAMILIES (TANF) EMERGENCY
CONTINGENCY FUNDS**

\$35,790,508

\$33,439,988

SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

01. County Departments of Social Services	\$19,905,849	\$19,905,849	<u>\$25,455,789</u>
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	<u>\$7,547,843</u>
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	715,422 725,490
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	293,655 587,310
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\$77,267,218
LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		

Local Program Expenditures

Division of Social Services

01. Low-Income Energy Assistance Program (LIEAP)	\$49,717,611	\$49,415,982	<u>\$55,177,472</u>
02. Crisis Intervention Program (CIP)	32,980,981	32,764,751	<u>34,706,245</u>

Local Administration

Division of Social Services

03. County DSS Administration	6,769,114	6,724,735	<u>56,989,469</u>
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DHHS Administration

Division of Central Management and Support

04. Division of Social Services	10,000		10,000
05. Office of the Secretary/DIRM (Accountable Results for Community Action (AR4CA) Replacement System)	50,000		166,750
06. Office of the Secretary/DIRM	278,954		278,954
07. Office of the Secretary/Controller's Office	18,378		18,378
08. NC FAST Development	624,628		1,176,364
09. NC FAST Operations and Maintenance	1,461,946		1,304,733

Transfers to Other State Agencies

Department of Environmental Quality

10. Weatherization Program	8,751,347	8,693,972	<u>10,506,077</u>
11. Heating Air Repair and Replacement Program (HARRP)	5,830,717	5,792,490	<u>6,420,718</u>
12. Local Residential Energy Efficiency Service Providers – Weatherization	527,190	523,733	<u>629,413</u>
13. Local Residential Energy Efficiency Service Providers – HARRP	284,682	282,816	<u>349,383</u>
14. DEQ – Weatherization Administration	527,190	523,733	<u>679,413</u>
15. DEQ – HARRP Administration	284,682	282,816	<u>424,383</u>

Department of Administration

16. N.C. Commission on Indian Affairs	87,736	87,736
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**TOTAL LOW-INCOME ENERGY
ASSISTANCE BLOCK GRANT**

\$108,205,156	\$108,047,943	<u>\$118,925,488</u>
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CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**Local Program Expenditures****Division of Child Development and Early Education**

01. Child Care Services	\$241,041,643	\$240,907,680
02. Smart Start Subsidy	7,392,654	7,392,654
03. Transfer from TANF Block Grant for Child Care Subsidies	21,773,001	21,773,001
04. Quality and Availability Initiatives (TEACH Program \$3,800,000)	51,808,870	51,808,870

DHHS Administration**Division of Child Development and Early Education**

05. DCDEE Administrative Expenses	9,710,886	9,710,886
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Division of Social Services

06. Direct Deposit for Child Care Payments	5,000	5,000
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
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**TOTAL CHILD CARE AND DEVELOPMENT
FUND BLOCK GRANT**

\$352,763,419	\$352,629,456
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COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01. Mental Health Services – Child	\$5,460,328	\$4,432,011	<u>\$5,250,000</u>
02. Mental Health Services – Adult/Child	26,858,142	17,126,399	<u>22,298,284</u>
03. Mental Health Services – First Psychotic Symptom Treatment	4,205,369	2,615,497	<u>75,416,756</u>

DHHS Administration

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

04. Crisis Services	1,569,298	1,307,749	<u>2,877,047</u>
05. Administration	323,120	323,120	<u>332,351</u>
06. Adult/Child Mental Health Services	350,150		350,150

TOTAL COMMUNITY MENTAL HEALTH SERVICES

BLOCK GRANT	\$38,766,407	\$26,154,926	<u>\$36,524,587</u>
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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	<u>20,245,927</u>
03. Substance Abuse Services – Treatment for Children/Adults (First Step Farm of WNC, Inc., \$100,000); <u>\$100,000</u> ; <u>Substance Use Network (SUN)</u> <u>Project \$1,000,000</u> ; <u>Substance Use Treatment/</u> <u>Haywood County \$1,500,000</u> ; <u>Substance Use</u> <u>Treatment/Madison County \$1,500,000</u> ; <u>Addiction Recovery Care Association \$2,000,000</u>)	60,846,746	38,467,860	<u>53,266,722</u>
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	<u>40,000</u>

DHHS Program Expenditures

Division of Central Management and Support

06. Competitive Grants	1,600,000	1,600,000
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Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

<u>06A. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery</u>	<u>1,085,000</u>	<u>1,545,205</u>
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<u>06B. Veterans Initiatives</u>	<u>250,000</u>	<u>288,963</u>
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DHHS Administration**Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

07. Administration	1,320,452	1,320,452
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08. Controlled Substance Reporting System Enhancement	427,655	427,655 433,518
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09. Veterans Initiatives	250,000	250,000
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**TOTAL SUBSTANCE ABUSE PREVENTION
AND TREATMENT BLOCK GRANT**

\$84,695,473	\$56,721,865	<u>\$81,291,702</u>
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MATERNAL AND CHILD HEALTH BLOCK GRANT**Local Program Expenditures****Division of Public Health**

01. Women's and Children's Health Services (Safe Sleep Campaign \$45,000; Sickle Cell Centers \$100,000; Prevent Blindness \$575,000; March of Dimes \$350,000; Teen Pregnancy Prevention Initiatives \$650,000; Nurse-Family Partnership \$950,000; Perinatal & Neonatal Outreach Coordinator Contracts \$440,000; Mountain Area Pregnancy Services \$50,000)	\$14,778,973	\$14,778,973
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02. Oral Health	48,227	48,227
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03. Evidence-Based Programs in Counties With Highest Infant Mortality Rates	1,575,000	1,575,000
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DHHS Program Expenditures

04. Children's Health Services	1,427,323	1,427,323
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05. Women's Health – Maternal Health	169,864	169,864
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06. Women's and Children's Health – Perinatal Strategic Plan Support Position	73,920	73,920
07. State Center for Health Statistics	158,583	158,583
08. Health Promotion – Injury and Violence Prevention	87,271	87,271
DHHS Administration		
09. Division of Public Health Administration	552,571	552,571
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT	\$18,871,732	\$18,871,732
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01. Physical Activity and Prevention	\$3,030,116	\$3,081,442
02. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	160,000	160,000
DHHS Program Expenditures		
Division of Public Health		
03. HIV/STD Prevention and Community Planning	137,648	137,648
04. Oral Health Preventive Services	150,000	150,000
05. Laboratory Services – Testing, Training, and Consultation	21,000	21,000
06. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	53,206	53,206
07. Performance Improvement and Accountability	592,123	592,123
08. State Center for Health Statistics	82,505	82,505
DHHS Administration		
Division of Public Health		
09. Division of Public Health	65,000	65,000
TOTAL PREVENTIVE HEALTH AND HEALTH		

SERVICES BLOCK GRANT**\$4,291,598****\$4,342,924****COMMUNITY SERVICES BLOCK GRANT**

01. Community Action Agencies	\$22,158,403	\$20,916,673	<u>\$24,537,507</u>
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****\$24,167,489** ~~**\$22,925,759**~~ **\$26,546,593**

...

"SOCIAL SERVICES BLOCK GRANT

"**SECTION 9L.1.(I)** 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~~ the 2021-2022 fiscal year, the sum of twenty-five million four hundred fifty-five thousand seven hundred eighty-nine dollars (\$25,455,789) for the 2022-2023 fiscal year, 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~~ the 2021-2022 fiscal year and the sum of seven million five hundred forty-seven thousand eight hundred forty-three dollars (\$7,547,843) for the 2022-2023 fiscal year transferred from funds appropriated in the TANF Block Grant shall be used for county Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds, as well as State Social Services Block Grant funds, among the State-level services based on current year actual expenditures.

...

"LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

...

"**SECTION 9L.1.(v)** The sum of forty-nine million seven hundred seventeen thousand six hundred eleven dollars (\$49,717,611) for the 2021-2022 fiscal year and the sum of ~~forty-nine million four hundred fifteen thousand nine hundred eighty-two dollars (\$49,415,982)~~ fifty-five million one hundred seventy-seven thousand four hundred seventy-two dollars (\$55,177,472) 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%)~~ one hundred fifty percent (150%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60 year old household members no later than August 1 of each year. The outreach plan shall comply with the following:

- (1) Ensure that eligible households are made aware of the available assistance, with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging and Adult Services.
- (2) Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.
- (3) Be approved by the local board of social services or human services board prior to submission.

...

"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)~~ five million four hundred sixteen thousand seven hundred fifty-six dollars (\$5,416,756) for the 2022-2023 fiscal year appropriated in this act in the Community Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, is allocated for Mental Health Services – First Psychotic Symptom Treatment.

"SECTION 9L.1.(z1) Of the funds allocated in the Community Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the 2021-2023 fiscal biennium, the sum of three hundred fifty thousand one hundred fifty dollars (\$350,150) shall be used to establish three positions and cover operating costs focused on developing pilot programs and implementing policy to improve services to transition-aged youth and adults with serious mental illness or serious emotional disturbance.

"SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

"SECTION 9L.1.(z2) Of the funds allocated in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (Division), for Substance Abuse Services – Treatment for Children/Adults for the 2022-2023 fiscal year, the sum of four million dollars (\$4,000,000) shall be used as follows:

- (1) One million dollars (\$1,000,000) to Cabarrus County to support the operation and expansion of the Substance Use Network (SUN) project to build a collaborative system of care for pregnant mothers with a substance use disorder, and their infants and families, in Cabarrus, Rowan, and Stanly Counties.
- (2) One million five hundred thousand dollars (\$1,500,000) to Haywood County for substance use treatment and recovery services.
- (3) One million five hundred thousand dollars (\$1,500,000) to Madison County for substance use treatment and recovery services.

...."

ALLOW PORTION OF CHILD CARE AND DEVELOPMENT BLOCK GRANT ARPA FUNDS FOR TEMPORARY INCREASE OF CHILD CARE SUBSIDY RATES TO 2018 MARKET STUDY RATES AND CORRECT AGENCY REFERENCE/ARPA SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT FUNDS

SECTION 9L.2.(a) Section 9L.2(b)(1)a. of S.L. 2021-180 reads as rewritten:

- "a. A minimum of two hundred six million dollars (\$206,000,000) but no more than two hundred fifteen million dollars (\$215,000,000) to (i) reduce the waitlist for children eligible for subsidized child care who are in foster care and (ii) after addressing the waitlist under item (i) of this sub-subdivision, work toward reducing the waitlist for children eligible for subsidized child care. Additionally, the Division shall use a portion of these funds to temporarily increase the child care subsidy reimbursement rates to those recommended in the 2018 Child Care Market Rate Study until the funds expire on September 30, 2024."

SECTION 9L.2.(b) Section 9L.2(d)(1) of S.L. 2021-180 reads as rewritten:

- "(1) Eight million dollars (\$8,000,000) to the ~~Department of Public Safety (DPS) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (Division)~~ to expand the MAT Community Supervision pilot program, a program for individuals recently released from prison and on probation. ~~DPS, in collaboration with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (Division), The Division, in collaboration with the Department of Public Safety (DPS),~~ shall select at least five counties to participate in the expanded pilot program that represent tier one or tier two counties with the highest need. For purposes of this subdivision, tier one and tier two counties shall have the same designations as those established by the North Carolina Department of Commerce's 2021 County Tier Designations. ~~DPS and the The Division and DPS~~ shall report on the results of the pilot program to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Justice and Public Safety by November 1, 2023."

PART X. AGRICULTURE AND CONSUMER SERVICES

MODIFICATION OF FOREST SERVICE OVERTIME PAY

SECTION 10.1. Of the funds appropriated in this act to the Department of Agriculture and Consumer Services, the sum of five hundred thousand dollars (\$500,000) in recurring funds shall be used to provide overtime compensation to employees of the North Carolina Forest Service who are exempt from the Fair Labor Standards Act and are involved in fighting forest fires for overtime earned while conducting fire suppression duties, as defined in G.S. 106-955, or while on-call, as defined in G.S. 106-956. Notwithstanding G.S. 143C-6-4 and G.S. 143C-6-9, these funds may be used only for the purposes described in this section and may not be repurposed by the Department. Any funds remaining after the overtime compensation is provided in accordance with this section shall revert to the General Fund at the end of each fiscal year.

MODIFY FOOD BANK AND FOOD ASSISTANCE GOLDEN LEAF FUNDING

SECTION 10.2. Section 10.6 of S.L. 2021-180 reads as rewritten:

"SECTION 10.6. Funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for support of North Carolina food banks shall be allocated as follows:

- ...
- (2) Ten million dollars (\$10,000,000) to Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc. (Golden L.E.A.F.), a nonprofit corporation, to be allocated for the following purposes:
- a. ~~Eight million dollars (\$8,000,000) to provide grants~~ Grants to nonprofit organizations to assist those organizations in (i) becoming

eligible to be partner agencies to ~~any a~~ North Carolina food bank, bank or (ii) enhancing or expanding the capacity of current partner agencies of North Carolina food banks. For purposes of this sub-subdivision, a North Carolina food bank is a food bank that is a member of Feeding the Carolinas, a nonprofit corporation. Golden L.E.A.F. shall coordinate with Feeding the Carolinas in determining eligible activities, eligible recipients, maximum grant amounts, and other grant program details.

- b. ~~Two million dollars (\$2,000,000) to provide grants to nonprofit organizations that are not North Carolina food bank partner agencies for school-based weekend food assistance programs for students.~~ Grants for school-based weekend food assistance programs. Golden L.E.A.F. shall use no more than two million dollars (\$2,000,000) for grants under this sub-subdivision.
- c. Golden L.E.A.F. may use up to ~~three percent (3%)~~ eight percent (8%) of funds allocated by this subdivision for administrative expenses.

...."

SWINE BIOGAS PRODUCTION SYSTEM COST SHARE FUNDS

SECTION 10.3. Of the funds appropriated in this act from the General Fund to the Department of Agriculture and Consumer Services, the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds shall be used to provide a directed grant to the NC Foundation for Soil and Water Conservation to provide cost share assistance to swine farmers for the installation of anaerobic digesters to produce biogas. Participants shall be eligible for cost share of no more than seventy-five percent (75%) of the portion of actual construction and equipment costs that exceed four hundred forty dollars (\$440.00) per 1,000 pounds of steady state live weight. Funding shall be limited to a maximum of one hundred thousand dollars (\$100,000) per project. Eligible farms must have a design capacity of less than 1,000,000 pounds of steady state live weight and must have a contract with a duration of 10 years or more for the purchase of the biogas produced by the anaerobic digester.

PRODUCE PRESCRIPTION FUNDS

SECTION 10.4. Funds appropriated in this act to the Department of Agriculture and Consumer Services to provide a directed grant to Reinvestment Partners, a nonprofit organization, for its Produce Prescription Program shall be matched by the grant recipient on the basis of one dollar (\$1.00) in non-State funds for every one dollar (\$1.00) in State funds. If Reinvestment Partners cannot provide matching funds in an amount sufficient to receive the full amount allocated to them by this act, the Department shall adjust the grant amount to reflect the match required by this section.

PART XI. COMMERCE

COMMUNITY DEVELOPMENT BLOCK GRANT MODIFICATIONS

SECTION 11.1. Notwithstanding Section 11.1(a) of S.L. 2021-180, of the funds appropriated in this act to the Department of Commerce for federal block grant funds, the following allocations are made for the fiscal year ending June 30, 2023, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

- | | |
|-------------------------|-------------|
| 1. State Administration | \$1,560,286 |
|-------------------------|-------------|

2. Neighborhood Revitalization	7,919,796
3. Economic Development	14,196,109
4. Infrastructure	20,000,000
5. Rural Community Development	5,000,000

TOTAL COMMUNITY DEVELOPMENT

BLOCK GRANT – 2022 Program Year	\$48,676,191
2023 Program Year	\$48,676,191.

NC BIOTECHNOLOGY CENTER

SECTION 11.2.(a) Recurring funds appropriated in this act to the Department of Commerce for the North Carolina Biotechnology Center (Center) for the 2022-2023 fiscal year shall be allocated for the following purposes in the following proportions:

- (1) Twenty-one percent (21%) for job creation, including funding for the AgBiotech Initiative, economic and industrial development, and related activities.
- (2) Sixty-five percent (65%) for science and commercialization, including science and technology development, Centers of Innovation, business and technology development, education and training, and related activities.
- (3) Fourteen percent (14%) for Center operations, including administration, professional and technical assistance and oversight, corporate communications, human resource management, financial and grant administration, legal, and accounting.

SECTION 11.2.(b) The nonrecurring funds appropriated in this act to the Department of Commerce for the Center for the 2022-2023 fiscal year may be used for the following purposes:

- (1) Expansion of the NC BIONEER Venture Challenge start-up competition statewide.
- (2) Expansion of NCBiotech grant and loan program funding.
- (3) Training of new workers statewide to meet biomanufacturing job growth.
- (4) Recruitment of new life sciences companies to the State.

SECTION 11.2.(c) The Center shall not use any of the nonrecurring funds appropriated in this act for administrative costs and shall report on the expenditure of those funds pursuant to Section 11.2 of S.L. 2021-180.

SECTION 11.2.(d) 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.

RURAL TRANSFORMATION GRANTS CLARIFICATION

SECTION 11.3. Section 11.12(a) of S.L. 2021-180 reads as rewritten:

"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~~-~~Development~~ Division (REDD), to administer a rural downtown transformation grant program pursuant to this section. The program shall provide neighborhood revitalization and community development enhancement grants to enable eligible units of local government to

fully leverage resources toward enhancing their communities' prospects for economic growth. ~~Of the funds allocated in this section, twenty five million dollars (\$25,000,000) shall be used for neighborhood revitalization grants and twenty five million dollars (\$25,000,000) shall be used for community development enhancement grants, consistent with this section.~~ A unit of local government shall not receive more than one million dollars (\$1,000,000) in Rural Downtown Transformation grants under this Program."

EDPNC MARKETING FUNDING CLARIFICATIONS

SECTION 11.4.(a) Section 11.11 of S.L. 2021-180, as amended by Section 4.1 of S.L. 2021-189, is repealed.

SECTION 11.4.(b) There is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce for the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) the sum of sixty million dollars (\$60,000,000) to be used for the following purposes in the following amounts:

- (1) Thirty million dollars (\$30,000,000) for travel and tourism marketing of the State.
- (2) Thirty million dollars (\$30,000,000) for business marketing of the State.

Of the funds allocated in subdivisions (1) and (2) of this subsection, the nonprofit corporation shall use no more than twenty million dollars (\$20,000,000) for each purpose by June 30, 2023, and the remainder of the funds allocated by this section by December 31, 2024. The nonprofit corporation may use up to three percent (3%) of the total funds allocated in this section for administrative costs.

SECTION 11.4.(c) The nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) may use the funds appropriated for business marketing of the State in subsection (b) of this section to market the State to the defense industry. No later than September 15 of each year in which funds are expended, the Department shall submit a report detailing the expenditure of the funds for this purpose to the following: (i) the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, (ii) the chairs of the Joint Legislative Oversight Committee on General Government, and (iii) the Fiscal Research Division.

RURAL TOURISM RECOVERY FUNDS AND PILOT PROGRAM MODIFICATIONS

SECTION 11.5. Section 11.11A of S.L. 2021-180, as amended by Section 4.2 of S.L. 2021-189, reads as rewritten:

"SECTION 11.11A.(a) Allocation. – Of the funds appropriated from the ~~State Fiscal Recovery Fund~~ Economic Development Project Reserve established in Section 2.2 of this act to the Department of Commerce (Department) in this act, the sum of one million five hundred thousand dollars (\$1,500,000) shall be allocated to the North Carolina nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) for the establishment of a pilot program in accordance with this section. The funds allocated in this section shall be used as follows:

- (1) One million three hundred fifteen thousand dollars (\$1,315,000) for marketing expenses.
- (2) Forty-five thousand dollars (\$45,000) for administrative costs.
- (3) Seventy thousand dollars (\$70,000) for one temporary full-time equivalent position in Visit NC.
- (4) Seventy thousand dollars (\$70,000) for one temporary full-time equivalent position in the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b).

"**SECTION 11.11A.(b)** Program. – The North Carolina Rural Tourism Recovery Pilot Program (Program) is established. The Program shall initially be conducted and administered in the following counties: Chowan, Edgecombe, Gates, Graham, Halifax, Haywood, Hertford, Madison, Martin, Mitchell, Perquimans, Tyrrell, Vance, Warren, Washington, and Yancey. The Program shall begin in those counties on ~~March~~ September 1, 2022, and terminate on December 30, 2023.

...
"**SECTION 11.11A.(d)** Reports. – The Department, in coordination with the nonprofit corporation and Visit NC, shall provide a report no later than ~~April~~ December 1, 2022, to the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division on the implementation of the Program and information reported by participating counties, Tourism Development Authorities, destination marketing organizations, and local businesses. The report shall include, at a minimum, all of the following:

- (1) Recommendations on expansion of the Program to other counties in the State.
- (2) Recommendations regarding legislative proposals or additional funding needed to execute or expand the Program and whether the Program should be expanded.

The Department, in coordination with the nonprofit corporation and Visit NC, shall submit a report no later than May 1, 2023, to the chairs of the House Appropriations Committee, the chairs of the Senate Appropriations/Base Budget Committee, and the Fiscal Research Division containing, at a minimum, all of the following:

- (1) Data on outcomes related to the implementation of the Program.
- (2) The expenditure of funds provided for in this section.
- (3) Recommendations on modification or expansion of the Program, including the need for continued support with State funds."

JMAC PROGRAM EXPANSION

SECTION 11.6.(a) G.S. 143B-437.012 reads as rewritten:

"§ 143B-437.012. Job Maintenance and Capital Development Fund.

...
(d) Eligibility. – A business is eligible for consideration for a grant under this section if it satisfies the conditions of subdivision (1), (1a), (2), ~~or (2a)~~ (2a), or (2b) of this subsection and satisfies subdivision (4) of this subsection:

- ...
(2b) The business is a supply-chain-impact manufacturing employer. A business is a supply-chain-impact manufacturing employer if the business meets the following requirements:
- a. The business is in manufacturing, as defined in G.S. 105-129.81, manufactures a product used primarily and significantly in the construction of residential and commercial buildings, and is investing in its manufacturing process to transition away from utilizing coal-based energy byproducts to other alternatives.
 - b. The Department certifies that the business has invested or intends to invest at least one hundred ten million dollars (\$110,000,000) of private funds in improvements to real property and additions to tangible personal property in the project within a five-year period beginning with the time the investment commences.
 - c. The business and its affiliated companies (i) employ at least 420 full-time employees or equivalent full-time contract employees in the State at the time the application is made and (ii) agree to maintain at

least 420 full-time employees or equivalent full-time contract employees in the State for the full term of the grant.

d. The business has operations in a development tier two area at the time the business applies for a grant, and the business agrees to maintain or increase the development tier two area operations for the term of the agreement.

(3) Repealed by Session Laws 2014-118, s. 1, effective July 1, 2014.

(4) All newly hired employees of the business must be citizens of the United States or have proper identification and documentation of their authorization to reside and work in the United States.

(e) Wage Standard. – A business is eligible for consideration for a grant under this section only if the business satisfies a wage standard at the project that is the subject of the agreement. A-For an agreement with a business and its affiliated companies, the wage standard is met if (i) the pay for employees located in the lowest development tier is at least equal to one hundred forty percent (140%) of the average wage for all insured in the county and (ii) the pay for all other employees is at least equal to one hundred forty percent (140%) of the greater of the average wage for all insured in the county where the position was located at the time the agreement was entered or, if the position is transferred to another area in the State, the average wage for all insured in the county to which the position is transferred. For any other agreement, a business satisfies the wage standard if it pays an average weekly wage that is at least equal to one hundred forty percent (140%) of the average wage for all insured private employers in the county. The Department of Commerce shall annually publish the wage standard for each county. In making the wage calculation, the business shall include any jobs that were filled for at least 1,600 hours during the calendar year, regardless of whether the jobs are full-time positions or equivalent full-time contract positions. Each year that a grant agreement is in effect, the business shall provide the Department a certification that the business continues to satisfy the wage standard. If a business fails to satisfy the wage standard for a year, the business is not eligible for a grant payment for that year.

...

(n) Limitations. – The Department may enter into no more than ~~seven-eight~~ agreements under this section. The total aggregate cost of all agreements entered into under this section may not exceed one hundred ~~fifty-four-fifty-nine~~ million dollars ~~(\$154,000,000)-(\$159,000,000)~~. The total annual cost of an agreement entered into under this section may not exceed six million dollars (\$6,000,000)."

SECTION 11.6.(b) There is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce for the 2022-2023 fiscal year the sum of five million dollars (\$5,000,000) in nonrecurring funds for purposes consistent with this section.

REVISE SPORTS CHAMPIONSHIP EMPLOYER CAP

SECTION 11.7.(a) G.S. 143B-437.02(I), as amended by Section 11.16 of S.L. 2021-180, reads as rewritten:

"(I) Limitations. – The Department may enter into no more than two agreements under this section. The total aggregate cost of all agreements entered into under this section may not exceed ~~forty-two million dollars (\$42,000,000)-forty-nine million dollars (\$49,000,000)~~."

SECTION 11.7.(b) There is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce for the 2022-2023 fiscal year the sum of seven million dollars (\$7,000,000) in nonrecurring funds for purposes consistent with this section.

COLLEGIATE SPORTS EMPLOYER RETENTION FUNDS

SECTION 11.8.(a) Appropriation. – Provided the Department of Commerce enters into an agreement comporting with the requirements of subsection (b) of this section with a qualifying collegiate sports employer, there is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce (Department) for the 2022-2023 fiscal year the sum of fifteen million dollars (\$15,000,000) in nonrecurring funds to be granted to a qualifying collegiate sports employer that is procuring and upfitting a new headquarters located in the State. The provisions of G.S. 143C-6-23(d) and the rules adopted pursuant thereto do not apply to the funds appropriated in this section. The definitions of G.S. 143B-437.51 apply in this subsection, and, as used in this section, the term "qualifying collegiate sports employer" is an entity with four charter members that are institutions of higher education in the State that meets the following requirements:

- (1) The entity will locate and occupy within the State its headquarters facility for a continuous period of at least 15 years.
- (2) The entity is a regional collegiate sports nonprofit organization and governing body that is responsible for staging and holding championship events for its members in the State. The championship events held within the State by the conclusion of the 2032-33 academic year must include all of the following:
 - a. Four men's collegiate basketball postseason championship tournaments in addition to those already scheduled at the time the agreement is entered. At least two of the tournaments required by this sub-subdivision must be held in the City of Greensboro.
 - b. Four women's collegiate basketball postseason championship tournaments in addition to those already scheduled at the time the agreement is entered.
 - c. Four men's collegiate baseball postseason championship tournaments in addition to those already scheduled at the time the agreement is entered.
 - d. Twenty other collegiate postseason championship tournaments in addition to those already scheduled at the time the agreement is entered or otherwise are already slated to be held in the State as a result of a set cycle of championship tournaments in the sport among the members of the qualifying collegiate sports employer.
- (3) The entity will report to the Department annually on June 1 of each year following the year the agreement is entered on the number of championship tournaments required by subdivision (2) of this subsection that have been fulfilled. The report required by this subdivision may cease in the year after the year in which the entity reports all such championship tournament requirements have been fulfilled.

SECTION 11.8.(b) Agreement. – The Department shall enter into an agreement with the entity identified in subsection (a) of this section. The agreement is binding and constitutes a continuing contractual obligation of the State and the entity benefitted by the funds allocated for improving the project site. The agreement must include all of the performance criteria, remedies, and other safeguards required by the Department to secure the State's benefit derived from improvements to the headquarters site funded by this section and must require the entity to repay a proportionate amount of the grant, using the metric least fulfilled in the agreement, for failure by the entity to meet and maintain the applicable performance criteria on which the grant was based.

SECTION 11.8.(c) Report. – On September 1 of each year requirements set forth in the agreement entered into pursuant to subsection (b) of this section remain unfulfilled, the Department shall report to the House of Representatives and the Senate committee or subcommittee responsible for natural and economic resources, to the Joint Legislative Economic

Development and Global Engagement Oversight Committee, and to the Fiscal Research Division. The report shall include an executive summary of the performance criteria, remedies, and safeguards required by the Department, a description of the current status of the project, the amount of grant paid under the agreement, and the number and classification of postseason championship tournaments required and held in this State.

ECONOMIC DEVELOPMENT TRANSFORMATIVE PROJECT FUNDS

SECTION 11.9.(a) Appropriation. – Provided the Economic Investment Committee awards a Job Development Investment Grant for a qualifying project in Chatham County, there is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce (Department) for the 2022-2023 fiscal year the sum of four hundred fifty million dollars (\$450,000,000) in nonrecurring funds. The definitions of G.S. 143B-437.51 apply in this subsection, and, as used in this section, a qualifying project is a transformative project for which the agreement requires that the business manufacture electric vehicles at the project site, invest at least three billion dollars (\$3,000,000,000) in private funds, and create at least 6,000 eligible positions. The Department shall allocate the funds appropriated in this subsection as follows:

- (1) One hundred twenty-five million dollars (\$125,000,000) to reimburse the business for its costs for site work, roadwork, and wetlands mitigation associated with such works needed at the project site.
- (2) Two hundred fifty million dollars (\$250,000,000) to be transferred to the Department of Transportation for public roadwork and associated wetlands mitigation needed to support the project; provided, however, that the Department shall retain fifty million dollars (\$50,000,000) of the amount to be transferred until the business has created 3,875 eligible positions. Notwithstanding any other provision of law, the Department of Transportation is authorized to utilize Progressive Design Build, Construction Management General Contractor, or any other procurement methodology to contract for the delivery of improvements for which funds are provided in this subdivision.
- (3) Seventy-five million dollars (\$75,000,000) to be granted to the City of Sanford for water and sewer infrastructure improvements needed to support the project.

SECTION 11.9.(b) Agreement. – The Department shall enter into an agreement with the business identified in subsection (a) of this section. The agreement is binding and constitutes a continuing contractual obligation of the State and the business benefitted by the funds allocated for improving the project site. The agreement must (i) include all of the performance criteria, remedies, and other safeguards required by the Department to secure the State's benefit derived from improvements to the project site funded by this section, (ii) require the business to repay a proportionate amount of reimbursement, using the metric least fulfilled in the agreement, paid to the business under this section for failure by the business to meet and maintain the applicable performance criteria on which the reimbursement paid was based, and (iii) be secured by an assignable, recordable option and right to the State to purchase the project site, recorded as first priority against the project site. The State's performance under the option is deemed complete and not executory upon the appropriation of funds for a qualifying project under this section. In the event the option is exercised on all or a portion of the project site by the State or the State's assignee, the Department may utilize unspent and unencumbered funds appropriated in this section to provide a grant to a unit of local government in which the project site is located to support acquisition of the project site. With the State's participation, the project site cannot transfer to another entity without the prior express approval of the Secretary of Commerce.

SECTION 11.9.(c) Report. – On September 1 of each year funds appropriated in this section remain unexpended until all funds have been expended, the Department shall report on

the use of such funds to the House of Representatives and the Senate committee or subcommittee responsible for natural and economic resources, to the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to the Fiscal Research Division. The report shall include, at a minimum, an executive summary of the performance criteria, remedies, and safeguards required by the Department for the funds, a description of the current status of the project, the amount that was paid in the prior fiscal year, for what purpose the amount was paid, and the total amount that has been paid under the agreement.

ECONOMIC DEVELOPMENT HIGH-YIELD PROJECT FUNDS

SECTION 11.10.(a) Appropriation. – Provided the Economic Investment Committee awards a Job Development Investment Grant for a qualifying project in Chatham County, there is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce (Department) for the 2022-2023 fiscal year the sum of one hundred twelve million five hundred thousand dollars (\$112,500,000) in nonrecurring funds. The definitions of G.S. 143B-437.51 apply in this subsection, and, as used in this section, a qualifying project is a high-yield project for which the agreement requires that business manufacture computer chips at the project site, invest at least four billion eight hundred million dollars (\$4,800,000,000) in private funds, and create at least 1,800 eligible positions. The Department shall allocate the funds appropriated in this subsection as follows:

- (1) Fifty-seven million five hundred thousand dollars (\$57,500,000) to reimburse the business for costs the Department certifies the business incurred for site work and wetlands mitigation associated with such works needed at the site of the qualifying project. For purposes of this section, site work includes clearing, grading, and development of a build-ready pad.
- (2) Fifty-five million dollars (\$55,000,000) to be granted to the City of Asheboro for water infrastructure improvements needed to support the qualifying project.

SECTION 11.10.(b) Agreement. – The Department shall enter into an agreement with the business identified in subsection (a) of this section. The agreement is binding and constitutes a continuing contractual obligation of the State and the business benefitted by the funds allocated for improving the project site. The agreement must (i) include all of the performance criteria, remedies, and other safeguards required by the Department to secure the State's benefit derived from improvements to the project site funded by this section and (ii) require the business to repay a proportionate amount of reimbursement, using the metric least fulfilled in the agreement, paid to the business under this section for failure by the business to meet and maintain the applicable performance criteria on which the reimbursement paid was based.

SECTION 11.10.(c) Report. – On September 1 of each year funds appropriated in this section remain unexpended until all funds have been expended, the Department shall report on the agreement entered into pursuant to subsection (b) of this section to the House of Representatives and the Senate committee or subcommittee responsible for natural and economic resources, to the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to the Fiscal Research Division. The report shall include, at a minimum, an executive summary of the performance criteria, remedies, and safeguards required by the Department, a description of the current status of the project, the amount of reimbursement that was paid in the prior fiscal year, and the total amount of reimbursement that has been paid under the agreement.

MEGASITES READINESS PROGRAM

SECTION 11.11.(a) Purpose. – It is in the best economic and developmental interests of the State to support the development of megasites to ensure the State's ongoing

competitiveness for major manufacturing opportunities, including the aerospace, automotive, clean energy, food processing, and life science industries. The purpose of this section is to establish a competitive grant program serving to do the following:

- (1) Identify and evaluate up to five megasites for preferred development and marketing.
- (2) Enable local governments or a partnership of local governments to acquire a newly identified or existing megasite.
- (3) Support local governments or a partnership of local governments to install or upgrade public infrastructure, including publicly owned water, gas, and sewer systems, transportation infrastructure, and the electrical utility lines necessary to meet the needs of prospective employers for megasites.
- (4) Support local governments or a partnership of local governments to fund on-site preparation, including clearing, grading, or other related expenses for megasites.
- (5) Facilitate coordination between the economic development entities and the North Carolina Department of Environmental Quality to expedite any environmental needs related to timely site development.

SECTION 11.11.(b) Fund Established. – There is created in the Department a special fund to be known as the North Carolina Megasite Fund for grants awarded by EDPNC for purposes consistent with this section. EDPNC shall be responsible for administering the program. The provisions prohibiting EDPNC from awarding of grants contained in G.S. 143B-431.01 do not apply to the Fund.

SECTION 11.11.(c) Definitions. – The following definitions apply in this section:

- (1) Department. – The Department of Commerce.
- (2) EDPNC. – The entity with which the Department contracts pursuant to G.S. 143B-431.01.
- (3) Fund. – The North Carolina Megasite Fund.
- (4) Government partnership. – Either (i) a North Carolina nonprofit entity that is tax exempt under section 501(c)(3) of the Internal Revenue Code in partnership with one or more local governments or (ii) a group of local governments.
- (5) Megasite. – A parcel of contiguous property consisting of more than 1,000 acres that is viable for industrial development and listed in the report produced pursuant to subsection (d) of this section.

SECTION 11.11.(d) Allocation. – EDPNC shall allocate monies in the Fund on the following basis:

- (1) The first one million dollars (\$1,000,000) appropriated to the Fund for engaging a national site selection firm through a competitive bid process to produce a report evaluating sites in the State and determining the five megasites best positioned for advanced manufacturing site selection searches conducted by major employers.
- (2) All other funds appropriated to the Fund for local government grants for the acquisition of megasites determined pursuant to subdivision (1) of this subsection. A grant for a megasite is limited to eighty-five percent (85%) of the lesser of the property's purchase price or tax value. The percentage actually provided in the grant shall be determined by EDPNC based on total development needs for the megasite, prior investment in the megasite by one or more local governments, the ability of one or more local governments to invest in the megasite, and the ability and level of participation promised by the local government in exchange for a grant from the Fund. Monies may only be granted for, and used to acquire, a megasite for which (i) one or more local

governments have a binding option or offer to purchase and (ii) all basic due diligence must be complete, including, but not limited to, boundary surveys, title searches, State Historic Preservation Office reviews, and wetlands delineation.

SECTION 11.11.(e) Matching Funds. – The local governments to which a grant is awarded shall provide the remainder of the cost of purchasing the megasite not provided by the grant.

SECTION 11.11.(f) Agreements Required. – Monies may be disbursed from the Fund only in accordance with agreements entered into between EDPNC and a local government or a government partnership. The agreement must include all of the performance criteria, remedies, and other safeguards required to secure the assistance provided to ready the megasite for a major employer and must require EDPNC to recapture a proportionate amount of assistance provided under this section for failure by a local government or government partnership to meet and maintain the megasite for availability for the purposes for which the assistance was provided.

SECTION 11.11.(g) Reporting. – EDPNC shall file an annual report to the Department on or before April 1 of each year. The annual report prepared will document total amount of grants awarded, matching funds required, activities to ready megasites and associated costs, any major employers locating at an improved or acquired megasite, and the unallocated amount for grants remaining in the Fund. The Department shall prepare and file on or before May 1 of each year with the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the Joint Legislative Economic Development and Global Engagement Oversight Committee; the Office of State Budget and Management; and the Fiscal Research Division a consolidated report for the preceding fiscal year concerning the information required by this section.

SECTION 11.11.(h) Program Guidelines. – EDPNC shall develop guidelines related to the administration of this program. At least 20 days before the effective date of any guidelines or nontechnical amendments to the guidelines, EDPNC shall publish the proposed guidelines on its website and provide notice to persons who have requested notice of proposed guidelines. In addition, EDPNC must accept oral and written comments on the proposed guidelines and shall in its discretion consider such comments before finalizing the guidelines, during the 15 business days beginning on the first day that EDPNC has completed these notifications. Guidelines adopted under this section shall not be subject to the requirements of Article 2A of Chapter 150B of the General Statutes.

RAPID RECOVERY LOAN EXTENSION

SECTION 11.12.(a) Section 4.2 of S.L. 2020-4, as amended by Section 1.6 of S.L. 2020-97 and Section 20.11 of S.L. 2022-6, reads as rewritten:

"SECTION 4.2.(a) Program. – Of the funds allocated in subdivision (45) of Section 3.3 of this act, Golden LEAF shall provide grants to entities for the purpose of making emergency loans to assist small businesses with business needs during periods of economic hardship occasioned by the COVID-19 pandemic. It is the intent of the General Assembly for an equitable portion of funds allocated in this section to be used for the benefit of historically underutilized small businesses. The following shall apply to the program and loans made under the program:

...

- (5) Except as provided in subdivision (9a) of this subsection, the term of the loan shall not exceed ~~420~~144 months and shall be amortized over the term of the loan.

...

"SECTION 4.2.(b) Definitions. – For purposes of this section, the following definitions apply:

...

- (4) Net loan funds. – The total loan fund allocation authorized in subdivision (45) of Section 3.3 of this act less (i) the amount used in accordance with subdivision (a)(3a) of this section, (ii) the maximum amount allowed under applicable federal law or guidance for the cost of administering the loans made under the program, not to exceed five percent (5%) of the total amount loaned under the program, and (iii) the State's loan funds that are not ~~recaptured~~recaptured, and (iv) an amount equal to the amount of non-State funds provided as matching funds pursuant to subsection (c) of this section.

...."

SECTION 11.12.(b) This section is effective when it becomes law and applies to loans made under the program before, on, or after that date.

INCREASE QUALIFYING PROJECT FUNDING IN RANDOLPH COUNTY

SECTION 11.13.(a) Provided (i) the condition regarding election in Section 11.19(c) of S.L. 2021-180 imposed on the manufacturer is met and (ii) the manufacturer agrees to, no later than December 31, 2034, both create at least 5,000 eligible and expansion positions in, and invest at least four billion seven hundred million dollars (\$4,700,000,000) in private funds in, this State, there is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce (Department) for the 2022-2023 fiscal year the sum of two hundred twenty-five million dollars (\$225,000,000). Private funds, as used in this section, do not include funds received from or reimbursed by the State. The Department shall allocate the funds appropriated in this section as follows:

- (1) One hundred seventy-five million dollars (\$175,000,000) for reimbursement of costs incurred by the manufacturer for purposes listed in Section 11.19(c) of S.L. 2021-180. Funds appropriated in this subsection are subject to proportionate recapture in the event the manufacturer fails to meet the requirements set forth in this section.
- (2) Fifty million dollars (\$50,000,000) for payments to the manufacturer for creating and maintaining, of the 5,000 eligible and expansion positions required by this section, the final 1,125 positions (qualifying positions). For the year in which a qualifying position is first filled, the Department shall pay the manufacturer the sum of forty-four thousand four hundred forty-four dollars and forty-four cents (\$44,444.44). A manufacturer that fails to maintain a qualifying position through the requirement term is disqualified from retaining the full amount received for the qualifying position in the year in which the failure occurs, may not again be paid for the qualifying position for any remaining year of the requirement term, and must pay to the Department a forfeiture amount. The forfeiture amount is equal to the product of forty-four thousand four hundred forty-four dollars and forty-four cents (\$44,444.44) multiplied by a fraction, the numerator of which is the number of years remaining in the requirement term, including the year of the failure, and the denominator of which is 20. The requirement term ends 20 years from the date that all 5,000 eligible and expansion positions are filled or December 31, 2054, whichever is earlier. A manufacturer may receive an annual disbursement of a grant amount owed pursuant to the economic development agreement under G.S. 143B-437.57 only after the Economic Investment Committee established pursuant to G.S. 143B-437.54 has certified there are no outstanding forfeiture amounts.

SECTION 11.13.(b) On September 1 of each year funds appropriated in this section or in Section 11.19 of S.L. 2021-180 remain unexpended until all funds have been expended, the

Department shall report on the use of such funds to the House of Representatives and the Senate committee or subcommittee responsible for natural and economic resources, to the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to the Fiscal Research Division. The report shall include, at a minimum, an executive summary of the performance criteria, remedies, and safeguards required by the Department for the funds, a description of the current status of the project, the amount that was paid in the prior fiscal year, for what purpose the amount was paid, and the total amount that has been paid under the agreement.

PART XII. ENVIRONMENTAL QUALITY

AMEND SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND COASTAL STORM DAMAGE MITIGATION FUNDS

SECTION 12.1.(a) Part 8B of Article 21 of Chapter 143 of the General Statutes reads as rewritten:

"Part 8B. Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund.

"§ 143-215.73F. Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund.

(a) Fund Established. – The Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund is established as a special revenue fund. The Fund consists of fees credited to it under G.S. 75A-3 and G.S. 75A-38, taxes credited to it under G.S. 105-449.126, and funds contributed by non-State entities.

(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 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 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.
- (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.

(b1) Grants Authorized. – The Secretary is authorized to accept applications for grants for nonfederal costs of projects sponsored by (i) units of local government for the purpose set forth in subdivision (1) of subsection (b) of this section and (ii) units of local government and other entities for the purpose set forth in subdivision (2) of subsection (b) of this section.

(c) Cost-Share. – Any project funded by revenue from the Fund must be cost-shared with non-State dollars as follows:

- (1) The cost-share for dredging projects ~~located, in whole or part, in a development tier one area, as defined in G.S. 143B-437.08,~~ shall be at least one non-State dollar for every three dollars from the Fund.
- (2) ~~The cost share for dredging projects not located, in whole or part, in a development tier one area shall be at least one non-State dollar for every two dollars from the Fund.~~

- (3) The cost-share for an aquatic weed control project shall be at least one non-State dollar for every dollar from the Fund. The cost-share for an aquatic weed control project located within a component of the State Parks System shall be provided by the Division of Parks and Recreation of the Department of Natural and Cultural Resources. The Division of Parks and Recreation may use funds allocated to the State Parks System for capital projects under G.S. 143B-135.56 for the cost-share.
- (4) The cost-share for the dredging of the access canal around the Roanoke Island Festival Park shall be paid from the Historic Roanoke Island Fund established by G.S. 143B-131.8A.

...

(g) Rules. – The Department shall adopt rules to implement the grant programs authorized under subsection (b1) of this section."

SECTION 12.1.(b) Part 8D of Article 21 of Chapter 143 of the General Statutes reads as rewritten:

"Part 8D. Coastal Storm Damage Mitigation Fund.

"§ 143-215.73M. Coastal Storm Damage Mitigation Fund.

(a) Fund Established. – The Coastal Storm Damage Mitigation Fund is established as a special revenue fund. The Fund consists of General Fund appropriations, gifts, grants, devises, monies contributed by a non-State entity for a particular beach nourishment or damage mitigation project or group of projects, and any other revenues specifically allocated to the Fund by an act of the General Assembly.

(b) Uses of the Fund. – Revenue credited to the Fund may only be used for costs associated with beach nourishment, artificial dunes, and other projects to mitigate or remediate coastal storm damage to the ocean beaches and dune systems of the State.

(b1) Grants Authorized. – The Secretary is authorized to accept applications for grants for nonfederal costs of projects sponsored by units of local government for the purpose set forth in subsection (b) of this section.

(c) Conditions on Funding. – Any project funded by revenue from the Fund must be cost-shared with non-State dollars on a basis of at least one non-State dollar for every one dollar from the Fund.

(d) Return of Non-State Entity Funds. – Non-State entities that contribute to the Fund for a particular project or group of projects may make a written request to the Secretary that the contribution be returned if the contribution has not been spent or encumbered within two years of receipt of the contribution by the Fund. If the written request is made prior to the funds being spent or encumbered, the Secretary shall return the funds to the entity within 30 days after the later of (i) receiving the request or (ii) the expiration of the two-year period described by this subsection.

(e) Report. – The Department shall report annually no later than October 1 regarding projects funded under this section to the Fiscal Research Division and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources. The report shall include project type, project location, brief project description, entity receiving the funding, and amount of funding provided.

(f) Rules. – The Department shall adopt rules to implement the grant program authorized under subsection (b1) of this section."

SECTION 12.1.(c) The Department of Environmental Quality shall adopt temporary rules to implement G.S. 143-215.73F(b1) and G.S. 143-215.73M(b1), as enacted by this section, which shall include any policies or guidelines to be applied in the administration of grants. Notwithstanding G.S. 150B-21.1(d), the temporary rules required by this act shall remain in effect until the effective date of permanent rules adopted to replace these temporary rules. The Department is exempt from the fiscal note requirement of G.S. 150B-21.4 and from the Rules

Review Commission review under Part 3 of Chapter 150B of the General Statutes in adopting rules to implement this section.

EMERALD ISLE WILDLIFE BOAT RAMP DREDGING FUNDS

SECTION 12.2. Notwithstanding G.S. 143-215.73F, if the Town of Emerald Isle receives an award from the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund for the dredging of the North Carolina Wildlife Resources Commission Boating Access Area, there shall be no match required.

CARTERET COUNTY COASTAL STORM DAMAGE FUNDS

SECTION 12.3. Notwithstanding any other provision of law, Carteret County may use up to one million five hundred thousand dollars (\$1,500,000) remaining from grants awarded from the Coastal Storm Damage Mitigation Fund in grant years 2018 and 2019 to reimburse the county for expenditures related to the Sand Search 2.0 Phase 1 project.

DIVISION OF MARINE FISHERIES AIRCRAFT MAINTENANCE

SECTION 12.4. Section 13.16 of S.L. 2010-31 is repealed.

OYSTER SANCTUARY FUNDS

SECTION 12.5. Funds appropriated in this act to the Department of Environmental Quality for a directed grant to the Coastal Federation for oyster sanctuaries shall be granted contingent on the Coastal Federation obtaining at least one million dollars (\$1,000,000) in new federal matching funds for oyster sanctuary development. If this contingency is not met by June 30, 2023, the Coastal Federation shall return these funds to the Department and they shall revert to the General Fund.

DRY-CLEANING SOLVENT CLEAN UP FUND CHANGES

SECTION 12.6.(a) G.S. 143-215.104C reads as rewritten:

"§ 143-215.104C. Dry-Cleaning Solvent Cleanup Fund.

...

(d) Up to ~~one percent (1%)~~ three percent (3%) of the amount of the Fund balance may be used by the Department in each fiscal year for investigation of inactive hazardous substance disposal sites that the Department reasonably believes to be contaminated by dry-cleaning solvent. If the contamination is determined to originate from a dry-cleaning facility, a potentially responsible party may petition for certification of the facility or abandoned facility site. Acceptance of a petition shall be conditioned upon the written acceptance by the petitioner of responsibility for the costs of investigation incurred by the Department pursuant to this subsection. Costs of investigation that are recovered pursuant to this subsection shall not exceed, and shall be credited toward, the financial responsibility of the petitioner pursuant to G.S. 143-215.104F(f). If a potentially responsible party does not petition for certification of the facility or abandoned facility site, the Commission may request the Attorney General to commence a civil action to secure reimbursement of costs incurred under this subsection."

SECTION 12.6.(b) G.S. 143-215.104P reads as rewritten:

"§ 143-215.104P. Enforcement procedures; civil penalties.

(a) The Secretary may assess a civil penalty of not more than ten thousand dollars (\$10,000) or, if the violation involves a hazardous waste, ~~as defined in G.S. 130-290, of not more than twenty-five thousand dollars (\$25,000)~~ thirty-two thousand five hundred dollars (\$32,500) against any person who:

...

(b) If any action or failure to act for which a penalty may be assessed under subsection (a) of this section is continuous, the Secretary may assess a penalty not to exceed ten thousand

dollars (\$10,000) per day or, if the violation involves a hazardous waste, ~~as defined in G.S. 130-290, not exceed twenty-five thousand dollars (\$25,000) not to exceed thirty-two thousand five hundred dollars (\$32,500)~~ per day. A penalty for a continuous violation shall not exceed two hundred thousand dollars (\$200,000) for each period of 30 days during which the violation continues.

...."

EXPRESS STORMWATER PERMIT APPLICATION PROCESSING

SECTION 12.7. Any permit application for a post-construction stormwater permit submitted pursuant to G.S. 143-214.7B that will be located in a coastal area, as defined in G.S. 113A-103, may be submitted to either the Washington or Wilmington regional offices of the Department of Environmental Quality at the option of the applicant.

WATER AND WASTEWATER INFRASTRUCTURE DIRECTED PROJECT AMENDMENT

SECTION 12.8. Funds appropriated from the State Fiscal Recovery Fund to the Department of Environmental Quality for the Water Infrastructure Fund and allocated to Rockingham County and to the Town of Madison for water and wastewater infrastructure projects by Section 12.13 of S.L. 2021-180, as amended by Section 6.1 of S.L. 2022-6, shall, notwithstanding any provision of those acts to the contrary, be transferred by the Department of Environmental Quality to the Office of State Budget and Management to provide grants in the same amounts for the same purposes to the same recipients.

WATER AND SEWER INFRASTRUCTURE FUNDS

SECTION 12.9.(a) Allocation. – The sum of three hundred twenty-five million nine hundred eighty thousand four hundred forty-four dollars (\$325,980,444) in nonrecurring funds appropriated for the 2022-2023 fiscal year from the Clean Water and Drinking Water Reserve, established in Section 2.2 of this act, to the Department of Environmental Quality (Department) for the Water Infrastructure Fund and the sum of two hundred eighty-five million five hundred thousand dollars (\$285,500,000) in nonrecurring funds appropriated for the 2022-2023 fiscal year from the State Fiscal Recovery Fund to the Department for the Water Infrastructure Fund shall be allocated to the Drinking Water Reserve and Wastewater Reserve to be used for the purposes set forth in G.S. 159G-33(a)(2) and G.S. 159G-34(a)(2).

SECTION 12.9.(b) Limitation Not Applicable. – The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by this section.

SECTION 12.9.(c) Reversion of Unneeded Funds. – Funds in excess of the amounts needed for the projects listed in subsection (e) of this section may be used by the Department for other water and sewer infrastructure projects eligible for funding from the Drinking Water Reserve or the Wastewater Reserve and subject to the applicable directives set forth in this section. Reverted funds may also be used for grants to conduct project engineering, design, or other preconstruction activities by a local government or public entity eligible for grants from the same Reserve as the reverting local government or public entity.

SECTION 12.9.(d) Choice of Funding. – Funds allocated by this section from the State Fiscal Recovery Fund shall be used by the Department to fund project grants the Department determines are most likely to meet the deadline for expenditure of State Fiscal Relief Funds set forth in applicable federal law and guidance. This subsection applies to both projects set forth in subsection (e) of this section and project grants awarded under Article 2 of Chapter 159G of the General Statutes (as modified by this section) with funds allocated by this section.

SECTION 12.9.(e) Projects. – Of the funds allocated by subsection (a) of this section for project grants, the following sums shall be granted to the indicated local governments and public entities for water and wastewater infrastructure projects:

- (1) Three hundred sixty thousand dollars (\$360,000) to the Town of Andrews.
- (2) Two million eight hundred twenty-five thousand dollars (\$2,825,000) to the Town of Angier.
- (3) Five million dollars (\$5,000,000) to Anson County.
- (4) Three million six hundred thousand dollars (\$3,600,000) to the City of Archdale.
- (5) Two million dollars (\$2,000,000) to the Town of Banner Elk.
- (6) Three million eight hundred thousand dollars (\$3,800,000) to the Town of Bladenboro.
- (7) One hundred thousand dollars (\$100,000) to the Town of Boardman.
- (8) Two million seven hundred fifty thousand dollars (\$2,750,000) to Buncombe County for a flood mitigation project in Barnardsville.
- (9) One million one hundred eighteen thousand two hundred forty-seven dollars (\$1,118,247) to Burke County.
- (10) Seven million one hundred twenty-five thousand dollars (\$7,125,000) to the Cabarrus County Water and Sewer Authority.
- (11) Three million two hundred fifty thousand dollars (\$3,250,000) to the Town of Cajah's Mountain.
- (12) One million dollars (\$1,000,000) to Catawba County.
- (13) Two million dollars (\$2,000,000) to the Town of Chadbourn.
- (14) Three million dollars (\$3,000,000) to the City of Cherryville.
- (15) Two hundred fifty thousand dollars (\$250,000) to the City of Claremont.
- (16) Twenty-five million dollars (\$25,000,000) to the Town of Clayton for Sam's Branch Water Reclamation Facility.
- (17) One million dollars (\$1,000,000) to the Town of Coats.
- (18) Five hundred thousand dollars (\$500,000) to the Town of Columbus.
- (19) Two million five hundred thousand dollars (\$2,500,000) to Davidson County.
- (20) Eight million dollars (\$8,000,000) to Davie County.
- (21) Five hundred thousand dollars (\$500,000) to the Town of Denton.
- (22) Three million six hundred thousand dollars (\$3,600,000) to the City of Elizabeth City, of which no less than one million dollars (\$1,000,000) shall be used for a new pump station to accommodate recent campus improvements at Elizabeth City State University.
- (23) Two million dollars (\$2,000,000) to the Town of Elkin.
- (24) Two million dollars (\$2,000,000) to the Town of Elm City.
- (25) One million dollars (\$1,000,000) to the Town of Erwin.
- (26) One million three hundred fifty thousand dollars (\$1,350,000) to the Town of Fair Bluff.
- (27) Six thousand dollars (\$6,000) to the Town of Fontana Dam.
- (28) Eight million seven hundred fifty thousand dollars (\$8,750,000) to Franklin County.
- (29) Eight hundred twenty thousand dollars (\$820,000) to the Town of Franklin.
- (30) Two million seven hundred thousand dollars (\$2,700,000) to the Town of Garland.
- (31) Two million three hundred seventy-five thousand dollars (\$2,375,000) to Gaston County.
- (32) Five hundred thousand dollars (\$500,000) to the Town of Gibsonville.
- (33) Ten million dollars (\$10,000,000) to the City of Graham.
- (34) Two hundred fifty thousand dollars (\$250,000) to the Town of Harmony.
- (35) Five hundred twenty-five thousand dollars (\$525,000) to the Town of Haw River.

- (36) One hundred thousand dollars (\$100,000) to the Town of Hayesville.
- (37) Five million dollars (\$5,000,000) to the City of Henderson for the Kerr Lake Regional Water System expansion.
- (38) Two hundred twenty thousand dollars (\$220,000) to the Town of Highlands.
- (39) Three million two hundred fifty thousand dollars (\$3,250,000) to the City of Jacksonville.
- (40) Two million five hundred thousand dollars (\$2,500,000) to the City of Kings Mountain.
- (41) Four million two hundred thousand dollars (\$4,200,000) to the Town of Landis.
- (42) Eleven million two hundred fifty thousand dollars (\$11,250,000) to the City of Laurinburg.
- (43) Five million dollars (\$5,000,000) to Lenoir County.
- (44) Six million three hundred thousand dollars (\$6,300,000) to the City of Lenoir.
- (45) Nine million two hundred fifty thousand dollars (\$9,250,000) to the City of Lillington.
- (46) Eighteen million five hundred fifty thousand dollars (\$18,550,000) to Lincoln County to connect water service between Lincoln County and Gaston County.
- (47) Four million seven hundred fifty thousand dollars (\$4,750,000) to the Town of Littleton.
- (48) Two hundred fifty thousand dollars (\$250,000) to the Town of Long View.
- (49) One million dollars (\$1,000,000) to the Town of Love Valley.
- (50) Twenty-three million five hundred thousand dollars (\$23,500,000) to the Lower Cape Fear Water and Sewer Authority.
- (51) Four million dollars (\$4,000,000) to the Town of Marshville.
- (52) Three million five hundred thousand dollars (\$3,500,000) to the Town of Mayodan.
- (53) Eleven million nine hundred twenty-five thousand dollars (\$11,925,000) to the City of Mebane.
- (54) Nine million five hundred thousand dollars (\$9,500,000) to the Town of Mooresville.
- (55) One million one hundred eighteen thousand two hundred forty-seven dollars (\$1,118,247) to the City of Morganton.
- (56) One million dollars (\$1,000,000) to the Town of Mount Olive.
- (57) Four million eight hundred eleven thousand dollars (\$4,811,000) to the Town of Mount Pleasant.
- (58) Three hundred sixty thousand dollars (\$360,000) to the Town of Murphy.
- (59) Three million two hundred thousand dollars (\$3,200,000) to the Town of Newland.
- (60) Thirty-three million seven hundred fifty thousand dollars (\$33,750,000) to the City of Newton.
- (61) Fifteen million dollars (\$15,000,000) to the Town of North Wilkesboro.
- (62) Ten million dollars (\$10,000,000) to the Onslow Water and Sewer Authority for the Southeast Wastewater Treatment Plant.
- (63) Four million eight hundred thousand dollars (\$4,800,000) to the Town of Pembroke.
- (64) Two million dollars (\$2,000,000) to the Town of Pilot Mountain.
- (65) Two million five hundred thousand dollars (\$2,500,000) to the Town of Pine Level.
- (66) Five million six hundred thirty-three thousand nine hundred fifty dollars (\$5,633,950) to the Town of Pink Hill, of which no less than two million two

hundred five thousand two hundred dollars (\$2,205,200) shall be used for a stormwater quality project.

- (67) One million five hundred thousand dollars (\$1,500,000) to the Town of Princeton.
- (68) Two million five hundred thousand dollars (\$2,500,000) to Randolph County.
- (69) One million dollars (\$1,000,000) to the Town of Rich Square.
- (70) Four million dollars (\$4,000,000) to Richmond County.
- (71) One hundred forty thousand dollars (\$140,000) to the Town of Robbinsville.
- (72) Three million five hundred thousand dollars (\$3,500,000) to the Town of Ronda.
- (73) One million nine hundred thousand dollars (\$1,900,000) to Rowan County.
- (74) Two million dollars (\$2,000,000) to the City of Sanford for service expansion to Holly Springs and Fuquay-Varina.
- (75) Ten million two hundred thousand dollars (\$10,200,000) to the City of Shelby.
- (76) Two million dollars (\$2,000,000) to the Town of Siler City.
- (77) Five hundred thousand dollars (\$500,000) to the Town of Spring Lake.
- (78) Nine hundred thousand dollars (\$900,000) to Stanly County.
- (79) Five million seven hundred thousand dollars (\$5,700,000) to the Town of Stanley.
- (80) Five million dollars (\$5,000,000) to the Stokes County Water and Sewer Authority.
- (81) Two hundred thirty-seven thousand dollars (\$237,000) to the Town of Swepsonville.
- (82) One million eight hundred fifty thousand dollars (\$1,850,000) to the Town of Tabor City.
- (83) Five hundred thousand dollars (\$500,000) to the City of Thomasville.
- (84) Nine hundred thousand dollars (\$900,000) to the Town of Troutman.
- (85) One million seven hundred fifty thousand dollars (\$1,750,000) to Union County.
- (86) Eight million dollars (\$8,000,000) to the Town of Walnut Cove to be allocated as follows:
 - a. Six million four hundred thousand dollars (\$6,400,000) to replace a transmission main.
 - b. One million six hundred thousand dollars (\$1,600,000) to replace asbestos lines.
- (87) Seven million five hundred thousand dollars (\$7,500,000) to the Town of Warsaw for wastewater capacity expansion.
- (88) One million five hundred thousand dollars (\$1,500,000) to the Town of West Jefferson.
- (89) One million dollars (\$1,000,000) to Yadkin County.
- (90) Three million fifty thousand dollars (\$3,050,000) to Yancey County for a wastewater treatment plant project.

SECTION 12.9.(f) Alternate Grant Disbursement Procedure. – The following modifications to the disbursement procedure set forth in G.S. 159G-42 apply with respect to projects designated in subsection (e) of this section:

- (1) Twenty-five percent (25%) of the funds designated for a project grant shall be disbursed to the grant recipient within 30 business days after the recipient provides a complete Request for Funding form (including a project budget) to the Department.

- (2) The Department shall provide an additional payment of twenty-five percent (25%) to a grant recipient after the grant recipient documents expenditures totaling twenty-five percent (25%) of the project to the Department.
- (3) The Department shall provide an additional payment of twenty-five percent (25%) to a grant recipient after the grant recipient documents expenditures totaling fifty percent (50%) of the project to the Department.
- (4) The final twenty-five percent (25%) of the project grant amount will be disbursed when the grant recipient documents expenditures in the full amount of the project amount designated in subsection (e) of this section.

SECTION 12.9.(g) Bladen Community College Project. – Of the funds allocated by subsection (a) of this section for project grants, the Department of Environmental Quality shall transfer the sum of one million five hundred thousand dollars (\$1,500,000) to the North Carolina Community College System Office to provide a grant to Bladen Community College for a water and sewer infrastructure project.

SECTION 12.9.(h) Tanglewood Business Park Project. – Of the funds allocated by subsection (a) of this section for project grants, the Department of Environmental Quality shall transfer the sum of two million four hundred thousand dollars (\$2,400,000) to the Department of Commerce to provide a grant to Forsyth County for a water and sewer infrastructure project at Tanglewood Business Park.

SECTION 12.9.(i) Other Grants. – Of the funds allocated by subsection (a) of this section for project grants, the Department of Environmental Quality shall transfer the sum of twenty million six hundred eighty-one thousand dollars (\$20,681,000) to the Office of State Budget and Management to provide a grant to the following entities for the purposes specified:

- (1) One million eight hundred six thousand dollars (\$1,806,000) to the Town of Ellerbe for the repayment of a United States Department of Agriculture loan for a water and sewer infrastructure project.
- (2) One million dollars (\$1,000,000) to the Town of Madison for water and sewer infrastructure projects.
- (3) Seventeen million eight hundred seventy-five thousand dollars (\$17,875,000) to Rockingham County for water and sewer infrastructure improvements.

SECTION 12.9.(j) Administrative Costs. – The Department may use three percent (3%) of the funds allocated to the Drinking Water Reserve and the Wastewater Reserve by this section, other than the funds transferred in subsections (g), (h), and (i) of this section, for administrative costs. The Department shall not charge the grant fee authorized by G.S. 159G-24 for grants made from funds subject to the set aside of administrative costs authorized by this subsection.

SECTION 12.9.(k) Report. – The Department shall include in the report required by G.S. 159G-26 a report on the status of projects funded under this section. This report may be provided in tabular or summary form and need not include information beyond that described in G.S. 159G-26(b)(4).

PART XIII. LABOR

OSH ISSUANCE OF CITATIONS

SECTION 13.1.(a) G.S. 95-137(b)(3) reads as rewritten:

- "(3) No citation may be issued under this section after the expiration of six months following the ~~occurrence of any violation.~~ initiation of an inspection by the Director."

SECTION 13.1.(b) This section becomes effective October 1, 2022, and applies to inspections initiated on or after that date.

OSH PENALTY MODIFICATIONS

SECTION 13.2.(a) G.S. 95-138 reads as rewritten:

"§ 95-138. Civil penalties.

(a) The Commissioner, upon recommendation of the Director, or the North Carolina Occupational Safety and Health Review Commission in the case of an appeal, shall have the authority to assess penalties against any employer who violates the requirements of this Article, or any standard, rule, or order adopted under this Article, for amounts set in accordance with subsection (a1) of this section, except as otherwise provided, as follows:

- (1) ~~A minimum penalty of five thousand dollars (\$5,000) to a maximum penalty of seventy thousand dollars (\$70,000) may shall~~ be assessed for each willful or repeat violation.
- (2) ~~A penalty of up to seven thousand dollars (\$7,000) shall be assessed for each serious violation, except that a violation.~~
- (2a) A penalty of up to fourteen thousand dollars (\$14,000) twenty-nine thousand dollars (\$29,000) shall be assessed for each serious violation that involves injury to an employee under 18 years of age.
- (2a)(2b) ~~A penalty of up to seven thousand dollars (\$7,000) may be assessed for each violation that is adjudged not to be of a serious nature.~~
- (3) ~~A penalty of up to seven thousand dollars (\$7,000) may shall~~ be assessed against an employer who fails to correct and abate a violation, within the period allowed for its correction and abatement, which period shall not begin to run until the date of the final Order of the Commission in the case of any appeal proceedings in this Article initiated by the employer in good faith and not solely for the delay of avoidance of penalties. The assessment shall be made to apply to each day during which the failure or violation continues.
- (4) ~~A penalty of up to seven thousand dollars (\$7,000) shall be assessed for violating the posting requirements, as required under the provisions of this Article.~~

(a1) The Commissioner shall adjust minimum and maximum civil penalties in this section in accordance with the requirements set forth in the United States Consumer Price Index for All Urban Consumers published by the United States Department of Labor as necessary to comply with federal law. The Commissioner shall have a period of 60 calendar days from the date a final rule is published in the Federal Register to publish the civil penalties in the North Carolina Register under 13 NCAC 07A .0301 or any related or subsequent regulations setting penalty standards in compliance with Part 1903 of Title 29 of the Code of Federal Regulations, and on its website.

(b) The Commissioner shall adopt uniform standards that the Commissioner, the Commission, and the hearing examiner shall apply when determining appropriateness of the penalty. The following factors shall be used in determining whether a penalty is appropriate:

- (1) Size of the business of the employer being charged.
- (2) The gravity of the violation.
- (3) The good faith of the employer.
- (4) The record of previous violations; provided that for purposes of determining repeat violations, only the record within the previous three years is applicable.
- (5) Whether the violation involves injury to an employee under 18 years of age.

(b1) The report of the hearing examiner and the report, decision, or determination of the Commission on appeal shall specify the standards applied in determining the reduction or affirmation of the penalty assessed by the Commissioner.

(c) The clear proceeds of all civil penalties and interest recovered by the Commissioner, together with the costs thereof, shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

SECTION 13.2.(b) This section becomes effective October 1, 2022, and applies to civil penalties assessed on or after that date.

PART XIV. NATURAL AND CULTURAL RESOURCES

ROANOKE ISLAND FESTIVAL PARK FUND CODE

SECTION 14.1. The Department of Natural and Cultural Resources, in consultation with the Office of State Budget and Management, shall create a separate fund code in Budget Code 14800 for Roanoke Island Festival Park.

ROANOKE ISLAND FESTIVAL PARK OUTDOOR PAVILION

SECTION 14.2. Notwithstanding any provision of G.S. 143-341(4) to the contrary, the Department of Natural and Cultural Resources may enter into a lease agreement with a nonprofit entity for the enhancement and management of the outdoor performance pavilion and seating lawn at Roanoke Island Festival Park. A lease agreement entered into under this section shall be subject to approval by the Council of State.

NORTH CAROLINA SCIENCE MUSEUMS GRANT PROGRAM ADMINISTRATIVE EXPENSES

SECTION 14.3. G.S. 143B-135.227(f) reads as rewritten:

"(f) ~~The Department may create one new position to administer the program using no more than fifty thousand dollars (\$50,000) of funds appropriated to the North Carolina Science Museums Grant Program in each fiscal year. Of the funds appropriated to the North Carolina Science Museums Grant Program each year, the Department may use no more than the greater of one hundred thousand dollars (\$100,000) or four percent (4%) as its operating expenses for the Program.~~ In addition to administering the Grant Program, ~~this position~~ positions created with these funds shall also (i) serve as ~~a liaison~~ liaisons between grant applicants or recipients and the Museum to answer questions and assist with grant applications; (ii) foster collaboration between the Museum and grant recipients with respect to education program development and the loaning of exhibits from the Museum or between grantee institutions; and (iii) undertake other duties in support of the Grant Program at the discretion of the Director of the Museum."

PART XV. WILDLIFE RESOURCES COMMISSION

CHRONIC WASTING DISEASE REPORT

SECTION 15.1. G.S. 143-254.7 reads as rewritten:

"§ 143-254.7. Appropriation and emergency power to combat Chronic Wasting Disease.Disease; report.

(a) Emergency Appropriation. – If the Commission determines that an outbreak of Chronic Wasting Disease in the State constitutes a significant threat to deer and other cervid species, the Commission may declare a wildlife emergency. Upon declaration of the wildlife emergency, the Commission shall request needed additional funding for immediate investigation, containment, and eradication of the outbreak from the Contingency and Emergency Fund to the Council of State for approval following the process set forth in G.S. 143C-4-4(c). The approved funds will be allocated by the State Controller to a special fund called the Chronic Wasting Disease Emergency Response Fund (CWD Response Fund). Funds allocated to the CWD Response Fund are appropriated to the Wildlife Resources Commission for the purposes for which the funds are requested and approved. The Commission shall request any federal funds available to combat Chronic Wasting Disease in cervids, and any such funds obtained will be used to offset State funds appropriated under this section to the extent allowed by applicable law. The Commission will inform the Office of State Budget and Management of the amount of State

funds offset by federal funds, and the Office of State Budget and Management shall direct the State Controller to transfer these funds from the CWD Response Fund to the Contingency and Emergency Fund upon receipt of the federal funds.

(b) Report. – No later than September 15 of each year in which the Commission receives State funds to combat, monitor, or contain an outbreak of Chronic Wasting Disease appropriated either under this section or in any other enactment of the General Assembly, the Director shall submit a report on the activities conducted with the funds during the prior fiscal year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division. The report shall include the following with respect to each Chronic Wasting Disease initiative or activity funded during the previous fiscal year:

- (1) Identification of the source of the funds used for the initiative or activity.
- (2) The goals and outcomes for the initiative or activity.
- (3) A description of the measures used or data collected to evaluate the efficiency and effectiveness of the initiative or activity in reaching its desired goals and outcomes.
- (4) The performance of each initiative or activity with respect to the identified goals and outcomes."

ROCKINGHAM COUNTY FOX TRAPPING

SECTION 15.2.(a) Section 2 of Chapter 179 of the 1985 Session Laws, as amended by S.L. 2011-136, reads as rewritten:

"Sec. 2. Notwithstanding any other provision of law, there is an open season for taking foxes by trapping from ~~November 1~~ June 1 through February 28 of each year. ~~During this season, all leghold traps set on dry land shall be in accordance with State law."~~

SECTION 15.2.(b) This section shall apply only to Rockingham County.

SECTION 15.2.(c) This section is effective when it becomes law.

HUNTING/FISHING/BOATING CONTRACT LICENSE VENDORS

SECTION 15.3.(a) G.S. 113-128 is amended by adding a new subdivision to read:

"(2a) Contracted licensing system vendor. – An entity that the Wildlife Resources Commission contracts with to build and maintain an enterprise system to support business functions of the Commission. These functions shall include the processing of vessel transactions the Commission is authorized to conduct by Chapter 75A of the General Statutes and licenses, permits, or applications the Commission is authorized to issue under this Chapter."

SECTION 15.3.(b) G.S. 75A-5.2 reads as rewritten:

"§ 75A-5.2. Vessel agents.

(a) In order to facilitate the convenience of the public, the efficiency of administration, the need to keep statistics and records affecting the conservation of wildlife resources, boating, water safety, and other matters within the jurisdiction of the Commission, and to facilitate vessel transactions, the Commission may conduct vessel transactions through any of the following:

- (1) Vessel agents.
- (1a) A contracted licensing system vendor.
- (2) The Commission's headquarters.
- (3) Employees of the Commission.
- (4) Two or more of those sources simultaneously.

(b) When there are substantial reasons for differing treatment, the Commission may conduct vessel transactions by one method in one locality and by another method in another locality.

(c) ~~As compensation for services rendered to the Commission and to the general public, vessel~~ Vessel agents shall receive the surcharge ~~surcharges listed below.~~ below for vessel

transactions made through the agent, and the Commission shall receive the surcharges below for all other vessel transactions. The surcharge shall be added to the fee for each certificate issued-purchased.

- (1) Renewal of certificate of number – \$3.00.
- (2) Transfer of ownership and certificate of number – \$5.00.
- (3) Issuance of new certificate of number – \$5.00.
- (4) Issuance of duplicate certificate of number – \$3.00.
- (5) Issuance or transfer of certificate of title – \$5.00.

(c1) In addition to surcharges charged by a vessel agent or the Commission, a contracted licensing system vendor may charge the following transaction fees:

- (1) Up to three dollars (\$3.00) per transaction for purchases made online or by other electronic means.
- (2) Up to one dollar (\$1.00) per transaction for purchases made through a vessel agent or through the Commission.
- (3) Up to five dollars (\$5.00) per transaction for purchases made through the contracted licensing system vendor call center.

...

(g) If any check or bank account draft of any vessel agent for the issuance of certificates of number ~~shall be~~ is returned by the banking facility upon which the same is drawn for lack of funds, the vessel agent ~~shall be~~ is liable to the Commission or contracted licensing system vendor for a penalty of five percent (5%) of the amount of the check or bank account draft, but in no event shall the penalty be less than five dollars (\$5.00) or more than two hundred dollars (\$200.00). Vessel agents shall be assessed a penalty of twenty-five percent (25%) of their issuing fee on all remittances to the Commission or to a contracted licensing system vendor after the fifteenth day of the month immediately following the month of sale.

...."

SECTION 15.3.(c) G.S. 113-264(d1) is repealed.

SECTION 15.3.(d) G.S. 113-270.1 reads as rewritten:

"§ 113-270.1. License agents.

(a) The Wildlife Resources Commission may by rule provide for the appointment of persons as license agents to sell licenses and permits that the Commission is authorized to issue by this Subchapter or by any other provisions of law. To facilitate the convenience of the public, the efficiency of administration, the need to keep statistics and records affecting the conservation of wildlife resources, boating, water safety, and other matters within the jurisdiction of the Wildlife Resources Commission, and the need to issue licenses and permits containing special restrictions, the Wildlife Resources Commission may issue licenses and permits in any particular category through:

- (1) License agents.
- (1a) A contracted licensing system vendor.
- (2) The Wildlife Resources Commission's headquarters.
- (3) Employees of the Wildlife Resources Commission.
- (4) Two or more such sources simultaneously.

(a1) When there are substantial reasons for differing treatment, the Wildlife Resources Commission may issue a type of license or permit by one method in one locality and by another method in another locality.

(b) License agents may charge a fee of ~~two dollars (\$2.00)~~ up to four dollars (\$4.00) per transaction for licenses or permits issued. licenses, applications, or permits processed by the agent. The Commission may charge a fee of up to four dollars (\$4.00) per transaction for licenses, permits, and applications sold online or by other electronic means or directly to the public. This fee is in addition to any transaction fee charged by a contracted licensing system vendor.

...

(b4) If any check or bank account draft of any license agent for the issuance of licenses or permits ~~shall be~~ is returned by the banking facility upon which the same is drawn for lack of funds, the license agent ~~shall be~~ is liable to the Commission or contracted licensing system vendor for a penalty of five percent (5%) of the amount of the check or bank account draft, but in no event shall the penalty be less than five dollars (\$5.00) or more than two hundred dollars (\$200.00). License agents shall be assessed a penalty of twenty-five percent (25%) of their issuing fee on all remittances to the Commission or contracted licensing system vendor after the fifteenth day of the month immediately following the month of sale.

(b5) A contracted licensing system vendor may charge a fee of:

- (1) Up to three dollars (\$3.00) per transaction for licenses, permits, applications, or merchandise sold online or by other electronic means.
- (2) Up to one dollar (\$1.00) per transaction for licenses, permits, applications, or merchandise sold by a license agent or directly through the Commission.
- (3) Up to five dollars (\$5.00) per transaction for licenses, permits, applications, or merchandise sold through the contracted licensing system vendor call center.

(b6) Neither the Commission nor a contracted licensing system vendor shall charge a fee for federal Harvest Information Program (HIP) certification, big game harvest report cards for lifetime license holders, exempt landowners, persons of less than 16 years of age, or for any other license transactions for which there is no charge authorized by applicable law.

...."

SECTION 15.3.(e) G.S. 113-270.1B(d) is repealed.

SECTION 15.3.(f) G.S. 112-275(c1) reads as rewritten:

"(c1) Upon receipt of a proper application together with a fee of up to five dollars (\$5.00), the Wildlife Resources Commission may issue a new license or permit to replace one that has been lost or destroyed before its expiration. The application must be on a form of the Wildlife Resources Commission setting forth information in sufficient detail to allow ready identification of the lost or destroyed license or permit and ascertainment of the applicant's continued entitlement to it."

SECTION 15.3.(g) This section becomes effective July 1, 2023.

PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS

RESTRICT USE OF FUNDS PROVIDED TO NORTH CAROLINA LEGAL EDUCATION ASSISTANCE FOUNDATION (NC LEAF)

SECTION 16.1. Funds provided as a directed grant to the North Carolina Legal Education Assistance Foundation (NC LEAF) for the 2022-2023 fiscal year shall not be used to provide assistance to attorneys working for Legal Aid of North Carolina, Inc.

CLARIFY SUPREME COURT DOCUMENT MANAGEMENT

SECTION 16.2.(a) G.S. 7A-11 reads as rewritten:

"§ 7A-11. Clerk of the Supreme Court; salary; bond; fees; oath.

The clerk of the Supreme Court shall be appointed by the Supreme Court to serve at its pleasure. The annual salary of the clerk shall be fixed by the Administrative Officer of the Courts, subject to the approval of the Supreme Court. The clerk may appoint assistants in the number and at the salaries fixed by the Administrative Officer of the Courts. The clerk shall perform such duties as the Supreme Court may assign, and shall be bonded to the State, for faithful performance of duty, in the same manner as the clerk of the superior court, and in such amount as the Administrative Officer of the Courts shall determine. The clerk shall adopt a seal of office, to be approved by the Supreme Court. A fee bill for services rendered by the clerk shall be fixed by rules of the Supreme Court, and all such fees shall be remitted to the State treasury. 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 Clerk of the Supreme Court shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes. Before entering upon the duties of his office, the clerk shall take the oath of office prescribed by law."

SECTION 16.2.(b) This section is effective when it becomes law.

ABOLISH STATE JUDICIAL COUNCIL

SECTION 16.3.(a) Article 31A of Chapter 7A of the General Statutes is repealed.

SECTION 16.3.(b) G.S. 7A-300(a) reads as rewritten:

"(a) The operating expenses of the Judicial Department shall be paid from State funds, out of appropriations for this purpose made by the General Assembly, or from funds provided by local governments pursuant to G.S. 7A-300.1, 153A-212.1, or 160A-289.1. The Administrative Office of the Courts shall prepare budget estimates to cover these expenses, including therein the following items and such other items as are deemed necessary for the proper functioning of the Judicial Department:

...

(12) Operating expenses of ~~the Judicial Council and the~~ Judicial Standards Commission."

SECTION 16.3.(c) G.S. 15A-1475 reads as rewritten:

"§ 15A-1475. Reports.

The North Carolina Innocence Inquiry Commission shall report annually by February 1 of each year on its activities to the Joint Legislative Oversight Committee on Justice and Public ~~Safety and the State Judicial Council. Safety.~~ The report may contain recommendations of any needed legislative changes related to the activities of the Commission. The report shall recommend the funding needed by the Commission, the district attorneys, and the State Bureau of Investigation in order to meet their responsibilities under S.L. 2006-184. Recommendations concerning the district attorneys or the State Bureau of Investigation shall only be made after consultations with the North Carolina Conference of District Attorneys and the Attorney General."

SECTION 16.3.(d) This section is effective when it becomes law.

CLARIFY TIME-LIMITED POSITIONS

SECTION 16.4.(a) Section 16.11 of S.L. 2021-180 reads as rewritten:

"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 ~~42-25-30~~ 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."

SECTION 16.4.(b) This section is effective when it becomes law.

ADD MAGISTRATES TO VARIOUS COUNTIES

SECTION 16.5. G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min.	Additional Seats of Court
--------	---------------------	------------------------------

...		
Caswell	34	
Wake	18.5 <u>23.5</u>	Apex, Wendell, Fuquay- Varina, Wake Forest
...		
Mecklenburg	26.5 <u>31.5</u>	
...		
Cleveland	7 <u>8</u>	
Lincoln	5 <u>6</u>	
...."		

ADD ASSISTANT DISTRICT ATTORNEYS TO VARIOUS COUNTIES

SECTION 16.6. G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
...		
3	Pitt	14 <u>15</u>
...		
8	Edgecombe, Nash, Wilson	21 <u>22</u>
...		
10	Wake	43 <u>44</u>
11	Franklin, Granville, Person Vance, Warren	17 <u>18</u>
...		
15	Bladen, Brunswick, Columbus	15 <u>16</u>
...		
23	Stokes, Surry	8 <u>9</u>
24	Guilford	39 <u>40</u>
...		
29	Hoke, Moore	9 <u>10</u>
...		
32	Alexander, Iredell	14 <u>15</u>
...		
38	Gaston	18 <u>19</u>
...		
43	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	14 <u>15</u>

INCREASE FORMER LAW ENFORCEMENT OFFICER WITNESS PAY

SECTION 16.7.(a) G.S. 7A-314 reads as rewritten:

"§ 7A-314. **Uniform fees for witnesses; experts; limit on number.**

(a) ~~A-Except for a witness that is a former State, county, or municipal law-enforcement officer, a~~ witness under subpoena, bound over, or recognized, other than a salaried State, county,

or municipal law-enforcement officer, or an out-of-state witness in a criminal case, whether to testify before the court, Judicial Standards Commission, jury of view, magistrate, clerk, referee, commissioner, appraiser, or arbitrator shall be entitled to receive five dollars (\$5.00) per day, or fraction thereof, during his attendance, which, except as to witnesses before the Judicial Standards Commission, must be certified to the clerk of superior court. Compensation of witnesses acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules established by the Administrative Office of the Courts. Compensation of witnesses provided under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent Defense Services.

(a1) A witness that is a former State, county, or municipal law-enforcement officer that is under subpoena, bound over, or recognized, whether to testify before the court, Judicial Standards Commission, jury of view, magistrate, clerk, referee, commissioner, appraiser, or arbitrator, shall be entitled to receive twenty dollars (\$20.00) per hour, or fraction thereof, during the former law-enforcement officer's attendance, which, except as to witnesses before the Judicial Standards Commission, must be certified to the clerk of superior court. Compensation of witnesses acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules established by the Administrative Office of the Courts. Compensation of witnesses provided under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent Defense Services.

(b) A witness entitled to ~~the~~ a fee set forth in ~~subsection~~ subsections (a) or (a1) of this section, and a law-enforcement officer who qualifies as a witness, shall be entitled to receive reimbursement for travel expenses as follows:

...

(c) A witness who resides in a state other than North Carolina and who appears for the purpose of testifying in a criminal action and proves his attendance may be compensated at the rate allowed to State officers and employees by subdivisions (1) and (2) of G.S. 138-6(a) for one round-trip from ~~his~~ the witness's place of residence to the place of appearance, and five dollars (\$5.00) for each day that ~~he~~ the witness is required to travel and attend as a witness, upon order of the court based upon a finding that the person was a necessary witness. If such a witness is required to appear more than one day, ~~he~~ the witness is also entitled to reimbursement for actual expenses incurred for lodging and meals, not to exceed the maximum currently authorized for State employees. Reimbursements to witnesses acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules established by the Administrative Office of the Courts. Reimbursements to witnesses provided under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent Defense Services.

...."

SECTION 16.7.(b) This section is effective when it becomes law, and applies to motions or applications for costs filed on or after that date.

DELINEATE LOCATION OF NEW DEPUTY AND ASSISTANT CLERK POSITIONS

SECTION 16.8. Of the funds appropriated in this act to the Administrative Office of the Courts to be used to hire deputy and assistant clerk positions, 45 of the positions shall be allocated in accordance with the following chart:

COUNTY	NUMBER OF DEPUTY OR ASSISTANT CLERKS
Alamance	1
Beaufort	1
Brunswick	1
Buncombe	1
Burke	1
Cabarrus	1

Caldwell	1
Catawba	1
Cleveland	2
Craven	1
Cumberland	1
Davidson	1
Duplin	1
Forsyth	1
Franklin	1
Gaston	1
Harnett	1
Haywood	1
Henderson	1
Iredell	1
Jackson	1
Johnston	1
Jones	1
Lincoln	1
Macon	1
Nash	1
New Hanover	1
Onslow	1
Orange	1
Person	1
Pitt	1
Randolph	1
Robeson	1
Rockingham	2
Rowan	2
Sampson	1
Stanly	1
Surry	1
Union	1
Vance	1
Wayne	1
Wilson	1

DELINEATE LOCATION OF NEW JUDICIAL SUPPORT STAFF POSITIONS

SECTION 16.9.(a) Of the funds appropriated in this act to the Administrative Office of the Courts to be used to hire court coordinator positions, 12 of the positions hired for District Court Districts shall be allocated in accordance with the following chart:

DISTRICT	COUNTIES	POSITIONS
2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
5	New Hanover, Pender	1
7	Edgecombe, Nash, Wilson	1
9	Franklin, Granville, Person, Vance, Warren	1
11	Harnett, Johnston, Lee	1
14	Durham	1
16B	Robeson	1

19D	Hoke, Moore	1
21	Forsyth	1
25	Burke, Caldwell, Catawba	1
27B	Cleveland, Lincoln	1
29A	McDowell, Rutherford	1

SECTION 16.9.(b) Of the funds appropriated in this act to the Administrative Office of the Courts to be used to hire court coordinator positions, six of the positions hired for Superior Court Districts shall be allocated in accordance with the following chart:

DISTRICT	COUNTIES	POSITIONS
3B	Carteret, Craven, Pamlico	1
5	New Hanover, Pender	1
18	Guilford	1
19B	Randolph	1
19D	Hoke, Moore	1
27B	Cleveland, Lincoln	1

SECTION 16.9.(c) Of the funds appropriated in this act to the Administrative Office of the Courts to be used to hire one court assistant position, the position shall be located in District Court District 29A and shall serve in Rutherford County.

SECTION 16.9.(d) Article 29A of Chapter 7A of the General Statutes reads as rewritten:

"Article 29A.

"Trial Court Administrators.

"§ 7A-355. Trial court administrators.

The following districts or sets of districts as defined in G.S. 7A-41.1(a) shall have trial court administrators: Set of districts 10A, 10B, 10C, 10D; District ~~22-22~~, District 27B, and District 28, and such other districts or sets of districts as may be designated by the Administrative Office of the Courts.

"§ 7A-356. Duties.

The duties of each trial court administrator shall be to assist in managing civil dockets, to improve jury utilization and to perform such duties as may be assigned by the senior resident superior court judge of ~~his~~ the district or set of districts as defined in G.S. 7A-41.1(a) or by other judges designated by that senior resident superior court judge."

PART XVII. INDIGENT DEFENSE SERVICES

PUBLIC DEFENDER DISTRICTS 2 AND 5

SECTION 17.1.(a) G.S. 7A-498.7(a) reads as rewritten:

"(a) The following counties of the State are organized into the defender districts listed below, and in each of those defender districts an office of public defender is established:

Defender District	Counties
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans
<u>2</u>	<u>Beaufort, Hyde, Martin,</u> <u>Tyrell, Washington</u>
3A	Pitt
3B	Craven, Pamlico, Carteret
5	New Hanover <u>Hanover</u> , Pender
10	Wake
12	Cumberland
14	Durham

15B	Orange, Chatham
16A	Scotland, Hoke
16B	Robeson
18	Guilford
21	Forsyth
26	Mecklenburg
27A	Gaston
27B	Cleveland, Lincoln
28	Buncombe
29A	McDowell, Rutherford
29B	Henderson, Polk, Transylvania

After notice to, and consultation with, the affected district bar, senior resident superior court judge, and chief district court judge, the Commission on Indigent Defense Services may recommend to the General Assembly that a district or regional public defender office be established. A legislative act is required in order to establish a new office or to abolish an existing office."

SECTION 17.1.(b) The Office of Indigent Defense Services may use up to the sum of five hundred thousand dollars (\$500,000) of funds appropriated to the Office in this act to create five new positions for Public Defender District 5 to be located in Pender County with a primary focus on cases in Pender County. These positions shall include up to three full-time, permanent assistant public defender positions and two full-time, permanent support positions.

SECTION 17.1.(c) The Office of Indigent Defense Services may use up to the sum of two hundred sixty thousand dollars (\$260,000) of funds appropriated to the Office in this act to create one new full-time, permanent chief public defender for Public Defender District 2 and to convert one legal assistant position to one full-time, permanent Administrative Assistant I position for Public Defender District 2.

EXTEND SETOFF DEBT COLLECTION ACT NOTICE REQUIREMENTS FOR INDIGENT DEFENSE SERVICES

SECTION 17.2.(a) G.S. 105A-8 is amended by adding a new subsection to read:

"(a1) Extended Notice. – Notwithstanding any provision of subsection (a) of this section to the contrary, the Office of Indigent Defense Services within the Administrative Office of the Courts shall have 30 days to send the written notice required by subsection (a) of this section."

SECTION 17.2.(b) This section is effective when it becomes law and applies to refunds of a debtor received before, on, or after that date.

PART XVIII. JUSTICE [RESERVED]

PART XIX. PUBLIC SAFETY

PART XIX-A. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION

TECHNICAL CORRECTIONS FOR SPLIT OF DEPARTMENT OF PUBLIC SAFETY AND NEW DEPARTMENT OF ADULT CORRECTION

SECTION 19A.1.(a) G.S. 14-208.40(a) reads as rewritten:

"(a) The Division of Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction shall establish a sex offender monitoring program that uses a continuous satellite-based monitoring system and shall create guidelines to govern the program. The program shall be designed to monitor three categories of offenders as follows:

...."

SECTION 19A.1.(b) G.S. 15-209(b) reads as rewritten:

"(b) If a county is unable to provide the space required under subsection (a) of this section for any reason, it may elect to request that the Division of Community Supervision and Reentry of the Department of Adult Correction lease space for the probation office and receive reimbursement from the county for the leased space. If a county fails to reimburse the Division for such leased space, the Secretary of ~~Public Safety~~ Adult Correction may request that the Administrative Office of the Courts transfer the unpaid amount to the Division from the county's court and jail facility fee remittances."

SECTION 19A.1.(c) G.S. 15A-150(b) reads as rewritten:

"(b) Notification to Other State and Local Agencies. – Unless otherwise instructed by the Administrative Office of the Courts pursuant to an agreement entered into under subsection (e) of this section for the electronic or facsimile transmission of information, the clerk of superior court in each county in North Carolina shall send a certified copy of an order granting an expunction to a person named in subsection (a) of this section to (i) all of the agencies listed in this subsection and (ii) the person granted the expunction. Expunctions granted pursuant to G.S. 15A-146(a4) are excluded from all clerk of superior court notice provisions of this subsection. An agency receiving an order under this subsection shall purge from its records all entries made as a result of the charge or conviction ordered expunged, except as provided in G.S. 15A-151. The list of agencies is as follows:

- ...
- (4) The Department of ~~Public Safety~~, Adult Correction, Combined Records Section.

...."

SECTION 19A.1.(d) 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 Department of ~~Public Safety~~, Safety or 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.

...

Evidence necessary to prove an element of the offense shall not be used to prove any factor in aggravation, and the same item of evidence shall not be used to prove more than one factor in aggravation. Evidence necessary to establish that an enhanced sentence is required under G.S. 15A-1340.16A may not be used to prove any factor in aggravation.

The judge shall not consider as an aggravating factor the fact that the defendant exercised the right to a jury trial.

Notwithstanding the provisions of subsection (a1) of this section, the determination that an aggravating factor under G.S. 15A-1340.16(d)(18a) is present in a case shall be made by the court, and not by the jury. That determination shall be made in the sentencing hearing."

SECTION 19A.1.(e) G.S. 15A-1343 reads as rewritten:

"§ 15A-1343. Conditions of probation.

- ...
- (b) Regular Conditions. – As regular conditions of probation, a defendant must:

- ...
- (16) Supply a breath, urine, or blood specimen for analysis of the possible presence of prohibited drugs or alcohol when instructed by the defendant's probation officer for purposes directly related to the probation supervision. If the results

of the analysis are positive, the probationer may be required to reimburse the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction for the actual costs of drug or alcohol screening and testing.

...

In addition to these regular conditions of probation, a defendant required to serve an active term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and regulations of the Division of Prisons of the Department of Adult Correction and, if applicable, the Division of Juvenile Justice of the Department of Public Safety, governing the conduct of inmates while imprisoned and report to a probation officer in the State of North Carolina within 72 hours of his discharge from the active term of imprisonment.

Regular conditions of probation apply to each defendant placed on supervised probation unless the presiding judge specifically exempts the defendant from one or more of the conditions in open court and in the judgment of the court. It is not necessary for the presiding judge to state each regular condition of probation in open court, but the conditions must be set forth in the judgment of the court.

Defendants placed on unsupervised probation are subject to the provisions of this subsection, except that defendants placed on unsupervised probation are not subject to the regular conditions contained in subdivisions (2), (3), (6), (8), (13), (14), (15), (16) and (17) of this subsection.

...

(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:

...

- (8) Submit to satellite-based monitoring pursuant to Part 5 of Article 27A of Chapter 14 of the General Statutes, if the defendant is in the category described by G.S. 14-208.40(a)(2), and the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction, based on the Division's risk assessment program, recommends that the defendant submit to the highest possible level of supervision and monitoring.

...

Defendants subject to the provisions of this subsection shall not be placed on unsupervised probation.

...."

SECTION 19A.1.(f) G.S. 143B-807(d) reads as rewritten:

"(d) Each programmatic, residential, and service contract or agreement entered into by the Division shall include a cooperation clause to ensure compliance with the ~~Section's~~ Division's quality assurance requirements and cost-accounting requirements."

SECTION 19A.1.(g) G.S. 143B-808 reads as rewritten:

"§ 143B-808. Authority to assist private nonprofit foundations.

The Division may provide appropriate services or allow employees of the Division to assist any private nonprofit foundation that works directly with the ~~Section's~~ Division's services or programs and whose sole purpose is to support these services and programs. A Division employee shall be allowed to work with a foundation no more than 20 hours in any one month. These services are not subject to Chapter 150B of the General Statutes.

The board of directors of each private, nonprofit foundation shall secure and pay for the services of the Department of State Auditor or employ a certified public accountant to conduct

an annual audit of the financial accounts of the foundation. The board of directors shall transmit to the Division a copy of the annual financial audit report of the private nonprofit foundation."

SECTION 19A.1.(h) G.S. 148-10 reads as rewritten:

"§ 148-10. Department of ~~Public Safety~~ Adult Correction to supervise sanitary and health conditions of prisoners.

The Department of ~~Public Safety~~ Adult Correction shall have general supervision over the sanitary and health conditions of the central prison, over the prison camps, or other places of confinement of prisoners under the jurisdiction of the Division of Prisons of the Department of Adult Correction."

SECTION 19A.1.(i) G.S. 162-39(e) reads as rewritten:

"(e) The number of county prisoners incarcerated in the State prison system pursuant to safekeeping orders from the various counties pursuant to subsection (b) of this section or for medical or mental health treatment pursuant to subsection (d) of this section may not exceed 200 at any given time unless authorized by the Secretary of ~~Public Safety~~ Adult Correction. The Secretary may refuse to accept any safekeeper and may return any safekeeper transferred under a safekeeping order when this capacity limit is reached. The Secretary shall not refuse to accept a safekeeper because a county has failed to pay the Department of Adult Correction for services rendered pursuant to this section."

SECTION 19A.1.(j) G.S. 15-205 reads as rewritten:

"§ 15-205. Duties and powers of ~~the~~ probation officers.

A probation officer shall investigate all cases referred to ~~him~~ the probation officer for investigation by the judges of the courts or by the Secretary of ~~Public Safety~~ the Department of Adult Correction. ~~The~~ officer shall keep informed concerning the conduct and condition of each person on probation under ~~his~~ the probation officer's supervision by visiting, requiring reports, and in other ways, and shall report thereon in writing as often as the court or the Secretary of ~~Public Safety~~ the Department of Adult Correction may require. ~~Such~~ The officer shall use all practicable and suitable methods, not inconsistent with the conditions imposed by the court or the Secretary of ~~Public Safety~~ the Department of Adult Correction, to aid and encourage persons on probation to bring about improvement in ~~their~~ the persons' conduct and condition. ~~Such~~ The probation officer shall keep detailed records of ~~his~~ the probation officer's work; shall make such reports in writing to the Secretary of ~~Public Safety~~ the Department of Adult Correction as ~~he~~ the Secretary may require; and shall perform ~~such~~ other duties as the Secretary of ~~Public Safety~~ the Department of Adult Correction may require. A probation officer shall have, in the execution of ~~his~~ the probation officer's duties, the powers of arrest and, to the extent necessary for the performance of ~~his~~ the probation officer's duties, the same right to execute process as is now given, or that may hereafter be given by law, to the sheriffs of this State."

SECTION 19A.1.(k) Subsection (d) of this section becomes effective January 1, 2023, and applies to offenses committed on or after that date. The remainder of this section becomes effective January 1, 2023.

FLEXIBILITY TO CERTIFY DEPARTMENT OF ADULT CORRECTION ITEMS IN NEW BUDGET STRUCTURE

SECTION 19A.2.(a) Effective July 1, 2022, the Department of Public Safety shall work with the Office of State Budget and Management and the Office of the State Controller to establish the certified budget for the new Department of Adult Correction.

SECTION 19A.2.(b) The budget certification required by subsection (a) of this section shall not nullify or curtail the Type 1 transfer process directed by Section 19C.9 of S.L. 2021-180.

SECTION 19A.2.(c) Upon certification of the budget for the new Department of Adult Correction pursuant to subsection (a) of this section, the Department of Public Safety shall retain budget execution authority of the newly certified budget until January 1, 2023.

SECTION 19A.2.(d) Effective January 1, 2023, the Department of Adult Correction shall administer and operate all functions, powers, duties, obligations, and services related to the newly created department, including all programs, services, and administrative functions. This administration and operation shall not nullify or curtail the authority of certain boards, commissions, or other entities housed within the Department of Adult Correction to exercise independence in any manner directed by State law.

SECTION 19A.2.(e) This section is effective when it becomes law.

**INCREASE CERTAIN ALLOWABLE EXPENSES TO BE PAID TO VICTIMS OF
CRIMES FROM THE CRIME VICTIMS COMPENSATION FUND**

SECTION 19A.3.(a) G.S. 15B-2 reads as rewritten:

"§ 15B-2. Definitions.

As used in this Article, the following definitions apply, unless the context requires otherwise:

- (1) Allowable expense. – Reasonable charges incurred for reasonably needed products, services, and accommodations, including those for medical care, rehabilitation, medically-related property, and other remedial treatment and care. Reasonably needed services include (i) counseling for immediate family members of children under the age of 18 who are victims of rape, sexual assault, or domestic violence and (ii) family counseling and grief counseling for immediate family members of homicide victims. The cumulative total for counseling services provided to immediate family members shall not exceed three thousand dollars (\$3,000) per family.

Allowable expense includes a total charge not in excess of ~~five-ten~~ thousand dollars ~~(\$5,000)–(\$10,000)~~ for expenses related to funeral, cremation, and burial, including transportation of a body, but excluding expenses for flowers, gravestone, and other items not directly related to the funeral service.

Allowable expense for medical care, counseling, rehabilitation, medically-related property, and other remedial treatment and care of a victim shall be limited to sixty-six and two-thirds percent (66 2/3%) of the amount usually charged by the provider for the treatment or care. By accepting the compensation paid as allowable expense pursuant to this subdivision, the provider agrees that the compensation is payment in full for the treatment or care and shall not charge or otherwise hold a claimant financially responsible for the cost of services in addition to the amount of allowable expense.

...."

SECTION 19A.3.(b) G.S. 15B-11(g) reads as rewritten:

"(g) Compensation payable to a victim and to all other claimants sustaining economic loss because of injury to, or the death of, that victim may not exceed ~~thirty-fourty-five~~ thousand dollars ~~(\$30,000)–(\$45,000)~~ in the aggregate in addition to allowable funeral, cremation, and burial expenses."

SECTION 19A.3.(c) Subsection (a) of this section is effective when it becomes law and applies to payments for allowable expenses awarded on or after that date. Subsection (b) of this section is effective when it becomes law and applies to compensation paid to a victim on or after that date. The remainder of this section is effective when it becomes law.

**DEPARTMENT OF PUBLIC SAFETY TO WORK WITH OFFICE OF STATE BUDGET
AND MANAGEMENT TO CONVERT POSITIONS FOR ADMINISTRATION OF
NEW DEPARTMENT OF ADULT CORRECTION**

SECTION 19A.4.(a) The Department of Public Safety shall work with the Office of State Budget and Management to convert vacant correctional officer positions into a salary

reserve fund for the Department of Adult Correction to be used to hire administrative staff to support the Department of Adult Correction. The positions converted shall only be positions that have been vacant for at least one year.

SECTION 19A.4.(b) The conversion of positions required by subsection (a) of this section shall not be in excess of 22 full-time equivalent positions and shall not exceed the conversions necessary to yield a sum of two million dollars (\$2,000,000).

SECTION 19A.4.(c) The Department of Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public Safety no later than December 1, 2022, regarding all new positions hired to establish the administrative functions within the new Department of Adult Correction.

SECTION 19A.4.(d) This section is effective when it becomes law.

EXPAND QUALIFICATIONS FOR ABC PERMITTING OF RECREATION DISTRICTS

SECTION 19A.5.(a) G.S. 18B-1006(j) is amended by adding a new subdivision to read:

"(1a) An area that is located in a county that has not approved the issuance of mixed beverages permits; has at least two cities that have approved the sale of malt beverages, wine, and the operation of an ABC store; and contains a facility of at least 90 acres where five or more motorsports-related events are held each year. The Commission shall issue a permit under the authority set forth in this subdivision only to a facility where five or more motorsports-related events are held, or a qualified business contracting with or located at a facility where five or more motorsports-related events are held, and the sale and consumption of alcoholic beverages shall only occur during a motorsports-related event held at the facility."

SECTION 19A.5.(b) This section is effective when it becomes law.

PART XIX-B. LAW ENFORCEMENT

STATE HIGHWAY PATROL AND STATE BUREAU OF INVESTIGATION SALARY ADJUSTMENTS

SECTION 19B.1.(a) Of the five hundred thousand dollars (\$500,000) appropriated in this act for certain salary adjustments for law enforcement officers in the State Highway Patrol, the funds shall only be awarded to Sergeants and First Sergeants.

SECTION 19B.1.(b) Of the five hundred thousand dollars (\$500,000) appropriated in this act for certain salary adjustments for law enforcement officers in the State Bureau of Investigation, the funds shall only be awarded to Assistant Special Agents in Charge, Special Agents in Charge, and Assistant Directors.

PART XIX-C. ADULT CORRECTION

MAKE PRISON WARDENS EXEMPT EMPLOYEES

SECTION 19C.1.(a) G.S. 126-5 is amended by adding a new subsection to read:

"(c17) Except as to the policies, rules, and plans established by the Commission pursuant to G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), 126-4(7), and 126-14.3, and except as to the provisions of G.S. 126-14.2, 126-34.02(b)(1) and (2), and Articles 6 and 7 of this Chapter, this Chapter does not apply to the warden of a State adult correctional facility. Employees in these positions shall be public servants under G.S. 138A-3(70) and shall file Statements of Economic Interest under G.S. 138A-22. Employees in these positions shall receive

the protections of former G.S. 126-5(e) if the employees were hired before the date of its repeal and have the minimum cumulative service to qualify under that subsection."

SECTION 19C.1.(b) This section becomes effective July 1, 2022, and applies to prison wardens hired before, on, or after that date.

REQUIRES PERSONS ON POST-RELEASE SUPERVISION TO RECEIVE CREDIT FOR COMPLIANCE WITH CERTAIN REINTEGRATIVE CONDITIONS

SECTION 19C.2.(a) G.S. 15A-1368.2 reads as rewritten:

"§ 15A-1368.2. Post-release supervision eligibility and procedure.

...

(c) A supervisee's period of post-release supervision shall be for a period of 12 months in the case of Class B1 through E felons and nine months in the case of Class F through I felons, unless the offense is an offense for which registration is required pursuant to Article 27A of Chapter 14 of the General Statutes. For offenses subject to the registration requirement of Article 27A of Chapter 14 of the General Statutes, the period of post-release supervision is five years. The conditions of post-release supervision are as authorized in G.S. 15A-1368.5. G.S. 15A-1368.4.

...

(d) A supervisee's period of post-release supervision ~~may~~ shall be reduced while the supervisee is under supervision by earned time awarded by the Division of Adult Correction and Juvenile Justice of the Department of Public Safety, pursuant to rules adopted in accordance with law. This required reduction of a supervisee's period of post-release supervision shall be ineffective in reducing the period of post-release supervision by more than twenty percent (20%) of the original length of the period of post-release supervision. A supervisee is eligible to receive earned time credit toward the period of supervision for compliance with the reintegrative conditions described in G.S. 15A-1368.5. subdivisions (1) through (5) of subsection (d) of G.S. 15A-1368.4.

...."

SECTION 19C.2.(b) This section becomes effective December 1, 2022, and applies to any person on post-release supervision on or after that date.

PART XIX-D. JUVENILE JUSTICE

EXTEND USE OF SECURITY SERVICES AT ROCKINGHAM YOUTH DEVELOPMENT CENTER

SECTION 19D.1.(a) Section 4.15(c) of S.L. 2020-3, as amended by Section 2 of S.L. 2020-15 and Section 19D.2 of S.L. 2021-180, reads as rewritten:

"SECTION 4.15.(c) This section is effective when it becomes law and expires upon the earlier of August-January 1, 2023, 2024, or the date of completion of the Youth Development Center in Rockingham County."

SECTION 19D.1.(b) This section is effective when it becomes law.

JUVENILE JUSTICE HIE NETWORK REPORT

SECTION 19D.2. No later than April 1, 2023, the Department of Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public Safety, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division regarding the use of funds appropriated in this act to the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, for the digitization of juvenile health records and the ongoing resources necessary to report digital health records to the Health Information Exchange network.

PART XIX-E. EMERGENCY MANAGEMENT AND NATIONAL GUARD

211 SYSTEM COLLABORATION

SECTION 19E.1.(a) G.S. 166A-19.14 reads as rewritten:

"§ 166A-19.14. Priority consideration of North Carolina-based companies when addressing public health emergencies; NC 2-1-1 system.

(a) Priority consideration. – During a public health emergency, the Department of Health and Human Services and the North Carolina Division of Emergency Management within the Department of Public Safety shall first consider North Carolina-based companies that can provide mobile response units with capabilities to reach rural areas of the State. Operations that shall be considered include patient testing or sample collections, feeding operations, triage facilities, and other operations where it is necessary to deliver mobile services to individuals.

(b) NC 2-1-1 Cooperation. – In response to disaster declarations or declared states of emergency, the Division and all other responding and coordinating State agencies shall first consult with the nonprofit organization or other entity operating the NC 2-1-1 system and consider using the NC 2-1-1 system when planning any new or expanded customer service, awareness, education, or other assistance initiative, campaign, or program involving telephonic or text communications to individuals in the State affected by the disaster declaration or declared state of emergency. Nothing in this subsection shall be construed to mandate any State agency use of the NC 2-1-1 system for these purposes."

SECTION 19E.1.(b) This section becomes effective October 1, 2022.

PART XX. ADMINISTRATION

COUNCIL FOR WOMEN/COMMITTEE RECIPIENT NAME CORRECTION

SECTION 20.1. G.S. 50B-9 reads as rewritten:

"§ 50B-9. Domestic Violence Center Fund.

...
(c) On or before September 1, the North Carolina Council for Women and Youth Involvement shall report on the quarterly distributions of the grants from the Domestic Violence Center Fund to the chairs of the House and Senate chairs of the General Government Appropriations Committee Appropriations Committee on General Government and the Senate Appropriations Committee on General Government and Information Technology and to the Fiscal Research Division. The report shall include the following:

- (1) Date, amount, and recipients of the fund disbursements.
- (2) Eligible programs which are ineligible to receive funding during the relative reporting cycle as well as the reason of the ineligibility for that relative reporting cycle."

COUNCIL FOR WOMEN ANNUAL REPORT REQUIREMENT CHANGE

SECTION 20.2. G.S. 143B-394.16 reads as rewritten:

"§ 143B-394.16. Powers and duties of the Commission; reports.

...
(b) Report. – The Commission shall report its findings and recommendations, including any legislative or administrative proposals, to the Joint Legislative Oversight Committee on General Government no later than April-July 1 of each year."

REMOVE COVENANTS FROM DOA PROPERTY SALE TO LUMBEE TRIBAL ADMINISTRATION/REPEAL LUMBEE TRIBE TRUST FUND

SECTION 20.4.(a) Subsection (a) of Section 4 of S.L. 2013-186, as amended by Section 3 of S.L. 2019-162, reads as rewritten:

"SECTION 4. Sale of Parcel 1. – (a) The Department of Administration shall first offer Parcel 1 to the Lumbee Tribal Administration for ~~purchase, subject to the following restrictive covenants that would run with the land, a violation of any of which would result in the property reverting to State ownership:~~

- ~~(1) The land must be made and remain open and available for public use.~~
- ~~(2) The land must be made and remain available for use by North Carolina tribes and American Indian urban organizations for free or at cost.~~
- ~~(3) The parcel cannot be subdivided.~~purchase.

If any provision of this subsection or its application is held invalid, the invalidity does not affect other provisions or applications of this subsection that can be given effect without the invalid provisions or application, and to this end the provisions of this subsection are severable."

SECTION 20.4.(b) G.S. 147-69.2(22) and G.S. 147-69.6A are repealed.

PART XXI. ADMINISTRATIVE HEARINGS

OFFICE OF ADMINISTRATIVE HEARINGS STAFFING FLEXIBILITY

SECTION 21.1. G.S. 7A-760 reads as rewritten:

"§ 7A-760. Number and status of employees; ~~staff assignments; role of State Human Resources Commission.~~assignments.

(a) The number of administrative law judges ~~and employees~~ of the Office of Administrative Hearings shall be established by the General Assembly. For matters related to Office of Administrative Hearings staff, the Chief Administrative Law Judge shall have the same powers as those granted to the head of a principal State department in G.S. 143B-10(c).

(a1) The Chief Administrative Law Judge and five employees of the Office of Administrative Hearings as designated by the Chief Administrative Law Judge are exempt from provisions of the North Carolina Human Resources Act as provided by G.S. 126-5(c1)(27). All other employees of the Office of Administrative Hearings are subject to the North Carolina Human Resources Act.

...."

PART XXII. AUDITOR

PERFORMANCE AUDIT OF VOLUNTEER FIRE DEPARTMENT FUND

SECTION 22.1.(a) The State Auditor shall conduct a performance audit of the Volunteer Fire Department Fund in the Department of Insurance. The audit shall include an examination of all of the following:

- (1) Adherence to the guidelines for awarding grants as specified in (i) G.S. 58-87-1, effective prior to December 1, 2021; (ii) G.S. 58-87-1, as amended in Section 2 of S.L. 2021-178, effective December 1, 2021; and (iii) Section 30.2 of S.L. 2021-180.
- (2) The disbursement of grant funds pursuant to G.S. 58-87-1, effective prior to December 1, 2021, and G.S. 58-87-1, as amended in Section 2 of S.L. 2021-178, effective December 1, 2021, including the name of each grant recipient, the county in which the recipient is located, the actual amount of each grant, the total number of grants awarded to each recipient, and the average amount of the grants awarded.
- (3) The disbursement of grant funds pursuant to Section 30.2 of S.L. 2021-180, including all of the information required by subdivision (2) of this subsection for each of the following:
 - a. Base allocation grants.
 - b. Supplemental grants.

c. Emergency reserve grants.

SECTION 22.1.(b) By February 1, 2023, the State Auditor shall submit a report on the performance audit required by subsection (a) of this section to the Joint Legislative Oversight Committee on General Government and to the Fiscal Research Division. The Department of Insurance shall give the State Auditor full access to all data necessary to complete the audit and the report authorized by this section.

PART XXIII. BUDGET AND MANAGEMENT

OSBM/REPORT TO OVERSIGHT COMMITTEE ON NEW POSITIONS

SECTION 23.1. The Office of State Budget and Management shall report quarterly to the Joint Legislative Oversight Committee on General Government (Committee) and the Fiscal Research Division on the number of new positions established by a State agency under the purview of the Committee and approved by the Director of the Budget. The report shall include all of the following: (i) the justification for each position established, (ii) the position title and duties of each position, (iii) the salary for each position, and (iv) the source of funds used to establish each position.

CITY OF CONOVER/EXTEND REVERSION DATE

SECTION 23.2.(a) Section 3.2(b) of S.L. 2021-3 reads as rewritten:

"**SECTION 3.2.(b)** The funds appropriated in this section shall not revert until June 30, ~~2022-2023.~~"

SECTION 23.2.(b) This section becomes effective June 30, 2022.

PART XXIV. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS

DARE COUNTY AFFORDABLE HOUSING

SECTION 24.1.(a) Section 11.3(b) of S.L. 2022-6 is repealed.

SECTION 24.1.(b) Of the funds appropriated in this act from the Housing Reserve, as established in Section 2.2 of this act, to the Office of State Budget and Management, the sum of thirty-five million dollars (\$35,000,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used to provide a directed grant to Dare County for the purpose of making a forgivable loan to the qualified private partner selected by the County to construct affordable housing units in accordance with the County's longstanding master development plan to increase workforce housing, including policies and practices contained in the report entitled "Affordable Housing Best Practice" prepared by RTI International in 2016 and presented to the Dare County Board of Commissioners. Dare County and the selected qualified private partner shall enter into a written agreement to implement the provisions of this section. The selected qualified private partner shall not be subject to the provisions of Article 3 or Article 8 of Chapter 143 of the General Statutes.

SECTION 24.1.(c) All of the following shall apply to the agreement between Dare County and the selected qualified private partner:

- (1) The agreement shall authorize the use of loan funds for new construction and the acquisition of land for new construction.
- (2) The agreement shall be for a term of 25 years. Upon the expiration of the agreement, Dare County and the qualified private partner may, upon mutual consent, agree to renew the agreement for additional five-year terms.
- (3) As service repayment on the forgivable loan, the qualified private partner shall provide affordable housing at a cost-savings between the usual and market rate for housing of the type developed, which rate shall be determined jointly by Dare County and the qualified private partner, and a lower rate which shall be set by the qualified private partner. The agreement shall account for

cost-savings that total the amount of the forgivable loan over the term of the agreement. Dare County shall, on an annual basis, forgive that portion of the loan based on the provision of reduced housing costs by the qualified private partner.

- (4) If the qualified private partner does not provide housing cost-savings in an amount equal to the amount of the forgivable loan over the term of the agreement, the qualified private partner shall repay to Dare County within 90 days of the date the agreement terminates an amount equal to the remaining service repayment obligation. Dare County shall remit any funds repaid under this subdivision to the Office of State Budget and Management for deposit in the General Fund as nontax revenue.
- (5) Dare County shall perform all administrative functions necessary to implement the agreement.

OSBM/LOCAL GOVERNMENT PROJECTS

SECTION 24.2. Of the funds appropriated in this act from the Local Project Reserve, as established in Section 2.2 of this act, to the Office of State Budget and Management, the sum of thirty-six million two hundred forty-three thousand dollars (\$36,243,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used to provide directed grants to the following local governments and public entities for public purposes:

- (1)
 - a. One million four hundred fifty-six thousand twenty-four dollars (\$1,456,024) to Cleveland County.
 - b. One million dollars (\$1,000,000) to Cleveland County for the County Fair.
- (2) Six hundred eighty-eight thousand two hundred forty-five dollars (\$688,245) to Lincoln County.
- (3) Thirty thousand seven hundred thirty-one dollars (\$30,731) to the Town of Stanley.
- (4) Five hundred thousand dollars (\$500,000) to Ashe County.
- (5) Two hundred fifty thousand dollars (\$250,000) to the Town of Lansing.
- (6) Seven hundred seventy-five thousand dollars (\$775,000) to Nash County.
- (7) Three hundred sixty-five thousand dollars (\$365,000) to the Town of Nashville.
- (8) Five hundred thousand dollars (\$500,000) to Vance County.
- (9) Seven hundred fifty thousand dollars (\$750,000) to Franklin County.
- (10) Four hundred fifty thousand dollars (\$450,000) to Rockingham County.
- (11) Fifty thousand dollars (\$50,000) to the Town of Milton.
- (12) Eight hundred sixty thousand dollars (\$860,000) to the City of Eden.
- (13) Five hundred thousand dollars (\$500,000) to the City of Reidsville.
- (14) Two hundred fifty thousand dollars (\$250,000) to the Town of Wentworth.
- (15) One million five hundred thousand dollars (\$1,500,000) to Harnett County.
- (16) Eight hundred thousand dollars (\$800,000) to Lee County.
- (17) Fifty thousand dollars (\$50,000) to Johnston County.
- (18) One hundred fifty thousand dollars (\$150,000) to Sampson County.
- (19) Six hundred thousand dollars (\$600,000) to Randolph County.
- (20) One million dollars (\$1,000,000) to Burke County.
- (21) Seven hundred fifty thousand dollars (\$750,000) to McDowell County.
- (22) One million dollars (\$1,000,000) to Henderson County.
- (23) Five hundred thousand dollars (\$500,000) to Transylvania County.
- (24) Five hundred thousand dollars (\$500,000) to Rowan County.

- (25) Two million four hundred fifty-seven thousand dollars (\$2,457,000) to Sampson County.
- (26) One million five hundred thousand dollars (\$1,500,000) to Davidson County.
- (27) One hundred thousand dollars (\$100,000) to the Davidson County Sheriff's Office.
- (28) Seven hundred thousand dollars (\$700,000) to Davie County.
- (29) Eighty thousand dollars (\$80,000) to the Davie County Sheriff's Office.
- (30) Eight hundred fifty thousand dollars (\$850,000) to Union County.
- (31) One million three hundred thousand dollars (\$1,300,000) to Stokes County.
- (32) Seven hundred thousand dollars (\$700,000) to Forsyth County.
- (33) a. Four hundred thousand dollars (\$400,000) to the Town of Kernersville.
- b. Two hundred fifty thousand dollars (\$250,000) to the Town of Kernersville for parks and recreation projects.
- (34) Five hundred thousand dollars (\$500,000) to Onslow County.
- (35) a. One million two hundred fifty thousand dollars (\$1,250,000) to the City of Jacksonville.
- b. Two hundred fifty thousand dollars (\$250,000) to the City of Jacksonville for the Lejeune Memorial Gardens.
- (36) Three hundred thousand dollars (\$300,000) to the Town of Richlands.
- (37) Two million four hundred thousand dollars (\$2,400,000) to Lenoir County.
- (38) Two hundred fifty thousand dollars (\$250,000) to the Town of Maiden.
- (39) Seven hundred fifty thousand dollars (\$750,000) to Alexander County.
- (40) One hundred fifty thousand dollars (\$150,000) to the Town of Stantonsburg.
- (41) Six hundred thousand dollars (\$600,000) to Hyde County.
- (42) Four hundred thousand dollars (\$400,000) to Tyrell County.
- (43) Nine hundred thousand dollars (\$900,000) to Bertie County.
- (44) One hundred twenty-six thousand dollars (\$126,000) to Washington County.
- (45) a. One million dollars (\$1,000,000) to Edgecombe County.
- b. One million dollars (\$1,000,000) to Edgecombe County to assist the County with costs associated with the fire at the QVC facility and with post-fire cleanup at the QVC facility.
- c. Two hundred fifty thousand dollars (\$250,000) to Edgecombe County for the QVC employee support program.
- (46) Two hundred fifty thousand dollars (\$250,000) to the City of Fayetteville for parks and recreation projects.
- (47) Seven hundred thirty thousand dollars (\$730,000) to the Town of Williamston for riverwalk development.
- (48) Five hundred thousand dollars (\$500,000) to the Village of Marvin for Village Parks.
- (49) Six hundred fifty thousand dollars (\$650,000) to the Town of Huntersville for the Huntersville Family Fitness & Aquatics Center.
- (50) Three hundred thousand dollars (\$300,000) to the City of Archdale Police Department for information technology update.
- (51) Seventy-five thousand dollars (\$75,000) to Surry County for the YESurry Entrepreneurial Competition.

PART XXV. CONTROLLER [RESERVED]

PART XXVI. ELECTIONS

SBE/USE OF HAVA FUNDS

SECTION 26.1. The State Board of Elections (Board) shall use federal Help America Vote Act (HAVA) funds appropriated in this act for the 2022-2023 fiscal year for the following purposes:

- (1) The maintenance and update of voter lists in coordination with county boards of election.
- (2) The retention and preservation of State election records and papers consistent with the requirements for federal elections as prescribed by Title 52 U.S.C. § 20701.
- (3) The funding to continue no more than 10 current, full-time information technology positions, including the Chief Information Technology Officer.
- (4) A one-time analysis of the State's voter registration data by the Electronic Registration Information Center, Inc. (ERIC), and a subsequent mailing to affected individuals by the State Board of Elections to improve the accuracy of voter registration records.

SBE/CONTINUED MEMBERSHIP IN ERIC

SECTION 26.3. If the State's continued membership in the Electronic Registration Information Center (ERIC) requires the State Board of Elections or a local board of elections to change any of the policies or procedures related to elections in this State, the change in policy or procedure shall not occur unless approved by an act of the General Assembly.

PART XXVII. GENERAL ASSEMBLY

EXPAND RECIPIENTS OF STATE AGENCY REPORTS

SECTION 27.1. G.S. 120-308 reads as rewritten:

"§ 120-308. Reports to Committee.

Whenever a department, office, or agency set out in subdivision (a)(1) of G.S. 120-306 is required by law to report to the General Assembly or to any of its permanent committees or subcommittees on matters affecting the services the department or agency provides, the department or agency shall transmit a copy of the report to the ~~cochairs-members~~ of the Joint Legislative Oversight Committee on General ~~Government~~Government and the Fiscal Research Division."

PART XXVIII. GOVERNOR [RESERVED]

PART XXIX. HOUSING FINANCE AGENCY

WORKFORCE HOUSING LOAN PROGRAM

SECTION 29.1.(a) Subsections (c) and (d) of Section 29.4 of S.L. 2021-180, as amended by Section 6.4 of S.L. 2021-189 and Section 11.2 of S.L. 2022-6, are repealed.

SECTION 29.1.(b) Of the funds appropriated in this act from the Housing Reserve, as established in Section 2.2 of this act, to the North Carolina Housing Finance Agency, the sum of one hundred seventy million dollars (\$170,000,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used first to address funding gaps in previously awarded deals for eligible projects under G.S. 122A-5.15 resulting from the COVID-19 pandemic, including any cost increases, as determined by the Agency. Any funds remaining after the funding gaps have been addressed shall be used to make loans for new eligible projects under G.S. 122A-5.15. The cap on the amount of loans that may be made under G.S. 122A-5.15(c) shall not apply to funds used to address funding gaps in previously awarded deals for eligible projects.

PART XXX. INSURANCE

VOLUNTEER FIRE DEPARTMENT FUND/ELIMINATE STATUTORY APPROPRIATION

SECTION 30.1. G.S. 58-87-1(d) is repealed.

DELAY PUBLICATION OF ANNUAL WORKERS' COMPENSATION FUND ACTUARIAL STUDY

SECTION 30.2. Notwithstanding the provisions of G.S. 58-87-10(f)(4), for the 2022 calendar year only, the Department of Insurance shall publish the annual Workers' Compensation Fund actuarial study no later than October 1, 2022.

VOLUNTEER FIRE DEPARTMENTS/BASE ALLOCATION GRANTS

SECTION 30.3.(a) Grants Authorized; Eligibility. – Of the funds appropriated in this act to the Department of Insurance for the 2022-2023 fiscal year, the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds shall be used to provide base allocation grants in the amount of ten thousand dollars (\$10,000) to eligible fire departments under G.S. 58-87-1(b) that applied for a base allocation grant pursuant to Section 30.2(b) of S.L. 2021-180 but did not receive such a grant. The base allocation grant authorized by this section shall be used for purposes consistent with G.S. 58-87-1(a1)(3). Base allocation grants do not require a match and shall be made as soon as practicable, but not later than August 1, 2022.

SECTION 30.3.(b) Insufficient Funds. – If the one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds described in subsection (a) of this section are insufficient to provide base allocation grants for all eligible fire departments that qualify under subsection (a) of this section, the balance of funds needed to meet the requirements of subsection (a) of this section shall be drawn from the cash balance in the Volunteer Fire Department Fund, Budget Code 23900, Fund Code 2133, and those funds are hereby appropriated.

SECTION 30.3.(c) Report. – Within 60 days after all base allocation grants have been awarded as provided in 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 and post on the Department's website which details (i) the total number of base allocation grants awarded under this section, by county, and (ii) the name of each eligible fire department, by county, to which a base allocation grant was awarded and the amount of the grant.

SECTION 30.3.(d) Reversion of Funds. – Any unexpended and unencumbered funds at the end of the 2022-2023 fiscal year that were appropriated for the purposes authorized by this section shall revert to the fund from which the appropriation was made.

SECTION 30.3.(e) Supplemental Grant. – An eligible fire department awarded a base allocation grant as authorized by this section is also eligible for a supplemental grant under Section 30.4 of this act.

VOLUNTEER SAFETY DEPARTMENTS/UNITS SUPPLEMENTAL GRANTS

SECTION 30.4.(a) Supplemental Grants Authorized. – Of the funds appropriated in this act to the Department of Insurance for the 2022-2023 fiscal year, the sum of thirty-six million five hundred seventy-five thousand dollars (\$36,575,000) in nonrecurring funds shall be used to provide supplemental grants in the amount of thirty-five thousand dollars (\$35,000) each to eligible fire departments under G.S. 58-87-1(b) and eligible rescue and EMS units under G.S. 58-87-5(b). The supplemental grants authorized by this section shall be awarded in addition to and shall not supplant grants awarded pursuant to G.S. 58-87-1 or G.S. 58-87-5.

SECTION 30.4.(b) Insufficient Funds. – If the thirty-six million five hundred seventy-five thousand dollars (\$36,575,000) in nonrecurring funds described in subsection (a) of this section are insufficient to provide supplemental grants for all eligible fire departments and eligible rescue and EMS units that apply as provided in subsection (c) of this section, the balance of funds needed to meet the requirements of subsection (a) of this section shall be drawn from the cash balance in the Volunteer Fire Department Fund, Budget Code 23900, Fund Code 2133, and those funds are hereby appropriated.

SECTION 30.4.(c) Application; Award. – Eligible fire departments and eligible rescue and EMS units may apply to the Commissioner for a supplemental grant to be used for purposes related to the operations and functions of the departments or units; provided, however, that an eligible fire department or eligible rescue or EMS unit that applied pursuant to Section 30.2(c) of S.L. 2021-180 shall not be required to apply pursuant to this section but shall be deemed to have applied as required by this section. The Department shall award only one supplemental grant of thirty-five thousand dollars (\$35,000) for the 2022-2023 fiscal year to each eligible fire department and each eligible rescue and EMS unit to help mitigate the financial impact of the COVID-19 pandemic and its impact on the department's and unit's ability to conduct fundraising and generate revenue. In no case shall an eligible fire department or eligible rescue or EMS unit be awarded more than one supplemental grant under this section for the 2022-2023 fiscal year even if the eligible fire department or eligible rescue or EMS unit qualifies under both G.S. 58-87-1 and G.S. 58-87-5; provided, however, that an eligible fire department awarded a base allocation grant under Section 30.3 of this act is also eligible for a supplemental grant under this section. Supplemental grants do not require a match and shall be made as soon as practicable, but not later than October 1, 2022.

SECTION 30.4.(d) Report. – Within 60 days after all supplemental grants have been awarded as provided in 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 and post on the Department's website which details (i) the total number of supplemental grants awarded under this section, by county, and (ii) the name of each eligible fire department and eligible rescue or EMS unit, by county, to which a supplemental grant was awarded and the amount of the grant.

SECTION 30.4.(e) Reversion of Funds. – Any unexpended and unencumbered funds at the end of the 2022-2023 fiscal year that were appropriated for the purposes authorized by this section shall revert to the fund from which the appropriation was made.

SECTION 30.4.(f) Transfer of Funds. – Notwithstanding the provisions of G.S. 58-6-25, for the 2022-2023 fiscal year, the Department of Insurance:

- (1) Shall transfer, on a quarterly basis, from the Insurance Regulatory Fund to Budget Code 13900, a sum of funds sufficient to offset the one-time adjustment in the Department's operating budget made in this act; provided, however, the funds transferred from the Insurance Regulatory Fund to Budget Code 13900 in the 2022-2023 fiscal year shall not exceed the sum of twenty-six million five hundred seventy-five thousand dollars (\$26,575,000).
- (2) Shall not reimburse the General Fund for the appropriation made in this act to the Department for the purpose of providing supplemental grants as authorized by this section.

SECTION 30.4.(g) Prior Law Repealed. – Section 30.2(c) of S.L. 2021-180 is repealed.

PART XXXI. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]

PART XXXII. LIEUTENANT GOVERNOR [RESERVED]

PART XXXIII. MILITARY AND VETERANS AFFAIRS [RESERVED]

PART XXXIV. REVENUE

DEPARTMENT OF REVENUE SYSTEMS PROJECTS UPDATE REPORT DUE QUARTERLY

SECTION 34.1. Section 8.1 of S.L. 2019-246, as amended by Section 34.4 of S.L. 2021-180, reads as rewritten:

"SECTION 8.1.(a) The Department of Revenue shall update its electronic tax systems to store and recognize power of attorney registrations to ensure that notices generated by the Department are simultaneously sent to both the taxpayer and the person designated in the taxpayer's power of attorney registration. By January 31, 2020, the Department shall report to the Joint Legislative Oversight Committee on General Government on its progress in updating its electronic tax systems to store and recognize power of attorney registrations.

"SECTION 8.1.(b) By ~~January 1, 2022~~, July 1, 2022, and ~~monthly~~ quarterly thereafter, the Department of Revenue shall submit a written report on the status of the power of attorney registration project required by subsection (a) of this section to the chairs of the House Appropriations Committee on General Government and the Senate Appropriations Committee on General Government and Information Technology and the Fiscal Research Division. The ~~monthly~~ quarterly report shall also include an update on the status of the Collections Case Management system implementation and the IBM 4100 replacement project currently underway in the Department."

PART XXXV. SECRETARY OF STATE [RESERVED]

PART XXXVI. TREASURER [RESERVED]

PART XXXVII. GENERAL GOVERNMENT [RESERVED]

PART XXXVIII. INFORMATION TECHNOLOGY

BROADBAND GRANT CHANGES

SECTION 38.1.(a) Section 38.4(a) of S.L. 2021-180 reads as rewritten:

"SECTION 38.4.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Information Technology for broadband infrastructure grants, and in accordance with applicable federal guidelines, the Department of Information Technology shall administer broadband infrastructure grants through the Growing Rural Economies with Access to Technology (G.R.E.A.T.) grant program. Grant applications shall be submitted and grant funds shall be awarded pursuant to G.S. 143B-1373, with the exception of the following:

...

- (11) Additional points shall be awarded to counties providing a portion of a project's matching funds entirely from federal American Rescue Plan Act (P.L. 117-2) funds the county received directly from the federal government. For counties that received an aggregate of eight million dollars (\$8,000,000) or more directly from the federal government, the following points shall be added to the application score:

County Match	Points
<u>\$200,000, up to \$1,000,000</u>	<u>1</u>
<u>\$1,000,000, up to \$2,000,000</u>	<u>42</u>
<u>\$2,000,000, up to \$4,000,000</u>	<u>23</u>

\$4,000,000, up to \$6,000,000	<u>34</u>
\$6,000,000, up to \$8,000,000	<u>45</u>
\$8,000,000, or greater	<u>56</u>

For counties that (i) received less than an aggregate of eight million dollars (\$8,000,000) directly from the federal government from the American Rescue Plan Act (P.L. 117-2) and (ii) are providing a portion of a project's matching funds using the entirety of the federal funds the county received, together with any other unrestricted general fund monies, if needed, the following points shall be added to the application score:

County Match	Points
\$250,000, \$100,000, up to \$6,000,000	6
\$6,000,000, up to \$8,000,000	7

...."

SECTION 38.1.(b) Section 38.4(a)(13) of S.L. 2021-180 reads as rewritten:

"(13) The provisions of G.S. 143B-1373(j) are replaced with the following:

Grant recipients are required to provide matching funds based upon the application scoring pursuant to this section in the following minimum amounts:

Score	Matching Requirement
12.0 points or less	50%
Greater than 12.0 points, but less than 17.5 points	45%
17.5 points, up to 22.0 points	40%
Greater than 22.0 points	30%

Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of third-party funding, including funds from other grant programs or federal funds, to the extent applicable rules permit. ~~A grant recipient receiving a portion of matching funds from a county, where the county portion of matching funds is partially comprised of federal American Rescue Plan Act (P.L. 117-2) funding, may have the grant recipient's portion of the matching requirement imposed under this subdivision reduced to a maximum of twenty five percent (25%). A grant recipient receiving a portion of matching funds from a county, where the county portion of matching funds is entirely comprised of federal American Rescue Plan Act (P.L. 117-2) funding, may have the grant recipient's portion of the matching requirement imposed under this subdivision reduced to a maximum of fifteen percent (15%).~~"

SECTION 38.1.(c) Section 38.4(a) of S.L. 2021-180 reads as rewritten:

"SECTION 38.4.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Information Technology for broadband infrastructure grants, and in accordance with applicable federal guidelines, the Department of Information Technology shall administer broadband infrastructure grants through the Growing Rural Economies with Access to Technology (G.R.E.A.T.) grant program. Grant applications shall be submitted and grant funds shall be awarded pursuant to G.S. 143B-1373, with the exception of the following:

...

(11a) The Office shall score applications based upon the metrics provided in G.S. 143B-1373(g), as modified by this section. In awarding grants based upon the scoring metrics, the Office shall also award an additional point to projects where a county has a Community Broadband Planning Playbook that meets the guidelines established by the Office.

...."

SECTION 38.1.(d) G.S. 143B-1373.1, as enacted by Section 38.6 of S.L. 2021-180, reads as rewritten:

"§ 143B-1373.1. Completing Access to Broadband program.

...

(d) A broadband service provider selected for a project under this section may provide up to thirty percent (30%) of the total estimated project cost. The Office may commit up to thirty-five percent (35%) of the total estimated project cost from monies in the CAB Fund. The county requesting the project shall be responsible for at least thirty-five percent (35%) of the total estimated project cost and shall utilize federal American Rescue Plan Act (P.L. 117-2) funds or nonrestricted general funds for that purpose. In the event CAB Fund monies are insufficient to fund a project, a county may increase its share of the total estimated project cost, or the Office may adjust the scope of the project to meet the level of available funding. No county may receive more than ~~four-eight~~ million dollars ~~(\$4,000,000)-(\$8,000,000)~~ in aggregate funding from the CAB Fund in any single fiscal year.

...."

SECTION 38.1.(e) G.S. 143B-1373.2(a)(8), as enacted by Section 38.7(a) of S.L. 2021-180, reads as rewritten:

"(8) Unserved household. – A household located in this State that does not have access to broadband service from a wireline or wireless service provider. A household that is included in an area where a grant from ~~the Growing Rural Economies with Access to Technology (GREAT) program pursuant to G.S. 143B-1373~~ a State broadband grant program has been awarded is not eligible for a grant under this section."

SECTION 38.1.(f) G.S. 143B-1373(g)(6) reads as rewritten:

"(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

Up to 100:10 <u>100:20</u> Mbps.	1.35
100:10 <u>Greater than 100:20</u> Mbps. up to 200:20 Mbps.	1.75
200:20 Mbps. or greater Mbps., up to 100:100 Mbps.	2.00
100-100:100 Mbps., symmetrical up to 400:400 Mbps.	3.00
<u>400:400 Mbps.</u>	<u>4.00</u>
Greater than 400:100 <u>400:400</u> Mbps.	4.00 <u>5.00</u> "

SECTION 38.1.(g) For broadband infrastructure projects that were submitted and were not awarded grants under Section 38.4 of S.L. 2021-180, but were otherwise eligible under that program, the Office of Broadband Infrastructure may, at the election of the county, fund the identical project under G.S. 143B-1373.2, as enacted by Section 38.6 of S.L. 2021-180, without utilizing the request for proposals process outlined in that program.

SECTION 38.1.(h) Subsections (g) and (h) of this section are effective when they become law. The remainder of this section becomes effective January 1, 2023.

EXPAND G.R.E.A.T. FOR WIRELESS BROADBAND

SECTION 38.2. Article 15 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-1373.3. Wireless broadband grants.

(a) As used in this section, the definitions contained in G.S. 143B-1373(a) apply, with the exception of the following:

- (1) Broadband service. – For the purposes of this section, wireless internet access service with transmission speeds of at least 100 megabits per second (Mbps) download and at least 20 megabits per second upload (100:20), and a latency sufficient to support real-time, interactive applications. The term does not include satellite-based internet access service.
- (2) Eligible project. – An eligible project is a discrete and specific project located in an unserved economically distressed area seeking to provide broadband service to homes, businesses, and community anchor points not currently served. 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. End users that are capable of receiving broadband service outside of the project area shall not be counted for purposes of scoring project applications.
- (3) Infrastructure. – All equipment, machinery, supplies, or other tangible real or personal property used in connection with the provision of broadband service to end users. The term also includes easements, rights-of-way, and buildings or structures owned or leased by the entity that are made available for location or collocation purposes.
- (4) Infrastructure costs. – Costs directly related to the construction of broadband infrastructure for the extension of broadband service for an eligible project, including installation, acquiring or updating easements, backhaul infrastructure, and testing costs. The term also includes engineering and any other costs associated with the initial procurement of a location or collocation site for the purpose of installing infrastructure on public or private property and costs required to be paid during the construction period of the project to secure leased location or collocation facilities to be used for the delivery of broadband to an end user. The term does not include overhead or administrative costs or annual lease payments for location or collocation sites that are (i) outside of the project area or (ii) within the project area but paid after construction is completed.
- (5) Unserved area. – A designated geographic area in which eighty percent (80%) or more of homes, businesses, and community anchor points lack access to broadband service. Areas where a private provider has been designated to receive funds through other State- or federally funded programs designed specifically for broadband deployment shall be considered served if such funding is intended to result in construction of broadband in the area within 18 months or for the duration of the federal funding program for that area, or if the funding recipient is otherwise in good standing with the funding agency's regulations governing the funding program.

(b) The Office shall accept and score applications and award grants for eligible projects under this section in the manner prescribed in G.S. 143B-1373, with the exception of the following:

- (1) Protests of applications made under this section may be submitted in accordance with the provisions in G.S. 143B-1373(e), except that a provider may protest that a proposed project area does not meet the definition of unserved provided in this section.
- (2) 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 Region:

<u>Est. Cost per Household/Business</u>	<u>Points</u>
<u>Up to \$1,000</u>	<u>9</u>
<u>\$1,000, up to \$2,000</u>	<u>8</u>
<u>\$2,000, up to \$3,500</u>	<u>7</u>
<u>\$3,500, up to \$5,000</u>	<u>6</u>
<u>\$5,000, up to \$6,000</u>	<u>5</u>
<u>\$6,000 and over</u>	<u>0</u>

b. For projects located in the Mountain Region:

<u>Est. Cost per Household/Business</u>	<u>Points</u>
<u>Up to \$1,500</u>	<u>9</u>
<u>\$1,500, up to \$2,500</u>	<u>8</u>
<u>\$2,500, up to \$4,500</u>	<u>7</u>
<u>\$4,500, up to \$6,000</u>	<u>6</u>
<u>\$6,000, up to \$7,000</u>	<u>5</u>
<u>\$7,000 and over</u>	<u>0</u>

- (3) Speed to market. – The Office shall give additional points to projects that minimize the time to begin providing broadband service to end users. Points shall be given to projects based upon the estimated speed to market as follows:

<u>Service Time to End Users</u>	<u>Points</u>
<u>Up to six months</u>	<u>9</u>
<u>Six months, up to one year</u>	<u>8</u>
<u>One year, up to two years</u>	<u>7</u>
<u>Two years and over</u>	<u>0</u>

- (4) Base speed multiplier. – Projects that will provide minimum download and minimum upload speeds shall have the aggregate points given under subdivisions (2) and (3) of this subsection and subdivisions (1) through (4) of G.S. 143B-1373(g) multiplied by a factor at the level indicated in the table below:

<u>Minimum Download: Minimum Upload</u>	<u>Score Multiplier</u>
<u>100:20 Mbps. up to 300:50 Mbps.</u>	<u>1.00</u>
<u>300:50 Mbps., or greater</u>	<u>3.00</u>

- (5) The Office shall give additional points to projects as follows:

- a. Four points for a project that also provides customers mobile broadband within the same project area.
- b. Ten points for projects that do not require new tower construction.
- c. Five points for projects (i) constructing up to four new towers and (ii) that have an estimated cost per household or business under three thousand five hundred dollars (\$3,500) in the Piedmont or Coastal Plain Region or under six thousand dollars (\$6,000) in the Mountain Region.

(c) The Office shall allocate up to five million dollars (\$5,000,000) each fiscal year in State funds for grants under this section. The Office shall utilize ungranted funds under this section to award grants under G.S. 143B-1373."

RAISE COUNTY CAP FOR STATE RECOVERY FUND BROADBAND GRANTS

SECTION 38.3.(a) Section 38.4(a)(12) of S.L. 2021-180 reads as rewritten:

"(12) The grant limitation amounts in G.S. 143B-1373(i) are changed as follows:

A single grant award shall not exceed ~~four-eight~~ million dollars ~~(\$4,000,000)-~~
~~(\$8,000,000)~~. No combination of grant awards involving any single county
may exceed ~~eight-thirty-two~~ million dollars ~~(\$8,000,000)-(\$32,000,000)~~ in a
fiscal year. Any project that is applied for and not funded in an award round
under this section shall be eligible for funding under the Completing Access
to Broadband program pursuant to G.S. 143B-1373.1."

SECTION 38.3.(b) This section becomes effective January 1, 2023, and applies to
grant funds awarded on or after that date.

FUTURE USE OF FEDERAL INFRASTRUCTURE BROADBAND FUNDS

SECTION 38.4.(a) Of the funds received by the State from the federal Infrastructure
Investment and Jobs Act (P.L. 117-58) intended for broadband, it is the intent of the General
Assembly to use those funds for the benefit of broadband infrastructure grants as follows:

- (1) Fifty percent (50%) of federal Infrastructure Investment and Jobs Act (P.L.
117-58) broadband funds to the Department of Information Technology to be
used in accordance with Section 38.4 of S.L. 2021-180, as amended.
- (2) Forty percent (40%) of federal Infrastructure Investment and Jobs Act (P.L.
117-58) broadband funds to the Department of Information Technology to be
used in accordance with Section 38.6 of S.L. 2021-180, as amended.
- (3) Ten percent (10%) of federal Infrastructure Investment and Jobs Act (P.L.
117-58) broadband funds to the Department of Information Technology to be
used in accordance with Section 38.5 of S.L. 2021-180, as amended.
Notwithstanding any provision of Section 38.5 of S.L. 2021-180, as amended,
to the contrary, funds utilized under this subdivision shall be used to deploy
broadband service in remote areas or areas where terrain or other
physiographic features are identified by a county, and the State project cost
responsibility shall be up to ninety-five percent (95%).

SECTION 38.4.(b) The Department of Information Technology shall incorporate
the intent of the General Assembly as described in subsection (a) of this section in any proposal
or application for funding under the federal Infrastructure Investment and Jobs Act (P.L. 117-58)
for grants in the Broadband Equity, Access, and Deployment Program and the Enabling Middle
Mile Broadband Infrastructure Program. Federal funds received under the federal Infrastructure
Investment and Jobs Act (P.L. 117-58) for broadband programs shall remain unexpended until
appropriated by an act of the General Assembly.

GLOBAL TRANSPARK BROADBAND GRANT

SECTION 38.5.(a) Notwithstanding any provision of law to the contrary, the North
Carolina Global TransPark Authority (Authority) is authorized to receive and administer grant
funding from the National Telecommunications and Information Administration for the
expansion of broadband infrastructure and access in Lenoir County. The Department of
Information Technology may provide assistance in administering the grant funds described in
this section at the request of the Authority.

SECTION 38.5.(b) This section expires June 30, 2027.

PART XXXIX. SALARIES AND BENEFITS

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASE/EFFECTIVE JULY 1, 2022

SECTION 39.1. Section 39.1(a1) of S.L. 2021-180 reads as rewritten:

"SECTION 39.1.(a1) Effective July 1, 2022, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2022, is awarded:

- (1) A legislative salary increase in the amount of ~~two and one-half percent (2.5%)~~ three and one-half percent (3.5%) of annual salary in the 2022-2023 fiscal year.
- (2) Any salary adjustment otherwise allowed or provided by law."

LABOR MARKET ADJUSTMENT RESERVE

SECTION 39.2.(a) Of the Labor Market Adjustment Salary Reserve funds appropriated in this Act, agencies shall award salary adjustments to identified employees pursuant to the following requirements:

- (1) Any increase provided to an employee shall not exceed the greater of fifteen thousand dollars (\$15,000) or fifteen percent (15%) of their current base salary.
- (2) Any increase provided to an employee may not result in the employee's salary exceeding the maximum salary of the salary range associated with the position.
- (3) No more than twenty-five percent (25%) of the agency's permanent employees may receive a salary increase from the funds appropriated for this purpose.
- (4) Funds may not be awarded to employees in positions with salaries set in law or paid based on an experience-based salary schedule that is eligible to receive funding from the Pay Plan Reserve.
- (5) Funds must be used to increase salaries paid to employees and shall not be used to supplant other funding sources or for any other purpose.

SECTION 39.2.(b) The provisions of subsection (a) of this section do not apply to the State Highway Patrol or the State Bureau of Investigation, and no allocations shall be made to those agencies for labor market adjustments.

SECTION 39.2.(c) The Director of the Budget may adjust a State agency's budgeted receipts to provide an equivalent one percent (1%) Labor Market Adjustment Salary Reserve subject to the requirements in subsection (a) of this section, provided that sufficient receipts are available. Agency receipts needed to implement this section are appropriated for the 2022-2023 fiscal year.

SECTION 39.2.(d) The Office of State Human Resources (OSHR) shall compile a single report detailing how these funds were distributed by each agency. The OSHR shall develop a uniform reporting mechanism for agencies that displays the salary increases made for each position classification, the average increase provided to employees in each position classification, and the market-based justification for the awarded salary increases. Agencies receiving Labor Market Adjustment Salary Reserve appropriations shall report to the OSHR by September 30, 2022. By October 31, 2022, the OSHR shall submit the report containing the agency responses to the Fiscal Research Division.

GOVERNOR AND COUNCIL OF STATE

SECTION 39.3.(a) Effective July 1, 2022, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred sixty-two thousand five hundred seventy-seven dollars (\$162,577)~~ one hundred sixty-five thousand seven hundred fifty dollars (\$165,750) annually, payable monthly."

SECTION 39.3.(b) Section 39.3(b1) of S.L. 2021-180 reads as rewritten:

"SECTION 39.3.(b1) Effective July 1, 2022, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	Annual Salary
Lieutenant Governor	\$143,619 <u>\$146,421</u>
Attorney General	143,619 <u>146,421</u>
Secretary of State	143,619 <u>146,421</u>
State Treasurer	143,619 <u>146,421</u>
State Auditor	143,619 <u>146,421</u>
Superintendent of Public Instruction	143,619 <u>146,421</u>
Agriculture Commissioner	143,619 <u>146,421</u>
Insurance Commissioner	143,619 <u>146,421</u>
Labor Commissioner	143,619 <u>146,421</u> "

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 39.4. Section 39.4(a1) of S.L. 2021-180 reads as rewritten:

"**SECTION 39.4.(a1)** Effective July 1, 2022, the annual salaries, payable monthly, for the following executive branch officials for the 2022-2023 fiscal year are as follows:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	\$128,966 <u>\$131,483</u>
State Controller	179,580 <u>183,084</u>
Commissioner of Banks	144,745 <u>147,569</u>
Chair, Board of Review, Division of Employment Security	141,979 <u>144,749</u>
Members, Board of Review, Division of Employment Security	140,244 <u>142,980</u>
Chairman, Parole Commission	141,979 <u>144,749</u>
Full-Time Members of the Parole Commission	131,273 <u>133,835</u>
Chairman, Utilities Commission	160,942 <u>164,083</u>
Members of the Utilities Commission	144,745 <u>147,569</u>
Executive Director, North Carolina Agricultural Finance Authority	125,593 <u>128,044</u> "

JUDICIAL BRANCH

SECTION 39.5.(a) Section 39.5(a1) of S.L. 2021-180 reads as rewritten:

"**SECTION 39.5.(a1)** Effective July 1, 2022, the annual salaries, payable monthly, for the following judicial branch officials for the 2022-2023 fiscal year are as follows:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	\$168,980 <u>\$172,278</u>
Associate Justice, Supreme Court	164,595 <u>167,807</u>
Chief Judge, Court of Appeals	161,992 <u>165,153</u>
Judge, Court of Appeals	157,787 <u>160,866</u>
Judge, Senior Regular Resident Superior Court	153,530 <u>156,525</u>
Judge, Superior Court	149,275 <u>152,188</u>
Chief Judge, District Court	135,659 <u>138,306</u>
Judge, District Court	131,403 <u>133,967</u>
Chief Administrative Law Judge	132,529 <u>135,115</u>
District Attorney	144,355 <u>147,142</u>
Assistant Administrative Officer of the Courts	139,011 <u>141,724</u>
Public Defender	144,355 <u>147,172</u>
Director of Indigent Defense Services	148,781 <u>151,684</u> "

SECTION 39.5.(b) Section 39.5(b1) of S.L. 2021-180 reads as rewritten:

"SECTION 39.5.(b1) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2022-2023 fiscal year, do not exceed ~~eighty-six thousand seven hundred seventy-four dollars (\$86,774)~~ eighty-eight thousand four hundred sixty-eight dollars (\$88,468) and the minimum salary of any assistant district attorney or assistant public defender is at least ~~forty-six thousand five hundred seventy-three dollars (\$46,573)~~, forty-seven thousand four hundred eighty-two dollars (\$47,482), effective July 1, 2022."

CLERKS OF SUPERIOR COURT

SECTION 39.6.(a) Effective July 1, 2022, 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	\$102,305 <u>\$104,300</u>
20-29	110,316 <u>113,074</u> <u>115,280</u>
30-49	120,822 <u>123,842</u> <u>126,259</u>
50-99	131,328 <u>134,611</u> <u>137,238</u>
100 and above	133,955 <u>137,304</u> <u>139,983</u>

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

SECTION 39.6.(b) If Senate Bill 768, 2021 Regular Session, becomes law, then the amendments made to G.S. 7A-101(a) by Section 54.5(a) of that act are repealed.

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

SECTION 39.7. Effective July 1, 2022, 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	\$36,541 <u>\$37,254</u>
Maximum	67,511 <u>68,828</u>
Deputy Clerks	Annual Salary
Minimum	\$32,780 <u>\$33,419</u>
Maximum	53,021 <u>54,056</u> ."

MAGISTRATES

SECTION 39.8. Effective July 1, 2022, 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	\$42,630 <u>\$43,462</u>
Step 1	\$45,777 <u>\$46,670</u>
Step 2	\$49,171 <u>\$50,131</u>
Step 3	\$52,764 <u>\$53,795</u>
Step 4	\$57,072 <u>\$58,186</u>
Step 5	\$62,259 <u>\$63,473</u>
Step 6	\$68,072 <u>\$69,401.</u>

LEGISLATIVE EMPLOYEES

SECTION 39.9. Section 39.9(a1) of S.L. 2021-180 reads as rewritten:

"**SECTION 39.9.(a1)** Effective July 1, 2022, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2022, shall be legislatively increased by ~~two and one-half percent (2.5%)~~three and one-half percent (3.5%)."

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 39.10. Effective July 1, 2022, 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 ~~(\$119,650) one hundred twenty two thousand six hundred forty two dollars (\$122,642)~~one hundred twenty-five thousand thirty-four dollars (\$125,034), 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. Effective July 1, 2022, 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 eighty-three dollars (\$483.00)~~four hundred ninety-three dollars (\$493.00) 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. Section 39.12 of S.L. 2021-180 reads as rewritten:

"**SECTION 39.12.(a)** Community college personnel shall receive the following legislative salary increases:

- ...
- (2) Effective July 1, 2022, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of ~~two and one-half percent (2.5%)~~ three and one-half percent (3.5%).
- ...

"**SECTION 39.12.(b1)** The minimum salaries for nine-month, full-time curriculum community college faculty for the 2022-2023 fiscal year are as follows:

Education Level	Minimum Salary 2022-2023
Vocational Diploma/Certificate or Less	\$39,484 <u>\$40,254</u>
Associate Degree or Equivalent	40,032 <u>40,814</u>
Bachelor's Degree	42,415 <u>43,242</u>
Master's Degree or Education Specialist	44,528 <u>45,397</u>
Doctoral Degree	47,574 <u>48,503</u>

...."

THE UNIVERSITY OF NORTH CAROLINA

SECTION 39.13. Section 39.13(2) of S.L. 2021-180 reads as rewritten:

- "(2) Effective July 1, 2022, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of ~~two and one-half percent (2.5%)~~ three and one-half percent (3.5%)."

CORRECTIONAL OFFICER SALARY SCHEDULE

SECTION 39.14. Section 39.14(b) of S.L. 2021-180 is rewritten to read:

"**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:

Experience	FY 2021-22			FY 2022-23		
	COI	COII	COIII	COI	COII	COIII
0	\$33,130	\$34,220	\$36,598	\$34,621	\$35,760	\$38,245
1	\$35,449	\$36,615	\$39,160	\$37,044	\$38,263	\$40,922
2	\$37,576	\$38,812	\$41,510	\$39,267	\$40,599	\$43,378
3	\$39,455	\$40,753	\$43,586	\$41,230	\$42,587	\$45,547
4	\$41,033	\$42,383	\$45,329	\$42,879	\$44,290	\$47,369
5	\$42,264	\$43,654	\$46,689	\$44,166	\$45,618	\$48,790
6+	\$43,109	\$44,527	\$47,623	\$45,049	\$46,531	\$49,766"

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE

SECTION 39.15. Section 39.15(b) of S.L. 2021-180 reads as rewritten:

"**SECTION 39.15.(b)** The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for each respective fiscal year:

Years of Experience	FY 2021-22	FY 2022-23
0	47,384	48,569 <u>49,516</u>

1	50,464	51,726
2	53,744	55,088
3	57,237	58,669
4	60,957	62,482
5	64,919	66,543
6+	69,139	70,868

PROBATION AND PAROLE OFFICER SALARY SCHEDULE

SECTION 39.16. Section 39.15A(b) reads as rewritten:

"SECTION 39.15A.(b) The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for each respective fiscal year:

Years of Experience	FY 2021-22	FY 2022-23
0	40,000	41,000
1	42,600	43,665
2	45,369	46,503
3	48,318	49,526
4	51,549	52,745
5	54,804	56,513
6+	58,366	59,824

STATE AGENCY TEACHERS

SECTION 39.17. 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.

MITIGATE BONUS LEAVE

SECTION 39.18. During the 2022-2023 fiscal year, State agencies, departments, institutions, the North Carolina Community College System, and The University of North Carolina may offer State employees the opportunity to use or to cash in special bonus leave benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L. 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100, but only if all of the following requirements are met:

- (1) Employee participation in the program must be voluntary.
- (2) Special leave that is liquidated for cash payment to an employee must be valued at the amount based on the employee's current annual salary rate.
- (3) By September 1, 2023, a report on the position characteristics of employees participating in the program shall be submitted to the respective agency head or employing agency and to the Fiscal Research Division.

SALARY-RELATED CONTRIBUTIONS ADJUSTMENT

SECTION 39.19. Section 39.22(c) of S.L. 2021-180 reads as rewritten:

"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	State LEOs	ORPs	CJRS	LRS
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	Employees				
Retirement	17.07% <u>17.38%</u>	17.07% <u>17.38%</u>	6.84%	39.29% <u>39.95%</u>	24.27% <u>24.91%</u>
Disability	0.10%	0.10%	0.10%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	6.89%	6.89%	6.89%	6.89%	6.89%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

Total Contribution

Rate	24.19% <u>24.50%</u>	29.19% <u>29.50%</u>	13.83%	46.18% <u>46.84%</u>	31.16% <u>31.80%</u>
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The following apply in this subsection:

- (1) The rate for teachers and State employees and State law enforcement officers includes one ~~one hundredth~~ hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.
- (2) The rate for death benefits for teachers and State employees and State law enforcement officers includes two hundredths percent (0.02%) for the death benefits awarded by the Industrial Commission under Article 12A of Chapter 143 of the General Statutes."

INCREASED ONE-TIME COST-OF-LIVING SUPPLEMENT FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 39.20.(a) G.S. 135-5(yyy), as enacted by Section 39.23(a) of S.L. 2021-180, reads as rewritten:

"(yyy) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2022, and whose retirement commenced on or before September 1, 2022. The payment shall be ~~three percent (3%)~~ four percent (4%) of the beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 39.20.(b) G.S. 135-65(jj), as enacted by Section 39.23(b) of S.L. 2021-180, reads as rewritten:

"(jj) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2022, and whose retirement commenced on or before September 1, 2022. The payment shall be ~~three percent (3%)~~ four percent (4%) of the beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 39.20.(c) G.S. 120-4.22A(dd), as enacted by Section 39.23(c) of S.L. 2021-180, reads as rewritten:

"(dd) In accordance with subsection (a) of this section, after September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2022, and whose retirement commenced on or before September 1, 2022. The payment shall be ~~three percent (3%)~~ four percent (4%) of the beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No

beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

TEMPORARY ARRANGEMENT TO INCREASE FUNDING FOR PUBLIC SAFETY EMPLOYEES' LINE OF DUTY DEATH BENEFITS

SECTION 39.21. It is the intent of the General Assembly to make additional funding available to the Department of State Treasurer (DST) for the 2022-2023 fiscal year to ensure the timely payment of line of duty death benefits awarded by the Industrial Commission under Article 12A of Chapter 143 of the General Statutes. Accordingly, for the 2022-2023 fiscal year only, and consistent with Section 39.23(c)(2) of S.L. 2021-180, as amended by Section 39.19 of this act, the DST shall deposit two hundredths percent (0.02%) of the State's employer contribution rate budgeted for death benefits for teachers and State employees and State law enforcement officers into a separate fund from the North Carolina Teachers' and State Employees' Benefit Trust established under G.S. 135-7(g). The DST shall not use any of the funds deposited into this separate fund for any purpose other than to pay for line of duty death benefits awarded by the Industrial Commission under Article 12A of Chapter 143 of the General Statutes, subject to all of the following conditions:

- (1) All other State funds appropriated to the DST for the 2022-2023 fiscal year for the payment of line of duty death benefits awarded by the Industrial Commission have already been fully expended.
- (2) All federal funds received by the State that are available and eligible to be used for the payment of line of duty death benefits awarded by the Industrial Commission have already been allocated for this purpose and fully expended.
- (3) Any funds deposited by the DST into a separate fund for the payment of line of duty death benefits awarded by the Industrial Commission pursuant to this section that remain unspent as of June 30, 2023, shall be transferred to the North Carolina Teachers' and State Employees' Benefit Trust established under G.S. 135-7(g) as an additional employer contribution.

PART XL. CAPITAL

CAPITAL IMPROVEMENT AND REPAIRS AND RENOVATIONS CHANGES

SECTION 40.1.(a) Section 40.1(a) of S.L. 2021-180 reads as rewritten:

"**SECTION 40.1.(a)** The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part, past allocations, and for intended project support by the General Assembly for future fiscal years:

Agency Capital Improvement Project	Project Code
Administrative Office of the Courts— Supreme Court & Court of Appeals-Lexan Windows	AOC21-1
Department of Agriculture and Consumer Services Eaddy Building—Addition & Renovation	DACS21-1
Tidewater Research Station—Swine Unit Replacements	DACS21-2
NCFS—County Offices	DACS21-3
NCFS—Region 1 Headquarters	DACS21-4
Mountain Island State Forest—Improvements	DACS21-5
Commissioner Troxler Building—New Chiller	DACS21-6
Department of Health and Human Services New Broughton Hospital— New Maintenance Facility	DHHS21-1

Department of Environmental Quality
Reedy Creek Laboratory
Water Resources Development Projects

DEQ21-1
DEQ-WRD21

Department of Natural and Cultural Resources

NC Museum of Art–Light Control	DNCR21-1
NC Museum of Art–Amphitheater Restoration	DNCR21-2
NC Museum of Natural History–Dueling Dinosaurs Lab	DNCR21-3
Fort Fisher Historic Site–New Visitor Center	DNCR21-4
Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
NC Zoo–Asia/Australia Exhibits	DNCR21-6
NC Zoo–Parking/Trams	DNCR21-7
NC Transportation Museum–Powerhouse Renovation	DNCR21-8
Thomas Day House	DNCR21-9
Graveyard of the Atlantic	DNCR21-10
Pisgah View State Park	DNCR21-12
NC Museum of History–Expansion	DNCR21-13
NC Transportation Museum–Train Shed Renovation	DNCR21-14
NC Museum of Art–Science Laboratory & Education Center	DNCR21-15
NC Museum of Art–The Porch Venue & Park Entrance	DNCR21-16
NC Museum of Art–Community Arts & Education Center	DNCR21-17
<u>NC Museum of History–NC Sports Hall of Fame</u>	<u>DNCR22-1</u>

Department of Administration

DHHS/Dix Campus Relocation	DOA21-1
Dix Campus Relocation–Utilities & Mail Service Warehouse	DOA21-2
State Gov't. Complex Chiller Plant	DOA21-3
DHHS/Utility Infrastructure Support	DOA21-4
<u>State Government Executive Headquarters</u>	<u>DOA22-1</u>
<u>Old Revenue Building Renovation</u>	<u>DOA22-2</u>
<u>Department of Instruction Building Renovation</u>	<u>DOA22-3</u>
<u>Bath Building Demolition</u>	<u>DOA22-4</u>

Department of Insurance

Office of State Fire Marshal– Land Development & Training Center	DOI21-1
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Department of Public Instruction

Center for the Advancement of Teaching	DPI21-1
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Department of Public Safety

Richmond Regional JDC–Raise the Age Renovations	DPS21-1
Samarcand–Live Fire Training Building	DPS21-2
Samarcand–Driving Track	DPS21-3
Samarcand–Parking Lot	DPS21-4
East Montgomery–Safer Schools Training Academy	DPS21-5
State Highway Patrol– Viper Building	DPS21-6
Garner Road Armory	DPS21-7
State Bureau of Investigation–	

Headquarters & Building 12 Renovation	DPS21-9
National Guard–	
Federal Match Funding Pool	NG21-1
Edgecombe County Readiness Center	NG21-2
Burke County Readiness Center	NG21-3
Guilford Regional Readiness Center	NG21-4
General Assembly	
Renovations/Elevator Repair	NCGA21-1
Downtown Government Complex/Master Plan	NCGA21-2
UNC System Office/Downtown Gov't Complex Relocation <u>Education Campus Project</u>	
NCGA21-3	
Old State Capitol	NCGA21-4
<u>State Auditor Relocation</u>	<u>NCGA22-1</u>
The University of North Carolina	
North Carolina State University–	
Apiculture Facility	UNC/NCS21-1
E-Sports Facility	UNC/NCS21-2
E-Sports Truck	UNC/NCS21-3
S.T.E.M. Building	UNC/NCS20-1
University of North Carolina at Chapel Hill–	
Business School	UNC/CH20-1
Nursing School Renovation	UNC/CH20-2
<u>School of Law</u>	<u>UNC/CH22-1</u>
Elizabeth City State University–	
New Residence Hall	UNC/ECS21-1
Sky Bridge	UNC/ECS21-2
New Dining Facility	UNC/ECS21-3
Flight School	UNC/ECS21-4
Appalachian State University–	
Peacock Hall/Business	UNC/ASU21-1
Innovation Campus	UNC/ASU21-2
<u>Hickory Campus</u>	<u>UNC/ASU22-1</u>
North Carolina School of Science and Math-Morganton–	
Repair & Renovation and Wellness Center	UNC/SSM21-1
North Carolina Central University–	
Lab Equipment	UNC/NCC21-1
East Carolina University–	
Brody School of Medicine	UNC/ECU21-1
University of North Carolina at Pembroke–	
Health Sciences Center	UNC/PEM21-1
Fayetteville State University–	
Dormitories	UNC/FSU21-1
College of Education	UNC/FSU21-2
Parking Deck	UNC/FSU21-3
Western Carolina University–	
Moore Building/Upper Campus Infrastructure	UNC/WCU21-1
Winston-Salem State University–	
K.R. Williams Auditorium	UNC/WSS21-1
UNC Board of Governors–	

Repairs and Renovations-The University of North Carolina	UNC/R&R21
Repairs and Renovations-State Agencies (non-UNC)	R&R21
Community College Capital Allocations	CC21
UNC- Engineering North Carolina's Future	UNC/ENG21
Connect NC Bond Funds	CNC21
SCIF-Related Personnel	PERS21
OSBM Flexibility Funds	FLEX21
<u>State Construction Personnel</u>	<u>SCO22</u>
<u>Downtown Government Complex Agency Relocation</u>	<u>REL22"</u>

SECTION 40.1.(b) Section 40.1(b) of S.L. 2021-180, as amended by Section 9.1 of S.L. 2021-189, reads as rewritten:

"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	–
DACS21-5	1,500,000	1,500,000	–
DACS21-6	2,400,000	2,400,000	–
DHHS21-1	1,600,000	1,600,000	–
DEQ21-1	55,000,000	5,500,000	13,750,000
DEQ-WRD21	N/A	44,469,664	35,231,560
DNCR21-1	1,000,000	1,000,000	–
DNCR21-2	4,000,000	4,000,000	–
DNCR21-3	2,500,000	2,500,000	–
DNCR21-4	10,000,000	5,000,000	5,000,000
DNCR21-5	10,000,000 19,200,000	5,000,000	5,000,000 10,000,000
DNCR21-6	75,000,000	41,233,563	33,766,437
DNCR21-7	5,000,000	5,000,000	–
DNCR21-8	4,000,000	4,000,000	–
DNCR21-9	800,000	800,000	–
DNCR21-10	4,200,000	4,200,000	–
DNCR21-12	12,200,000	9,000,000	3,200,000
DNCR21-13	60,000,000	8,000,000	15,000,000
DNCR21-14	6,000,000	6,000,000	–
DNCR21-15	6,500,000	6,500,000	–
DNCR21-16	5,000,000	5,000,000	–
DNCR21-17	3,000,000	3,000,000	–

<u>DNCR22-1</u>	<u>350,000</u>	<u>—</u>	<u>350,000</u>
DOA21-1	244,000,000	50,000,000	60,500,000
DOA21-2	13,700,000	13,700,000	—
DOA21-3	21,875,000	10,286,748	11,588,252
DOA21-4	5,000,000	5,000,000	—
<u>DOA22-1</u>	<u>88,000,000</u>	<u>—</u>	<u>88,000,000</u>
<u>DOA22-2</u>	<u>5,000,000</u>	<u>—</u>	<u>5,000,000</u>
<u>DOA22-3</u>	<u>15,000,000</u>	<u>—</u>	<u>15,000,000</u>
<u>DOA22-4</u>	<u>7,000,000</u>	<u>—</u>	<u>7,000,000</u>
DOI21-1	3,500,000	3,500,000	—
DPI21-1	23,416,952	19,482,815	3,934,137
DPS21-1	10,702,952	10,702,952	—
DPS21-2	1,831,000	1,831,000	—
DPS21-4	475,000	475,000	—
DPS21-5	4,170,000	4,170,000	—
DPS21-6	7,139,374	7,139,374	—
DPS21-7	17,845,933	8,922,967	8,922,967
DPS21-9	81,632,759	8,163,276	20,408,190
NG21-1	N/A	8,000,000	—
NG21-2	9,500,000	500,000	9,000,000
NG21-3	3,250,000	150,000	3,100,000
NG21-4	15,700,000	15,700,000	—
NCGA21-1	2,450,000	2,450,000	—
NCGA21-2	1,800,000	1,800,000	—
NCGA21-3	100,391,316 180,000,000	— 11,391,316 180,000,000	180,000,000
NCGA21-4	6,300,000	300,000	6,000,000
<u>NCGA22-1</u>	<u>1,500,000</u>	<u>—</u>	<u>1,500,000</u>
UNC/NCS21-1	4,000,000	4,000,000	—
UNC/NCS21-2	12,000,000	6,000,000	6,000,000
UNC/NCS21-3	4,000,000	4,000,000	—
UNC/NCS20-1	160,000,000 180,000,000	18,250,000	36,500,000
UNC/CH20-1	150,000,000	10,000,000	18,750,000
UNC/CH20-2	60,000,000 65,200,000	21,250,000 25,500,000	30,700,000
<u>UNC/CH22-1</u>	<u>2,000,000</u>	<u>—</u>	<u>2,000,000</u>
UNC/ECS21-1	40,000,000	10,000,000 30,000,000	<u>25,000,000</u>
UNC/ECS21-2	2,500,000	2,500,000	—
UNC/ECS21-3	7,500,000 15,000,000	7,500,000	<u>-5,000,000</u>
UNC/ECS21-4	34,000,000	4,000,000	10,000,000
UNC/ASU21-1	25,000,000	12,500,000	12,500,000
UNC/ASU21-2	54,000,000	54,000,000	—
<u>UNC/ASU22-1</u>	<u>9,000,000</u>	<u>—</u>	<u>9,000,000</u>
UNC/SSM21-1	12,000,000	12,000,000	—
UNC/NCC21-1	3,011,000	3,011,000	—
UNC/ECU21-1	215,000,000	21,500,000	53,750,000
UNC/PEM21-1	91,000,000	9,100,000	22,750,000
UNC/FSU21-1	40,000,000	4,000,000	10,000,000
UNC/FSU21-2	63,000,000	6,300,000	13,750,000
UNC/FSU21-3	10,000,000	10,000,000	—
UNC/WCU21-1	9,200,000	9,200,000	—
UNC/WSS21-1	57,000,000	5,700,000	14,250,000
UNC/BOG21-1	15,000,000	—	3,750,000

UNC/R&R21	N/A	250,000,000	250,000,000
R&R21	N/A	200,000,000	200,000,000
CC21	400,000,000	100,000,000	100,000,000
CNC21	258,000,000	200,000,000	58,000,000
PERS21	N/A	2,000,000	2,000,000
FLEX21	100,000,000	–	25,000,000
UNC/ENG21	90,000,000	45,000,000	45,000,000
<u>SCO22</u>	<u>N/A</u>	<u>=</u>	<u>1,000,000</u>
<u>REL22</u>	<u>3,500,000</u>	<u>=</u>	<u>3,500,000"</u>

SECTION 40.1.(c) Section 40.1(c2) of S.L. 2021-180, as amended by Section 9.1(c) of S.L. 2021-189, reads as rewritten:

"**SECTION 40.1.(c2)** Of the funds allocated for project code UNC/R&R21, the following sums shall be allocated for the following projects:

- (1) Thirty million dollars (\$30,000,000) for each fiscal year of the 2021-2023 fiscal biennium to North Carolina State University for repairs and renovations to Dabney Hall.
- (2) Ten million dollars (\$10,000,000) for the 2021-2022 fiscal year to North Carolina State University for repairs and renovations to Polk Hall.
- (3) Two million five hundred thousand dollars (\$2,500,000) for the 2022-2023 fiscal year to Elizabeth City State University for costs associated with project code UNC/ECS21-3."

SECTION 40.1.(d) Section 40.1(d) of S.L. 2021-180 reads as rewritten:

"**SECTION 40.1.(d)** Notwithstanding G.S. 143C-8-13(a), the Board of Governors of The University of North Carolina is authorized to utilize funds allocated for project code UNC/R&R21 in subsection (b) of this section for the projects listed in this subsection. The Board of Governors may reallocate funds in accordance with G.S. 143C-8-13(b); provided, however, reallocation of funds intended for a project located at a particular constituent institution may only be reallocated for repairs and renovations projects at that particular constituent institution. The Board of Governors is authorized to utilize funds allocated for project code UNC/R&R21 that are available after allocation for specific projects authorized in this Part and that exceed the amount needed to fund intended projects at the constituent institutions as listed in this subsection. The provisions of G.S. 143C-8-13(b)(4), as enacted by Section 40.10(b) of this act, shall not apply to the projects listed in this subsection. The Board of Governors may prioritize funding for the following proposed projects that the General Assembly intends to fund through the 2023-2025 fiscal biennium:

UNC Constituent Institution	Proposed Project Cost
...	
Elizabeth City State University–	
Repair Campus Main Switch	700,000
Repair Campus Pump Station	650,000
Infrastructure Upgrades–Water & Electrical, Phase 1	12,000,000
Emergency Generator Power–Operations	4,900,000
Emergency Generator Power–Residence Halls	2,100,000
Campus-Wide Lockdown System	2,000,000
Building Demolition (4 Buildings)	1,500,000
Butler Residence Hall Renovations	2,500,000
Underground Infrastructure–	
(Replace all campus plumbing gate valves/infrastructure for fire pump)	150,000
Underground Infrastructure–	
(Replace 6-in. with 8-in. line to improve water volume/Campus North)	300,000
Jenkins Hall, Phase 2–Renovation of Laboratory and Classroom	400,000

Vaughn Center–Repair Student Phys. Ed. Learning Spaces– (Pool, flooring, ceilings & building envelope)	550,000
Fine Arts–Roof Replacement	200,000
Dixon Hall–Classroom & Laboratory Renovations	400,000
ITC–Air Handler Replacement	300,000
Lester Hall–Demolition	495,000
Infrastructure Upgrades–Water & Electrical, Phase 2	27,000,000
Total Proposed Project Authorizations- Elizabeth City State University	
56,145,00053,645,000	

...."

SECTION 40.1.(e) Section 1(f) of S.L. 2020-81, as amended by Section 40.1(m) of S.L. 2021-180, reads as rewritten:

"**SECTION 1.(f)** For project code UNC/NCS20-1, notwithstanding G.S. 143C-4-5, North Carolina State University is authorized to spend up to one hundred ~~sixty-eighty~~ million dollars ~~(\$160,000,000)-(\$180,000,000)~~ on the project, but shall commit to providing funding of at least ~~eighty-ninety~~ million dollars ~~(\$80,000,000)-(\$90,000,000)~~ from non-State sources on or before June 30, 2022, as a match for the intended State allocations totaling ~~eighty-ninety~~ million dollars ~~(\$80,000,000)-(\$90,000,000)~~ for the project."

SECTION 40.1.(f) Section 40.1(r) of S.L. 2021-180 reads as rewritten:

"**SECTION 40.1.(r)** Notwithstanding ~~G.S. 143-341(4)e. and~~ Article 7 of Chapter 146 of the General Statutes, ~~Statutes and any provision of G.S. 143-341(4) to the contrary,~~ the Department of Natural and Cultural Resources may enter into a memorandum of understanding or a lease agreement with a nonprofit entity for the operation of the Hayes Manor facility and the Wyse Fork Battlefield and other activities related to the operation of those sites.

At each of the State Historic Sites receiving funding from the State Capital and Infrastructure Fund in this act, the Department of Natural and Cultural Resources shall seek to partner with nonprofit organizations to provide funds and in-kind contributions for site development, preservation, or operational support in order to minimize the use of public funds. The Department of Natural and Cultural Resources shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division no later than April 1, 2022, with an estimate of any additional recurring costs associated with acquisition, maintenance, and operation of the sites acquired pursuant to this subsection."

SECTION 40.1.(g) If House Bill 1068, 2021 Regular Session, becomes law, then Section 2 of that act is repealed.

STATE CAPITAL AND INFRASTRUCTURE FUND CORRECTIONS

SECTION 40.2.(a) Section 40.17(a) of S.L. 2021-180, as enacted by Section 9.1(d) of S.L. 2021-189 and amended in Section 18.1 of S.L. 2022-6, is amended by adding the following new subdivisions to read:

"(59) The funds for the Town of Edenton in the sum of five million dollars (\$5,000,000) for the 2021-2022 fiscal year shall instead be provided as a grant to Harbor Towns, Inc., a nonprofit corporation, to be used for tourism-based development in the Towns of Plymouth, Columbia, Edenton, Manteo, and Hertford and the City of Elizabeth City. Section 40.16 no longer applies to the grant funds described in this subdivision.

(60) The funds for Fairview in the sum of two hundred thousand dollars (\$200,000) for the 2021-2022 fiscal year shall instead be provided as a grant to Buncombe County for the purpose of park development in Fairview, a census designated area.

- (61) The funds for Western Piedmont Council of Governments in the sum of four million five hundred thousand dollars (\$4,500,000) for the 2021-2022 fiscal year may also be used for capital improvement projects currently underway.
- (62) The funds for the City of Southport in the sum of three hundred fifty thousand dollars (\$350,000) for the 2021-2022 fiscal year shall instead be provided as a grant to J. Arthur Doshier Memorial Hospital Foundation, Inc., to be used for capital improvements at Doshier Memorial Hospital.
- (63) The funds for Rosewood Fire Department, Inc., in the sum of one hundred thousand dollars (\$100,000) for the 2021-2022 fiscal year may also be used for equipment.
- (64) The funds for East Burke Christian Ministries in the sum of twenty-five thousand dollars (\$25,000) for the 2021-2022 fiscal year may also be used for equipment.
- (65) The funds for Ball's Creek Camp Ground in the sum of three hundred thousand dollars (\$300,000) for the 2021-2022 fiscal year shall instead be provided to Catawba County Historical Association, Inc., a nonprofit corporation, to be used for repairs and renovations to Ball's Creek Camp Ground.
- (66) The funds for Kiwanis Club of Statesville in the sum of five million dollars (\$5,000,000) for the 2021-2022 fiscal year shall instead be provided as a grant to Iredell County for the purpose of capital improvements to the Iredell County fairgrounds.
- (67) The funds for First Contact Ministries in the sum of one million five hundred thousand dollars (\$1,500,000) for the 2022-2023 fiscal year shall instead be used for the purchase and renovation or construction of a substance abuse treatment facility.
- (68) The funds for the Department of Natural and Cultural Resources for Moore's Creek National Battlefield in the sum of one hundred twenty-five thousand dollars (\$125,000) for the 2021-2022 fiscal year may also be used for the purchase of property at Alamance Battleground State Historic Site and any other unit of the Division of State Historic Sites and Properties.
- (69) The grant for Gaston College Cybersecurity in the sum of two million dollars (\$2,000,000) for the 2021-2022 fiscal year shall be reduced to the sum of one million six hundred thousand dollars (\$1,600,000) to be used for a new cybersecurity facility.
- (70) The grant for Davidson-Davie Community College Training Center in the sum of fourteen million two hundred thousand dollars (\$14,200,000) for the 2021-2022 fiscal year shall instead be provided in the form of grants as follows:
 - a. Thirteen million two hundred thousand dollars (\$13,200,000) for the 2021-2022 fiscal year to be provided to Davidson-Davie Community College for a new training center.
 - b. One million dollars (\$1,000,000) for the 2021-2022 fiscal year to be provided to Davidson County First Hope Ministries, a nonprofit corporation, to be used for capital improvements and equipment."

SECTION 40.2.(a1) Section 40.17(a) of S.L. 2021-180, as enacted by Section 9.1(d) of S.L. 2021-189 and amended in Section 18.1 of S.L. 2022-6, is amended by adding the following new subdivision to read:

- (71) The funds for Anson County Economic Development Facilities in the sum of eight million dollars (\$8,000,000) for the 2021-2022 fiscal year shall instead be provided to Anson Economic Development Corporation, a nonprofit

corporation, to be used for capital improvement–related economic development purposes, including facilities."

SECTION 40.2.(b) Section 40.17(a)(51) of S.L. 2021-180, as amended by Section 18.1 of S.L. 2022-6, reads as rewritten:

"(51) The funds for the Town of Falcon in the sum of fifty-five thousand dollars (\$55,000) for the 2021-2022 fiscal year may be used for capital improvements, subject to the requirements provided in Section 40.16 of this act. Grant funds may also be used to offset expenditures incurred for the purpose of the grant prior to July 1, 2021."

SECTION 40.2.(c) Section 40.1(c1)(3) of S.L. 2021-180 reads as rewritten:

"(3) Three million six hundred seventy-five thousand dollars (\$3,675,000) for the 2021-2022 fiscal year to the Department of Health and Human Services for repair and renovation of the Avery Building on the Broughton Hospital campus. The Department of Health and Human Services may use up to three hundred sixty-five thousand dollars (\$365,000) of the funds allocated in this subdivision for equipment."

SECTION 40.2.(d) Funds allocated to Western Piedmont Community College pursuant to Sections 40.1(e) and (f) of S.L. 2021-180 may be used for projects that began construction or were active as of June 30, 2021.

SECTION 40.2.(e) Section 40.7(b) of S.L. 2021-180 reads as rewritten:

"**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 143~~ Chapter 113A of the General Statutes, as well as requirements for stormwater or water quality permits under Article 21 of Chapter 143 of the General Statutes. The Department is directed to waive any right of certification under section 401 of the federal Clean Water Act with respect to projects funded by this act."

SECTION 40.2.(f) Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of S.L. 2021-180 to the contrary, the allocation of seven million five hundred thousand dollars (\$7,500,000) from the State Capital and Infrastructure Fund to the Friends of the Ecusta Trail, Inc., a nonprofit corporation, for removal of the Big Hungry Dam set forth in subdivision 40.17(a)(41) of S.L. 2021-180, as enacted by Section 9.1(d) of S.L. 2021-189 and amended by Section 18.1 of S.L. 2022-6, shall instead be used for development of the Ecusta Trail.

SECTION 40.2.(g) If Senate Bill 372, 2021 Regular Session, becomes law, then subsection (a1) of this section is repealed.

SCIF FUNDING CHANGE FOR BROADBAND

SECTION 40.3.(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. – The State Capital and Infrastructure Fund (the Fund) is established as a special fund 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 and investment earnings received on monies in the Fund shall be credited to the Fund. The Fund shall consist of the following additional sources:

- (1) The following amounts transferred from the General Fund at the beginning of the applicable fiscal year:
 - a. For the 2021-2022 fiscal year, the sum of one billion three hundred million dollars (\$1,300,000,000).

- b. For the 2022-2023 fiscal year, the sum of one billion three hundred ~~forty five~~ sixty-five million five hundred thousand dollars ~~(\$1,345,500,000).~~ (\$1,365,500,000).
 - c. For the 2023-2024 fiscal year, the sum of one billion ~~three-four~~ hundred ~~ninety-two~~ twelve million five hundred ninety-two thousand five hundred dollars ~~(\$1,392,592,500).~~ (\$1,412,592,500).
 - d. For the 2024-2025 fiscal year, the sum of one billion four hundred ~~forty one~~ sixty-one million three hundred thirty-three thousand two hundred thirty-eight dollars ~~(\$1,441,333,238).~~ (\$1,461,333,238).
 - e. For the 2025-2026 fiscal year, the sum of one billion one hundred twenty million dollars ~~(\$1,100,000,000).~~ (\$1,120,000,000).
 - f. For each fiscal year after the 2025-2026 fiscal year, the transfer shall be increased three and one-half percent (3.5%) over the amount required under this subdivision for the preceding fiscal year.
- (2) through (4) Repealed by Session Laws 2021-180, s. 5.7(a), effective June 30, 2021.

...."

SECTION 40.3.(b) Section 7 of S.L. 2019-230 reads as rewritten:

~~"SECTION 7.(a) There is transferred from the General Fund to the State Capital and Infrastructure Fund the sum of fifteen million dollars (\$15,000,000) for each fiscal year from the 2019-2020 fiscal year through the 2028-2029 fiscal year.~~

"SECTION 7.(b) There is appropriated from the State Capital and Infrastructure Fund to the Growing Rural Economies with Access to Technology Fund the sum of ~~fifteen~~ twenty million dollars ~~(\$15,000,000)~~ (\$20,000,000) for each fiscal year from the 2019-2020 fiscal year through the 2028-2029 fiscal year."

SECTION 40.3.(c) Subsection (b) of this section becomes effective July 1, 2022, and applies to fiscal years beginning on or after that date.

NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS

SECTION 40.4. Section 40.5 of S.L. 2021-180 reads as rewritten:

"SECTION 40.5.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund sources available to the appropriate department:

Name of Project	Amount of Non-General Fund Funding Authorized	
	FY 2021-2022	FY 2022-2023
Department of Natural and Cultural Resources		
Edenton State Historic Site—		
Frinks House Renovations	\$300,000	—
Transportation Museum—		
Southern Railway Car Exhibit Renovations	287,442	—
Bennett Place State Historic Site—		
Visitor Center Renovations	300,000	—
USS NC Battleship—		
Mast Repairs	1,000,000	—
Living With Water	2,335,431	—
Bentonville State Historic Site—		
Harper House Renovations	115,000	—
NC Museum of Art—		
Terrace & Green Project	2,500,000	—

<u>Sip Café Renovations</u>		<u>122,000</u>
Brunswick Town State Historic Site–		
Shoreline Stabilization	3,000,000	–
Charlotte Hawkins Brown Museum–		
Memorial Galen Stone Hall	1,100,000	–
Tea House Renovations	425,000	–
<u>Visitor Center</u>		<u>278,763</u>
<u>Fort Fisher Aquarium Renovation & Expansion</u>		<u>4,200,000</u>
<u>NC Zoo–</u>		
<u>Red Wolf Propagation Expansion–Phase 1</u>		<u>466,000</u>
<u>Stingray Exhibit</u>		<u>1,500,000</u>
Department of Agriculture and Consumer Services		
State Fair–Repairs & Improvements	5,000,000	–
<u>State Fair–Advance Planning Funds</u>		<u>2,000,000</u>
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
<u>WNC Ag. Center Fairgrounds–Ticket Booth & Restrooms</u>		<u>750,000</u>
<u>Frasier Fir Research Building</u>		<u>375,000</u>
<u>Butner Food Distribution Warehouse Addition</u>		<u>10,000,000</u>
<u>Steve Troxler Ag. Science Center–Infrastructure Improvements</u>		<u>400,000</u>
<u>Raleigh State Farmers Market–Kitchen Annex</u>		<u>250,000</u>
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	–
<u>Warehouse Roof Repair</u>		<u>400,000</u>
<u>New Office/Warehouse Planning</u>		<u>4,700,000</u>
<u>Nash Vocational Building Addition</u>		<u>2,654,311</u>
<u>Wildlife Resources Commission</u>		
<u>Sykes Depot Greenhouse</u>		<u>250,000</u>

**TOTAL AMOUNT OF NON-GENERAL
FUND CAPITAL PROJECTS**

AUTHORIZED

\$105,544,873 ~~\$2,150,000~~ \$30,496,074

...."

SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE

SECTION 40.5. Section 40.2 of S.L. 2021-180 reads as rewritten:

"SECTION 40.2. It is the intent of the General Assembly to fund capital improvement projects on a cash flow basis and to plan for future project funding based upon projected availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for the projects listed in future years. The following schedule lists capital improvement projects that will begin or be completed in fiscal years outside of the 2021-2023 fiscal biennium and estimated amounts (in thousands) needed for completion of those projects:

Project Code	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
UNC/R&R21	250,000	250,000	250,000	250,000	250,000	250,000
R&R21	200,000	200,000	200,000	200,000	200,000	200,000
PERS21	2,000	2,000	2,000	2,000	2,000	2,000
FLEX21	—	25,000	50,000	25,000	—	—
DEQ21-1	5,500	13,750	22,000	13,750	—	—
DOA21-1	50,000	60,500	54,000	64,500	—	—
DNCR21-13	8,000	15,000	22,000	15,000	—	—
DPS21-3	—	—	—	11,409	—	—
DPS21-9	8,163	20,408	32,653	20,408	—	—
NCGA21-3	—	11,391.3	38,000	51,000	—	—
UNC/ECU21-1	21,500	53,750	86,000	53,750	—	—
UNC/NCS20-1	18,250	36,500	18,250 28,250	—	—	—
UNC/CH20-121	25,000 10,000	25,500 18,750	18,750 10,750	20,000 —19,250	—	—
UNC/CH20-213	13,750 21,250	18,000 25,500	10,750	—	—	—
UNC/PEM21-1	9,100	22,750	36,400	22,750	—	—
UNC/ECS21-4	4,000	10,000	10,000	10,000	—	—
UNC/FSU21-1	4,000	10,000	16,000	10,000	—	—
UNC/FSU21-2	6,300	13,750	25,200 27,200	15,750	—	—
UNC/WSS21-1	5,700	14,250	22,800	14,250	—	—
UNC/BOG21-1	—	3,750	3,750	3,750	3,750	—
CC	100,000	100,000	100,000	100,000	—	—
SCO22	—	1,000	1,000	1,000	1,000	—

DOWNTOWN GOVERNMENT COMPLEX CAPITAL PROJECTS

SECTION 40.6.(a) For project code DOA22-1, the Department of Administration shall initiate planning and design for the construction of a new State Government Executive Headquarters facility to include the Governor's staff, State agency personnel and operations, and chamber for Council of State meetings. The construction phase of this project shall begin no later than July 1, 2023. The Department of Administration shall use all or portions of the following parcels of real property for the State Government Executive Headquarters facility project:

- (1) Wake County real estate ID# 0121208
- (2) Wake County real estate ID# 0036077
- (3) Wake County real estate ID# 0052959
- (4) Wake County real estate ID# 0103257

SECTION 40.6.(b) For project code NCGA21-3, the General Assembly shall be considered the funded agency, pursuant to G.S. 143-135.26(1), and, notwithstanding G.S. 143-341 or any other provision of law to the contrary, shall initiate and have final authority over any activity related to the planning and construction only for the downtown Education Campus, a facility for the use of The University of North Carolina System Office, the Community Colleges System Office, the Department of Public Instruction, and the Department of Commerce

to be situated on the parcel of land in the City of Raleigh, with Wake County real estate ID# 0109759. The Department of Administration, in conjunction with the Legislative Services Office, shall relocate all State agency staff and operations from this site on or before July 1, 2023. Demolition of the structure currently located on this parcel shall be completed no later than October 31, 2023.

SECTION 40.6.(c) The Legislative Services Office, in connection with the expanded Government Facilities Master Plan (Plan), initiated pursuant to Section 36.2(a) of S.L. 2018-5 and Section 40.1(h) of S.L. 2021-180, for project code NCGA22-1, shall relocate the principal offices of the Office of State Auditor from the Old Revenue Building to the Albemarle Building, as outlined in the Plan. All State Auditor staff and operations located in the Old Revenue Building shall be relocated on or before April 1, 2023. Notwithstanding G.S. 143C-4-3.1(g) and G.S. 143C-8-11, funds allocated for project code NCGA22-1 shall not revert.

SECTION 40.6.(d) Upon completion of the relocation of the Office of State Auditor described in subsection (c) of this section, the Department of Administration shall utilize funds allocated for project code DOA22-2 to begin renovation of the Old Revenue Building to support the relocation of State agency staff and operations displaced as a result of the project outlined in subsection (b) of this section. The Department of Administration shall complete necessary renovations and relocate State agency staff and operations no later than July 1, 2023. Available space in the Albemarle Building and the Department of Public Instruction building shall also be used to temporarily accommodate displaced State agency staff and operations during the relocation and transition process.

The Department of Insurance shall reduce its use of space within the Albemarle Building to the amount identified in the Government Facilities Master Plan (Plan), initiated pursuant to Section 36.2(a) of S.L. 2018-5 and Section 40.1(h) of S.L. 2021-180. Any remaining space available within the Albemarle Building after the relocation of the Office of State Auditor under subsection (c) of this section shall be used for flexible open office space to accommodate an agency displaced by the construction of the downtown Education Campus as identified in the Plan. The Department of Administration shall use funds allocated for project code REL22 for expenses related to the relocation of State agency staff and operations, with the exception of the Office of the State Auditor. The moves of personnel and equipment to consolidate the space occupied by the Department of Insurance within the Albemarle Building shall be completed on or before January 30, 2023.

SECTION 40.6.(f) For project code SCO22, the Department of Administration shall use at least fifty percent (50%) of the funds allocated to support the project management staff of the Capital Project Management Unit within the State Construction Office. The remaining funds shall be used to support salary adjustments and additional project management and plan review positions within the State Construction Office. No portion of the funds described in this subsection shall be used for asset management positions involving resource saving, energy efficiency, or sustainability. Upon request, the Department of Administration shall assist a funded agency with any project listed in this section.

SECTION 40.6.(g) The Department of Administration shall sell the properties situated on the parcels of land in the City of Raleigh, with Wake County real estate ID# 0102702 (Department land asset 5498), and real estate ID# 0180361 (Department land asset 5783) for fair market value. No service charge into the State Land Fund shall be deducted from or levied against the proceeds of the sale of the properties listed in this subsection. Notwithstanding G.S. 146-30, the proceeds of the sale of the properties listed in this subsection 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 the subject real property was acquired by the State.
- (2) Second, to reimburse the Department of Administration for any funds expended in the sale of the subject real property.

- (3) Third, to be deposited into the Downtown Government Complex Reserve, established in Section 2.2 of this act.

The Department of Administration shall obtain an appraisal assessing the value for the properties listed in this subsection according to their best and highest use and shall submit the appraisals to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division no later than January 1, 2023.

SECTION 40.6.(h) Section 40.1(g) of S.L. 2021-180 reads as rewritten:

"**SECTION 40.1.(g)** For project code NCGA21-2, the Legislative Services Office shall utilize funds appropriated for the 2021-2022 fiscal year to expand upon the Government Facilities Master Plan initiated pursuant to Section 36.2(a) of S.L. 2018-5, with an emphasis on potential remodeling expenditures and the use of temporary workspace options to more effectively renovate and remodel State-owned property. The expanded Government Facilities Master Plan may also consider the cost and feasibility of leasing and leasing alternatives, including the use of privately owned structures, and potential energy efficiency savings. The expanded Government Facilities Master Plan shall focus on the following State-owned properties in the downtown government complex:

- (1) The Department of Public Instruction/Education Building.
- (2) Dobbs Building.
- (3) Bath Building.
- (4) Albemarle Building.
- (5) The Department of Administration Building.
- (6) Archdale Building.
- (7) Revenue 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 40.6.(i) The Office of State Controller shall transfer to the Downtown Government Complex Reserve, established in Section 2.2 of this act, the following monies allocated by the Office of State Budget and Management for repairs and renovations projects during the 2021-2022 fiscal year:

- (1) Two million dollars (\$2,000,000) intended for the Archdale Building renovation advance planning study.
- (2) Seventeen million six hundred forty-one thousand five hundred eighty-one dollars (\$17,641,581) intended for the Administration Building Renovation, 3rd and 4th Floors with Mechanical Room Upgrades project.

SECTION 40.6.(j) For projects described in this section where State agency employees and operations are being moved or relocated, 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 be utilized. The Department of Administration, in conjunction with the Legislative Services Office, shall complete the Alternative Workplace Requirements evaluations of all State agencies being relocated from the Administration Building on or before January 1, 2023.

SECTION 40.6.(k) The Department of Information Technology, in conjunction with the Legislative Services Office, shall complete the fiber loop project on or before December 31, 2022.

SECTION 40.6.(l) The Department of Administration and the Department of Information Technology, in conjunction with the Legislative Services Office, shall complete the communications network hub relocation project in support of project code NCGA21-3, as described in subsection (b) of this section, on or before July 1, 2023.

CAPITAL PROJECT INFLATIONARY RESERVE

SECTION 40.7. There is established in the State Capital and Infrastructure Fund a Capital Project Inflationary Reserve to make funds available for State agency capital improvement projects that have been authorized by the General Assembly and have received an allocation from the State Capital and Infrastructure Fund. Funds reserved in the Capital Project Inflationary Reserve pursuant to this section do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. State agencies requesting funds from the Capital Project Inflationary Reserve must meet the following criteria:

- (1) The State agency has significantly reduced the scope of the project since the project was authorized by an act of the General Assembly.
- (2) The State agency provides (i) evidence of the reduction of scope as required in subdivision (1) of this section and (ii) documentation supporting increased costs associated with supply chain or inflationary pressures.

A State agency requesting funds from the Capital Project Inflationary Reserve shall submit the information required under this section in writing to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division. The Joint Legislative Oversight Committee on Capital Improvements may make recommendations on the use of funds in the Capital Project Inflationary Reserve to the chairs of the House Appropriations Committee and the chairs of the Senate Appropriations/Base Budget Committee. For the purposes of this section, the term "State agency" has the same meaning as in G.S. 143C-1-1(d)(24).

LGC CAPITAL PROJECT ORDINANCES

SECTION 40.8. G.S. 159-13.2 reads as rewritten:

"§ 159-13.2. Project ordinances.

(a) Definitions. –

...

- (2) "Grant project" means a project financed in whole or in part by revenues received from the federal and/or State government or other grant or settlement funds for operating or capital purposes as defined by the grant contract.

...

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

...."

INCREASE DOLLAR THRESHOLD FOR CAPITAL PROJECTS

SECTION 40.9.(a) G.S. 116-31.11 reads as rewritten:

"§ 116-31.11. Powers of Board regarding certain fee negotiations, contracts, and capital improvements.

(a) Notwithstanding G.S. 143-341(3) and G.S. 143-135.1, the Board shall, with respect to the design, construction, or renovation of buildings, utilities, and other property developments

of The University of North Carolina requiring the estimated expenditure of public money of ~~two million dollars (\$2,000,000)~~ four million dollars (\$4,000,000) or less:

- (1) Conduct the fee negotiations for all design contracts and supervise the letting of all construction and design contracts.
- (2) Develop procedures governing the responsibilities of The University of North Carolina and its affiliated and constituent institutions to perform the duties of the Department of Administration and the Director or Office of State Construction under G.S. 133-1.1(d) and G.S. 143-341(3).
- (3) Develop procedures and reasonable limitations governing the use of open-end design agreements, subject to G.S. 143-64.34 and the approval of the State Building Commission.
- (4) Use existing plans and specifications for construction projects, where feasible. Prior to designing a project, the Board shall consult with the Department of Administration on the availability of existing plans and specifications and the feasibility of using them for a project.

...."

SECTION 40.9.(b) G.S. 143-131 reads as rewritten:

"§ 143-131. When counties, cities, towns and other subdivisions may let contracts on informal bids.

(a) All contracts for construction or repair work or for the purchase of apparatus, supplies, materials, or equipment, involving the expenditure of public money in the amount of thirty thousand dollars (\$30,000) or more, but less than the limits prescribed in G.S. 143-129, made by any officer, department, board, local school administrative unit, or commission of any county, city, town, or other subdivision of this State shall be made after informal bids have been ~~secured~~ secured; provided, however, that The University of North Carolina and its constituent institutions shall be required to comply with the provisions of this subsection for all contracts for construction or repair work involving the expenditure of public money in the amount of one hundred thousand dollars (\$100,000) or more, but less than the limits prescribed in G.S. 143-129. All such contracts shall be awarded to the lowest responsible, responsive bidder, taking into consideration quality, performance, and the time specified in the bids for the performance of the contract. It shall be the duty of any officer, department, board, local school administrative unit, or commission entering into such contract to keep a record of all bids submitted, and such record shall not be subject to public inspection until the contract has been awarded.

...."

SECTION 40.9.(c) This section is effective when it becomes law and applies to contracts awarded on or after that date.

MURPHEY SCHOOL LEASE

SECTION 40.10.(a) For purposes of this section, the term "Murphey School Lease" means the lease of the old Murphey School property from the State of North Carolina to the City of Raleigh as directed by Section 40.7 of Chapter 1100 of the 1987 Session Laws.

SECTION 40.10.(b) On or before December 31, 2022, and notwithstanding any requirement of G.S. 146-29 to the contrary, the State of North Carolina shall extend the term of the Murphey School Lease until June 30, 2041.

GRANTS TO NON-STATE ENTITIES

SECTION 40.11. Section 40.8 of S.L. 2021-180 shall apply to nonrecurring funds allocated in this act from the State Capital and Infrastructure Fund as grants to non-State entities, as defined by G.S. 143C-1-1(d).

PART XLI. TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND

SECTION 41.1.(a) Subsections (b) and (c) of Section 41.1 of S.L. 2021-180 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	\$2,912.0 million
For Fiscal Year 2024-2025	\$3,095.5 million
For Fiscal Year 2025-2026	\$3,139.4 million
For Fiscal Year 2026-2027	\$3,179.5 million
For Fiscal Year 2027-2028	\$3,217.8 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	\$2,157.9 million
For Fiscal Year 2024-2025	\$2,377.2 million
For Fiscal Year 2025-2026	\$2,477.3 million
For Fiscal Year 2026-2027	\$2,558.3 million
For Fiscal Year 2027-2028	\$2,630.6 million

SECTION 41.1.(d) The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a five-year revenue forecast. The five-year revenue forecast developed under this subsection shall be used (i) to develop the five-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

CONTINGENCY FUNDS

SECTION 41.2.(a) The funds appropriated in this act to the Department of Transportation, Construction – Contingency Fund Code for the 2022-2023 fiscal year shall be allocated statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, railroad infrastructure, and spot safety projects, including pedestrian walkways that enhance highway safety. Projects funded pursuant to this subsection require prior approval by the Secretary of Transportation. Funds allocated under this subsection shall not revert at the end of the applicable fiscal year but shall remain available until expended. The use of funds that do not revert under this subsection is not restricted to the fiscal year in which the funds were allocated.

SECTION 41.2.(b) The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to subsection (a) of this section in each member's district prior to construction. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

IIJA GRANTS REPORT

SECTION 41.3. Beginning October 1, 2022, and quarterly thereafter, the Department of Transportation shall submit a report to the Joint Legislative Transportation Oversight Committee (JLTOC) and the Fiscal Research Division on all Infrastructure Investment and Jobs Act (IIJA) grants applied for and awarded to the Department. The report shall include: type of grant and administering federal agency, Department division responsible for administering the funds, amount of funding and period of performance, required match and sources of matching funds, and contract performance measures.

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

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

BRIDGE NAMING

SECTION 41.5. The Department of Transportation shall designate the bridges described in the subdivisions below as follows:

- (1) The bridge on North Carolina Highway 120 that crosses U.S. Highway 74 in Rutherford County as the "Master Trooper John S. Horton Bridge."
- (2) The bridge on North Carolina Highway 242 that crosses U.S. Highway 74 in Columbus County as the "Bill "Little Bill" Johnson Bridge."

INCREASE PERMISSIBLE USE OF BRIDGE PROGRAM FUNDS FOR CULVERTS

SECTION 41.6. G.S. 136-76.2(b) reads as rewritten:

"(b) Permissible Uses. – Funds appropriated, allocated, credited, or otherwise transferred to the bridge program established under subsection (a) of this section may only be used for improvements to culverts associated with a component of the State highway system and improvements to structurally deficient and functionally obsolete bridges. No more than ~~ten percent (10%)~~ twenty percent (20%) of the funds described in this subsection may be used for improvements to culverts associated with a component of the State highway system, and the funds may only be used for culverts that are 54 inches or greater in size and rated by the Department as in poor condition."

TRANSFER OF FUNDS TO ADVANCE RIGHT-OF-WAY ACQUISITION ACCOUNT

SECTION 41.7.(a) The State Controller shall transfer the sum of one hundred nine million eight hundred thirty-four thousand nine hundred seventy-two dollars (\$109,834,972) from the Highway Fund to the Highway Trust Fund Advance Right-of-Way Acquisition Account. These funds shall be used by the Department of Transportation for the purchase of property under the Undue Hardship Advance Acquisition Program (Undue Hardship Program).

SECTION 41.7.(b) The Department shall streamline the Undue Hardship Program to ensure that property in a planned transportation project area is purchased expeditiously from a property owner experiencing an undue hardship, as that term is defined in G.S. 136-186(a)(3), resulting from a rescheduled or reprioritized Strategic Transportation Investment (STI) project. Beginning October 1, 2022, the Department shall submit a quarterly report to the Joint Legislative Transportation Oversight Committee (JLTOC) and the Fiscal Research Division containing the Department's streamlined efforts, the amount of property purchased, and the number of hardship claims by the Highway Division.

REIMBURSEMENT FOR TRAFFIC LIGHT FROM POWELL BILL FUNDS

SECTION 41.8. Notwithstanding any other provision of law to the contrary, from the funds distributed in accordance with Section 41.27 of S.L. 2021-180 and G.S. 136-41.1 through G.S. 136-41.4 to the Town of Holly Springs for the 2022-2023 fiscal year, the Town shall use the sum of one hundred thousand dollars (\$100,000) to reimburse the Pine Springs Preparatory Academy for the study, design, and installation of a traffic safety light.

TIME-LIMITED COST ESCALATION ADJUSTMENT

SECTION 41.9.(a) Legislative Intent. – The intent of this section is to assist the road and highway construction industry to maintain resilience as it is confronted with the precipitous rise in construction material costs.

SECTION 41.9.(b) Authorization. – The funds appropriated from the Highway Fund to the Department of Transportation for "Contracts – Cost Escalation" shall be used by the Department to adjust construction contracts based upon increased construction material costs, if all of the following conditions are met:

- (1) The Department awarded the contract on or before March 1, 2022, and either contract performance was not completed, or the final estimate of the total contract cost was not completed by this date.
- (2) The vendor makes a claim under this section, on a form developed by the Department, that contains the verified material cost increases and the adjusted new total contract price. The vendor shall make the claim within 60 days of the enactment of this act, and the Department shall issue a written decision within 30 days of a claim under this section.

SECTION 41.9.(c) Reversion. – Unexpended funds appropriated for the purpose described in subsection (b) of this section that remain after all claims are decided and paid shall revert to the Reserve for General Maintenance (GMR) in the Highway Fund.

EXAMS FOR RESTRICTED INSTRUCTION PERMIT

SECTION 41.10.(a) G.S. 20-7 reads as rewritten:

"§ 20-7. Issuance and renewal of drivers licenses.

...
(m) Instruction Permit. – The Division upon receiving proper application may in its discretion issue a restricted instruction permit effective for a school year or a lesser period to any of the following applicants:

- ...
- (1a) A driver training instructor qualified under G.S. 115C-215(e) or G.S. 20-323(b) may administer any vision test or examination of physical condition required for the issuance of a restricted instruction permit to an applicant under this section. The examining instructor may also provide any signature required by the Division to verify the results of the vision test and examination of physical condition.

...."

SECTION 41.10.(b) The Commissioner of Motor Vehicles shall adopt rules or amend its rules consistent with the provisions of this section. The Commissioner may use the procedure set forth in G.S. 150B-21.1 to adopt or amend any rules as required under this section.

SECTION 41.10.(c) This section becomes effective October 1, 2022, and applies to restricted instruction permits issued on or after that date.

PART XLII. FINANCE

EXPAND INCOME TAX EXCLUSION OF MILITARY RETIREMENT PAY TO NOAA AND U.S. PUBLIC HEALTH SERVICE RETIREES

SECTION 42.1.(a) G.S. 105-153.5(b)(5a) reads as rewritten:

"(5a) The amount received during the taxable year from the United States government for the payments listed in this subdivision. Amounts deducted under this subdivision may not also be deducted under subdivision (5) of this subsection. The payments are:

- a. Retirement pay for service in the ~~Armed Forces~~ uniformed services of the United States to a retired member that meets either of the ~~following~~ criteria listed in this sub-subdivision. For purposes of this sub-subdivision, the term "uniformed services" has the same meaning as in 10 U.S.C. § 101(a)(5). The criteria are:

1. Served at least 20 ~~years~~-years in the uniformed services.
2. Medically retired under 10 U.S.C. Chapter 61. This deduction does not apply to severance pay received by a ~~member~~-person due to separation from the member's armed forces under 10 U.S.C. Chapter 61.
- b. Payments of a Plan defined in 10 U.S.C. § 1447 to a beneficiary of a retired member eligible to deduct retirement pay under sub-subdivision a. of this subdivision."

SECTION 42.1.(b) This section is effective for taxable years beginning on or after January 1, 2022.

SALES TAX EXEMPTION FOR INTERSTATE AIR AND GROUND COURIERS

SECTION 42.2.(a) G.S. 105-164.3 reads as rewritten:

"§ 105-164.3. Definitions.

The following definitions apply in this Article:

...
(108) Interstate air and ground courier. – A person whose primary business is the furnishing of air and ground delivery of individually addressed letters and packages for compensation, in interstate commerce, except by the United States Postal Service.

...
(166) Package sorting facility. – A facility that satisfies both of the following conditions:

- a. The facility is used primarily for sorting and distributing letters and packages for an interstate air and ground courier.
- b. The Secretary of Commerce has certified that an investment of private funds of at least one hundred million dollars (\$100,000,000) has been or will be made in real and tangible personal property for the facility within five years after the date on which the first property investment is made and that the facility will achieve an employment level of at least 400 within five years after the date the facility is placed into service and maintain that minimum level of employment throughout its operation.

...."

SECTION 42.2.(b) G.S. 105-164.13 reads as rewritten:

"§ 105-164.13. Retail sales and use tax.

The sale at retail and the use, storage, or consumption in this State of the following items are specifically exempted from the tax imposed by this Article:

...
(45e) Sales to an interstate air and ground courier of materials handling equipment, automated conveyor systems, racking systems, and related parts and accessories for the storage or handling and movement of tangible personal property at its package sorting facility. A qualifying item listed in this subdivision purchased to fulfill a contract with an interstate air and ground courier is exempt to the same extent as if purchased directly by the interstate air and ground courier.

If the level of investment or employment required by G.S. 105-164.3(166)b. is not timely made, achieved, or maintained, then the exemption provided under this subdivision is forfeited. If the exemption is forfeited due to a failure to timely make the required investment or to timely achieve the minimum required employment level, then the exemption provided under this

subdivision is forfeited on all purchases. If the exemption is forfeited due to a failure to maintain the minimum required employment level once that level has been achieved, then the exemption provided under this subdivision is forfeited for those purchases occurring on or after the date the taxpayer fails to maintain the minimum required employment level. A taxpayer that forfeits an exemption under this subdivision is liable for all past sales and use taxes avoided as a result of the forfeiture, computed at the applicable State and local rates from the date the taxes would otherwise have been due, plus interest at the rate established under G.S. 105-241.21. Interest is computed from the date the sales or use tax would otherwise have been due. The past taxes and interest are due 30 days after the date of forfeiture. A taxpayer that fails to pay the past taxes and interest by the due date is subject to the provisions of G.S. 105-236.

...."

SECTION 42.2.(c) This section becomes effective July 1, 2022, and applies to purchases made on or after that date.

USE SALES TAX REVENUES FOR TRANSPORTATION NEEDS

SECTION 42.3.(a) G.S. 105-164.44M reads as rewritten:

"§ 105-164.44M. Transfer to ~~Division of Aviation.~~ Highway Fund.

(a) Aviation. – The net proceeds of the tax collected on aviation gasoline and jet fuel under G.S. 105-164.4 must be transferred within 75 days after the end of each fiscal year to the Highway Fund. This amount is annually appropriated from the Highway Fund to the Division of Aviation of the Department of Transportation for prioritized capital improvements to general aviation airports for time-sensitive aviation capital improvement projects for economic development purposes.

(b) Transportation Needs. – At the end of each quarter, the Secretary must transfer to the Funds listed below a percentage of the net proceeds of the tax collected under this Article at the State's general rate of tax set in G.S. 105-164.4(a). The percentages that must be transferred are as follows:

<u>Fiscal Year</u>	<u>Percentage to Highway Fund</u>	<u>Percentage to Highway Trust Fund</u>
<u>2022-23</u>	<u>2%</u>	<u>0%</u>
<u>2023-24</u>	<u>1%</u>	<u>3%</u>
<u>2024-25 and thereafter</u>	<u>1.5%</u>	<u>4.5%."</u>

SECTION 42.3.(b) This section is effective when it becomes law.

QUARTERLY MOTOR FUEL TAX REFUND FOR OFF-HIGHWAY USE

SECTION 42.4.(a) G.S. 105-449.106 reads as rewritten:

"§ 105-449.106. Quarterly refunds for nonprofit organizations, ~~taxicabs, and special mobile equipment.~~ equipment, and off-highway use.

...

(c) Special Mobile Equipment. – A person who purchases and uses motor fuel for the off-highway operation of special mobile equipment registered under Chapter 20 of the General Statutes may receive a quarterly refund, for the excise tax paid during the preceding quarter, at a rate equal to the tax rate in effect under G.S. 105-449.80 for the time period for which the refund is claimed, less the amount of sales and use tax due on the fuel under this Chapter, ~~as determined in accordance with G.S. 105-449.107(c).~~ Chapter. An application for a refund must be made in accordance with this Part.

(d) Off-Highway Use. – A person who purchases and uses motor fuel for a purpose other than to operate a licensed highway vehicle may receive a quarterly refund for the excise tax paid during the preceding calendar quarter. The amount of refund allowed is the tax rate in effect

under G.S. 105-449.80 for the time period less the amount of sales and use tax due on the fuel under this Chapter. An application for a refund must be made in accordance with this Part."

SECTION 42.4.(b) The catch line for G.S. 105-449.107 reads as rewritten:

"§ 105-449.107. Annual refunds for off-highway use and use by certain vehicles with power attachments."

SECTION 42.4.(c) G.S. 105-449.107(a) and (c) are repealed.

SECTION 42.4.(d) Part 5 of Article 36C of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-449.107A. Sales tax due on motor fuel.

(a) Sales Tax Amount. – Article 5 of Subchapter I of this Chapter determines the amount of State sales and use tax to be deducted from a motor fuel excise tax refund identified in subsection (b) of this section. Articles 39, 40, and 42 of Subchapter VIII of this Chapter and the Mecklenburg First 1% Sales Tax Act determine the amount of local sales and use tax to be deducted under this section from a motor fuel excise tax refund identified in subsection (b) of this section. The cents-per-gallon cost of motor fuel used to calculate the amount of State and local sales and use tax deducted from a claim for refund for each taxable period equals the average of the United States city average price of finished motor gasoline and No. 2 diesel fuel for resale in the "Consumer Price Index Detailed Reports" published by the Bureau of Labor Statistics of the United States Department of Labor or data determined by the Secretary to be equivalent. The average is computed by weighting the cost of finished motor gasoline and No. 2 diesel fuel by the proportion of tax collected on each under this Article for the taxable period, rounding to the nearest one-tenth of a cent (1/10¢). If the cents-per-gallon cost is exactly between two-tenths of a cent (2/10¢), the average is rounded up to the higher of the two.

(b) Refunds Subject to Sales Tax Amount. – The sales tax amount must be deducted from all of the following claims for refunds:

- (1) Refunds for special mobile equipment pursuant to G.S. 105-449.106(c).
- (2) Refunds for off-highway use pursuant to G.S. 105-449.106(d).
- (3) Refunds for eligible vehicles with power attachments pursuant to G.S. 105-449.107."

SECTION 42.4.(e) G.S. 105-164.13(11)a. reads as rewritten:

- "a. Motor fuel, as taxed in Article 36C of this Chapter, except motor fuel for which a refund of the per gallon excise tax is allowed under G.S. 105-449.105A, ~~G.S. 105-449.106(c)~~—G.S. 105-449.106(c), G.S. 105-449.106(d), or G.S. 105-449.107."

SECTION 42.4.(f) This section becomes effective January 1, 2023, and applies to purchases of motor fuel on or after that date.

PART XLIII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 43.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 43.2.(a) The Joint Conference Committee Report on the Current Operations Appropriations Act of 2022 for House Bill 103, dated June 28, 2022, 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 2022-2023 fiscal year 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).

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 in 2022. 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 2022-2023 FISCAL YEAR

SECTION 43.5. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2022-2023 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2022-2023 fiscal year.

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, 2022.

In the General Assembly read three times and ratified this the 1st day of July, 2022.

s/ Phil Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 2:45 p.m. this 11th day of July, 2022