

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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SENATE BILL 105  
Appropriations/Base Budget Committee Substitute Adopted 6/22/21  
Third Edition Engrossed 6/25/21  
House Committee Substitute Favorable 8/9/21  
House Committee Substitute #2 Favorable 8/10/21  
Sixth Edition Engrossed 8/12/21  
Proposed Conference Committee Substitute S105-PCCS25005-MLxr-3

Short Title: 2021 Appropriations Act.

(Public)

Sponsors:

Referred to:

February 18, 2021

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

The General Assembly of North Carolina enacts:

**PART I. TITLE AND INTRODUCTION**

**TITLE OF ACT**

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

**INTRODUCTION**

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

**PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

**GENERAL FUND APPROPRIATIONS**

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

<b>Current Operations - General Fund</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
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**EDUCATION**

Community College System



1	Requirements	1,819,143,571	1,685,373,047
2	Less: Receipts	502,936,159	345,149,910
3	<b>Net Appropriation</b>	<b>1,316,207,412</b>	<b>1,340,223,137</b>
4			
5	Public Instruction		
6	Requirements	13,493,426,049	13,146,477,032
7	Less: Receipts	2,890,675,279	2,219,558,462
8	<b>Net Appropriation</b>	<b>10,602,750,770</b>	<b>10,926,918,570</b>
9			
10	University of North Carolina		
11	UNC at Asheville		
12	Requirements	72,523,226	69,523,226
13	Less: Receipts	21,876,242	21,876,242
14	<b>Net Appropriation</b>	<b>50,646,984</b>	<b>47,646,984</b>
15			
16	UNC at Chapel Hill - Academic Affairs		
17	Requirements	738,414,858	649,514,858
18	Less: Receipts	434,041,754	366,041,754
19	<b>Net Appropriation</b>	<b>304,373,104</b>	<b>283,473,104</b>
20			
21	UNC at Chapel Hill - Area Health Ed.		
22	Requirements	54,748,874	54,748,874
23	Less: Receipts	0	0
24	<b>Net Appropriation</b>	<b>54,748,874</b>	<b>54,748,874</b>
25			
26	UNC at Chapel Hill - Health Affairs		
27	Requirements	340,457,192	338,957,192
28	Less: Receipts	133,319,411	131,819,411
29	<b>Net Appropriation</b>	<b>207,137,781</b>	<b>207,137,781</b>
30			
31	UNC at Charlotte		
32	Requirements	430,927,003	430,927,003
33	Less: Receipts	165,165,330	165,165,330
34	<b>Net Appropriation</b>	<b>265,761,673</b>	<b>265,761,673</b>
35			
36	UNC at Greensboro		
37	Requirements	292,392,935	289,992,935
38	Less: Receipts	108,204,808	108,204,808
39	<b>Net Appropriation</b>	<b>184,188,127</b>	<b>181,788,127</b>
40			
41	UNC at Pembroke		
42	Requirements	94,610,944	94,109,865
43	Less: Receipts	16,289,132	15,789,132
44	<b>Net Appropriation</b>	<b>78,321,812</b>	<b>78,320,733</b>
45			
46	UNC at Wilmington		
47	Requirements	249,933,584	249,933,584
48	Less: Receipts	102,044,807	102,044,807
49	<b>Net Appropriation</b>	<b>147,888,777</b>	<b>147,888,777</b>
50			
51	UNC Board of Governors		

1	Requirements	47,352,910	45,192,410
2	Less: Receipts	419,717	259,217
3	<b>Net Appropriation</b>	<b>46,933,193</b>	<b>44,933,193</b>
4			
5	UNC BOG - Aid to Private Institutions		
6	Requirements	295,621,921	263,221,921
7	Less: Receipts	64,000,000	0
8	<b>Net Appropriation</b>	<b>231,621,921</b>	<b>263,221,921</b>
9			
10	UNC BOG - Institutional Programs		
11	Requirements	464,024,187	398,717,902
12	Less: Receipts	191,277,624	7,398,652
13	<b>Net Appropriation</b>	<b>272,746,563</b>	<b>391,319,250</b>
14			
15	UNC BOG - Related Educational Programs		
16	Requirements	202,404,186	220,757,760
17	Less: Receipts	79,531,975	100,266,975
18	<b>Net Appropriation</b>	<b>122,872,211</b>	<b>120,490,785</b>
19			
20	UNC School of the Arts		
21	Requirements	50,730,632	50,366,379
22	Less: Receipts	16,836,377	16,472,124
23	<b>Net Appropriation</b>	<b>33,894,255</b>	<b>33,894,255</b>
24			
25	Western Carolina University		
26	Requirements	161,859,440	161,897,131
27	Less: Receipts	28,112,897	28,112,897
28	<b>Net Appropriation</b>	<b>133,746,543</b>	<b>133,784,234</b>
29			
30	Winston-Salem State University		
31	Requirements	87,439,197	87,439,197
32	Less: Receipts	22,435,103	22,435,103
33	<b>Net Appropriation</b>	<b>65,004,094</b>	<b>65,004,094</b>
34			
35	East Carolina Univ. - Academic Affairs		
36	Requirements	407,120,602	407,123,708
37	Less: Receipts	170,099,826	170,099,826
38	<b>Net Appropriation</b>	<b>237,020,776</b>	<b>237,023,882</b>
39			
40	East Carolina Univ. - Health Affairs		
41	Requirements	94,969,394	94,969,394
42	Less: Receipts	13,133,406	13,133,406
43	<b>Net Appropriation</b>	<b>81,835,988</b>	<b>81,835,988</b>
44			
45	Elizabeth City State University		
46	Requirements	39,493,791	39,493,791
47	Less: Receipts	3,660,169	3,660,169
48	<b>Net Appropriation</b>	<b>35,833,622</b>	<b>35,833,622</b>
49			
50	Appalachian State University		
51	Requirements	268,283,708	267,650,375

1	Less: Receipts	117,742,367	117,742,367
2	<b>Net Appropriation</b>	<b>150,541,341</b>	<b>149,908,008</b>
3			
4	Fayetteville State University		
5	Requirements	79,732,941	79,732,941
6	Less: Receipts	24,568,975	24,568,975
7	<b>Net Appropriation</b>	<b>55,163,966</b>	<b>55,163,966</b>
8			
9	NC A&T University		
10	Requirements	194,014,245	195,896,516
11	Less: Receipts	87,664,443	87,664,443
12	<b>Net Appropriation</b>	<b>106,349,802</b>	<b>108,232,073</b>
13			
14	NC School of Science and Mathematics		
15	Requirements	34,010,685	35,486,077
16	Less: Receipts	3,643,589	2,283,359
17	<b>Net Appropriation</b>	<b>30,367,096</b>	<b>33,202,718</b>
18			
19	NC State University - Academic Affairs		
20	Requirements	879,087,918	871,715,734
21	Less: Receipts	436,172,095	436,172,095
22	<b>Net Appropriation</b>	<b>442,915,823</b>	<b>435,543,639</b>
23			
24	NC State University - Ag. Research		
25	Requirements	73,433,973	73,433,973
26	Less: Receipts	17,662,615	17,662,615
27	<b>Net Appropriation</b>	<b>55,771,358</b>	<b>55,771,358</b>
28			
29	NC State University - Coop. Extension		
30	Requirements	61,382,049	59,619,549
31	Less: Receipts	19,844,142	18,144,142
32	<b>Net Appropriation</b>	<b>41,537,907</b>	<b>41,475,407</b>
33			
34	North Carolina Central University		
35	Requirements	142,860,118	139,027,491
36	Less: Receipts	51,836,529	51,836,529
37	<b>Net Appropriation</b>	<b>91,023,589</b>	<b>87,190,962</b>
38			
39	<b>HEALTH AND HUMAN SERVICES</b>		
40	Aging and Adult Services		
41	Requirements	181,643,877	131,690,170
42	Less: Receipts	131,163,407	79,269,184
43	<b>Net Appropriation</b>	<b>50,480,470</b>	<b>52,420,986</b>
44			
45	Central Management and Support		
46	Requirements	429,345,578	361,027,599
47	Less: Receipts	237,165,932	180,445,000
48	<b>Net Appropriation</b>	<b>192,179,646</b>	<b>180,582,599</b>
49			
50	Child Development and Early Education		
51	Requirements	1,345,027,024	819,437,662

1	Less: Receipts	1,102,361,197	576,599,001
2	<b>Net Appropriation</b>	<b>242,665,827</b>	<b>242,838,661</b>
3			
4	Health Benefits		
5	Requirements	20,103,850,258	18,820,750,486
6	Less: Receipts	16,126,513,963	14,295,834,219
7	<b>Net Appropriation</b>	<b>3,977,336,295</b>	<b>4,524,916,267</b>
8			
9	Health Service Regulation		
10	Requirements	81,425,934	78,387,487
11	Less: Receipts	56,415,057	55,603,140
12	<b>Net Appropriation</b>	<b>25,010,877</b>	<b>22,784,347</b>
13			
14	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.		
15	Requirements	1,866,645,398	1,707,121,244
16	Less: Receipts	1,023,516,021	848,124,105
17	<b>Net Appropriation</b>	<b>843,129,377</b>	<b>858,997,139</b>
18			
19	Public Health		
20	Requirements	1,399,715,419	985,744,986
21	Less: Receipts	1,231,231,383	814,352,013
22	<b>Net Appropriation</b>	<b>168,484,036</b>	<b>171,392,973</b>
23			
24	Services for the Blind/Deaf/Hard of Hearing		
25	Requirements	43,481,862	43,122,761
26	Less: Receipts	34,533,038	34,037,306
27	<b>Net Appropriation</b>	<b>8,948,824</b>	<b>9,085,455</b>
28			
29	Social Services		
30	Requirements	2,161,485,879	1,998,527,999
31	Less: Receipts	1,941,828,091	1,781,852,590
32	<b>Net Appropriation</b>	<b>219,657,788</b>	<b>216,675,409</b>
33			
34	Vocational Rehabilitation Services		
35	Requirements	159,234,735	157,729,471
36	Less: Receipts	117,518,882	115,719,592
37	<b>Net Appropriation</b>	<b>41,715,853</b>	<b>42,009,879</b>
38			
39	<b>AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES</b>		
40	Agriculture and Consumer Services		
41	Requirements	372,398,736	225,820,109
42	Less: Receipts	202,582,863	62,920,117
43	<b>Net Appropriation</b>	<b>169,815,873</b>	<b>162,899,992</b>
44			
45	Commerce		
46	Requirements	599,260,602	252,886,311
47	Less: Receipts	382,599,635	57,089,545
48	<b>Net Appropriation</b>	<b>216,660,967</b>	<b>195,796,766</b>
49			
50	Environmental Quality		
51	Requirements	1,974,202,612	270,201,810

1	Less: Receipts	1,867,310,314	168,141,345
2	<b>Net Appropriation</b>	<b>106,892,298</b>	<b>102,060,465</b>
3			
4	Labor		
5	Requirements	46,418,913	41,538,245
6	Less: Receipts	24,971,497	19,445,475
7	<b>Net Appropriation</b>	<b>21,447,416</b>	<b>22,092,770</b>
8			
9	Natural and Cultural Resources		
10	Requirements	394,934,053	278,077,598
11	Less: Receipts	167,852,892	46,719,049
12	<b>Net Appropriation</b>	<b>227,081,161</b>	<b>231,358,549</b>
13			
14	Wildlife Resources Commission		
15	Requirements	97,932,592	101,846,889
16	Less: Receipts	85,060,825	81,599,123
17	<b>Net Appropriation</b>	<b>12,871,767</b>	<b>20,247,766</b>
18			
19	<b>JUSTICE AND PUBLIC SAFETY</b>		
20	Public Safety		
21	Requirements	2,858,617,132	2,765,918,766
22	Less: Receipts	390,169,907	267,676,596
23	<b>Net Appropriation</b>	<b>2,468,447,225</b>	<b>2,498,242,170</b>
24			
25	Administrative Office of the Courts		
26	Requirements	718,636,816	691,722,774
27	Less: Receipts	46,268,647	2,398,077
28	<b>Net Appropriation</b>	<b>672,368,169</b>	<b>689,324,697</b>
29			
30	Justice		
31	Requirements	108,798,980	102,807,319
32	Less: Receipts	43,682,434	40,562,557
33	<b>Net Appropriation</b>	<b>65,116,546</b>	<b>62,244,762</b>
34			
35	Indigent Defense Services		
36	Requirements	150,427,784	152,524,875
37	Less: Receipts	13,755,019	14,245,217
38	<b>Net Appropriation</b>	<b>136,672,765</b>	<b>138,279,658</b>
39			
40	<b>GENERAL GOVERNMENT</b>		
41	Administration		
42	Requirements	94,042,041	72,600,521
43	Less: Receipts	32,856,444	11,363,679
44	<b>Net Appropriation</b>	<b>61,185,597</b>	<b>61,236,842</b>
45			
46	Administrative Hearings		
47	Requirements	8,186,644	8,540,331
48	Less: Receipts	1,347,120	1,273,214
49	<b>Net Appropriation</b>	<b>6,839,524</b>	<b>7,267,117</b>
50			
51	Auditor		

1	Requirements	26,458,840	23,073,933
2	Less: Receipts	10,256,759	6,547,434
3	<b>Net Appropriation</b>	<b>16,202,081</b>	<b>16,526,499</b>
4			
5	Budget and Management		
6	Requirements	239,898,420	10,939,568
7	Less: Receipts	225,092,508	557,408
8	<b>Net Appropriation</b>	<b>14,805,912</b>	<b>10,382,160</b>
9			
10	Budget and Management - Special Approp.		
11	Requirements	31,935,413	5,517,000
12	Less: Receipts	0	0
13	<b>Net Appropriation</b>	<b>31,935,413</b>	<b>5,517,000</b>
14			
15	Controller		
16	Requirements	29,282,114	32,631,521
17	Less: Receipts	1,095,838	856,394
18	<b>Net Appropriation</b>	<b>28,186,276</b>	<b>31,775,127</b>
19			
20	Elections		
21	Requirements	13,068,815	8,194,592
22	Less: Receipts	201,227	116,122
23	<b>Net Appropriation</b>	<b>12,867,588</b>	<b>8,078,470</b>
24			
25	General Assembly		
26	Requirements	103,315,475	81,600,598
27	Less: Receipts	23,789,804	714,449
28	<b>Net Appropriation</b>	<b>79,525,671</b>	<b>80,886,149</b>
29			
30	Governor		
31	Requirements	6,667,609	6,764,103
32	Less: Receipts	976,940	909,888
33	<b>Net Appropriation</b>	<b>5,690,669</b>	<b>5,854,215</b>
34			
35	Housing Finance Agency		
36	Requirements	190,660,000	10,660,000
37	Less: Receipts	180,000,000	0
38	<b>Net Appropriation</b>	<b>10,660,000</b>	<b>10,660,000</b>
39			
40	Human Resources		
41	Requirements	9,558,061	9,907,043
42	Less: Receipts	228,305	116,966
43	<b>Net Appropriation</b>	<b>9,329,756</b>	<b>9,790,077</b>
44			
45	Industrial Commission		
46	Requirements	22,773,995	22,737,319
47	Less: Receipts	13,788,856	13,579,528
48	<b>Net Appropriation</b>	<b>8,985,139</b>	<b>9,157,791</b>
49			
50	Insurance		
51	Requirements	72,508,374	64,323,278

1	Less: Receipts	18,980,536	9,778,203
2	<b>Net Appropriation</b>	<b>53,527,838</b>	<b>54,545,075</b>
3			
4	Lieutenant Governor		
5	Requirements	1,179,841	1,200,134
6	Less: Receipts	10,525	1,989
7	<b>Net Appropriation</b>	<b>1,169,316</b>	<b>1,198,145</b>
8			
9	Military and Veterans Affairs		
10	Requirements	11,937,180	12,436,170
11	Less: Receipts	318,198	170,004
12	<b>Net Appropriation</b>	<b>11,618,982</b>	<b>12,266,166</b>
13			
14	Revenue		
15	Requirements	679,577,715	176,677,836
16	Less: Receipts	568,895,961	63,478,511
17	<b>Net Appropriation</b>	<b>110,681,754</b>	<b>113,199,325</b>
18			
19	Secretary of State		
20	Requirements	17,332,553	17,864,409
21	Less: Receipts	652,146	392,018
22	<b>Net Appropriation</b>	<b>16,680,407</b>	<b>17,472,391</b>
23			
24	Treasurer		
25	Requirements	68,742,382	68,143,731
26	Less: Receipts	63,736,148	63,097,790
27	<b>Net Appropriation</b>	<b>5,006,234</b>	<b>5,045,941</b>
28			
29	Treasurer - Other Retirement Plans/Benefits		
30	Requirements	32,905,423	33,255,423
31	Less: Receipts	0	0
32	<b>Net Appropriation</b>	<b>32,905,423</b>	<b>33,255,423</b>
33			
34	<b>INFORMATION TECHNOLOGY</b>		
35	Department of Information Technology		
36	Requirements	1,060,618,295	86,621,172
37	Less: Receipts	971,184,135	16,695,570
38	<b>Net Appropriation</b>	<b>89,434,160</b>	<b>69,925,602</b>
39			
40	<b>RESERVES, DEBT, AND OTHER BUDGETS</b>		
41	Statewide Reserves		
42	Requirements	101,000,000	64,646,670
43	Less: Receipts	101,000,000	0
44	<b>Net Appropriation</b>	<b>0</b>	<b>64,646,670</b>
45			
46	Statewide Enterprise Resource Planning		
47	Requirements	25,000,000	25,000,000
48	Less: Receipts	25,000,000	25,000,000
49	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
50			
51	State Capital & Infrastructure Gen. Fund Approp.		



1	Requirements	0	0
2	Less: Receipts	0	0
3	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
4			
5	State Treasurer - General Debt Service		
6	Requirements	673,624,208	649,265,711
7	Less: Receipts	673,624,208	649,265,711
8	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
9			
10	State Treasurer - Debt Service - Federal		
11	Requirements	0	0
12	Less: Receipts	0	0
13	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
14			
15	<b>CAPITAL</b>		
16	State Fiscal Recovery Fund - Capital		
17	Requirements	50,000,000	0
18	Less: Receipts	50,000,000	0
19	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
20			
21	<b>Total Requirements</b>	<b>59,834,157,715</b>	<b>51,980,785,489</b>
22	<b>Less: Total Receipts</b>	<b>33,912,731,433</b>	<b>25,000,110,879</b>
23	<b>Total Net Appropriation</b>	<b>25,921,426,282</b>	<b>26,980,674,610</b>

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

#### 29 GENERAL FUND AVAILABILITY

30 **SECTION 2.2.(a)** The General Fund availability derived from State tax revenue,  
 31 nontax revenue, and other adjustments used in developing the budget for each year of the  
 32 2021-2023 fiscal biennium is as follows:

	FY 2021-2022	FY 2022-2023
34 <b>Unappropriated Balance Remaining FY 2020-21</b>	<b>457,272,694</b>	<b>2,487,245,252</b>
35 Actual/Anticipated Reversions	523,224,136	200,000,000
36 Actual Over Collections	6,230,486,722	-
37 S.L. 2021-19: UNC Building Reserves/Certain Projects	(2,359,159)	-
38 Actual Transfer to Savings Reserve	(877,717,564)	-
39 <b>Total, Prior Year-End Fund Balance</b>	<b>6,330,906,829</b>	<b>2,687,245,252</b>
40		
41 <b>Tax Revenue</b>		
42 Personal Income	15,388,100,000	15,998,900,000
43 Sales and Use	9,681,100,000	9,830,000,000
44 Corporate Income	1,300,500,000	1,343,600,000
45 Franchise	840,000,000	861,300,000
46 Insurance	808,900,000	961,800,000
47 Alcoholic Beverages	453,300,000	461,700,000
48 Tobacco Products	258,300,000	256,900,000
49 Other Tax Revenues	155,800,000	152,700,000
50 <b>Subtotal, Tax Revenue</b>	<b>28,886,000,000</b>	<b>29,866,900,000</b>

1			
2	<b>Non-Tax Revenue</b>		
3	Judicial Fees	216,600,000	224,200,000
4	Investment Income	29,600,000	36,100,000
5	Disproportionate Share	115,400,000	122,500,000
6	Master Settlement Agreement	139,400,000	134,100,000
7	Insurance	100,500,000	103,400,000
8	Other Non-Tax Revenues	217,900,000	220,000,000
9	<b>Subtotal, Non-Tax Revenue</b>	<b>819,400,000</b>	<b>840,300,000</b>
10			
11	<b>Total, Net Revenue</b>	<b>29,705,400,000</b>	<b>30,707,200,000</b>
12			
13	<b>Adjustments to Tax Revenue</b>		
14	<b>Personal Income Tax Changes</b>		
15	Deduction for PPP Loans, EIDL, & similar programs	(427,000,000)	(35,000,000)
16	Changes to Mill Rehabilitation Tax Credits	1,400,000	(3,700,000)
17	Changes to Historic Rehabilitation Tax Credits	(200,000)	(200,000)
18	Reduce Rate, Change Certain Deductions	(650,020,000)	(1,700,600,000)
19	<b>Sales and Use Tax Changes</b>		
20	Credit Short-Term Car Rental Proceeds to Highway Fund	(69,800,000)	(74,600,000)
21	<b>Corporate Income Tax Changes</b>		
22	Deduction for PPP Loans, EIDL, & similar programs	(183,000,000)	(15,000,000)
23	Changes to Mill Rehabilitation Tax Credits	2,900,000	(7,500,000)
24	Changes to Historic Rehabilitation Tax Credits	(500,000)	(500,000)
25	<b>Franchise Tax Changes</b>		
26	Eliminate Alternate Property Bases	-	(173,300,000)
27	<b>Insurance Tax Changes</b>		
28	Changes to Mill Rehabilitation Tax Credits	1,500,000	(3,800,000)
29	Changes to Historic Rehabilitation Tax Credits	(300,000)	(300,000)
30	Limit Gross Premiums Tax on Surety Bonds	(700,000)	(1,000,000)
31	<b>Tobacco Products Tax Changes</b>		
32	Expand Cigar Excise Tax	-	25,200,000
33	<b>Subtotal, Adjustments to Tax Revenue</b>	<b>(1,325,700,000)</b>	<b>(1,990,300,000)</b>
34			
35	<b>Statutorily Required Reservations of Revenue</b>		
36	NC GREAT Program (S.L. 2019-230)	(15,000,000)	(15,000,000)
37	State Capital and Infrastructure Fund (SCIF)	(1,300,000,000)	(1,345,500,000)
38	<b>Subtotal, Statutorily Required Reservations of Revenue</b>	<b>(1,315,000,000)</b>	<b>(1,360,500,000)</b>
39			
40	<b>Reserves</b>		
41	Medicaid Contingency Reserve	(125,000,000)	-
42	Medicaid Transformation Reserve	(215,820,000)	(246,000,000)
43	Information Technology Reserve	(109,661,155)	(165,000,000)
44	Transfer to Savings Reserve	(1,134,006,723)	(1,134,006,722)
45	Additional Transfer to SCIF	(2,349,334,999)	(1,039,500,000)
46	State Emergency and Disaster Response Reserve	(425,000,000)	(375,000,000)
47	Economic Development Project Reserve	(338,000,000)	-
48	Unfunded Liability Solvency Reserve	(40,000,000)	(10,000,000)
49	Wilmington Harbor Enhancements Reserve	(283,800,000)	-
50	<b>Subtotal, Reserves</b>	<b>(5,020,622,877)</b>	<b>(2,969,506,722)</b>
51			

1	<b>Other Adjustments to Availability</b>		
2	Adjustment to Transfer from State Treasurer	2,320,420	3,337,657
3	Adjustment from Insurance Reg. Fund	61,578	101,285
4	UNC/Medicaid Receivables Transfer	31,305,584	31,305,584
5	<b>Subtotal, Other Adjustments</b>	<b>33,687,582</b>	<b>34,744,526</b>
6			
7	<b>Revised Total General Fund Availability</b>	<b>28,408,671,534</b>	<b>27,108,883,056</b>
8			
9	Less General Fund Net Appropriations	25,921,426,282	26,980,674,610
10	<b>Unappropriated Balance Remaining</b>	<b>2,487,245,252</b>	<b>128,208,446</b>

11  
12       **SECTION 2.2.(b)** In addition to the amount required under G.S. 143C-4-3.1, as  
13 amended by Section 5.7 of this act, the State Controller shall transfer to the State Capital and  
14 Infrastructure Fund established under G.S. 143C-4-3.1 the sum of two billion three hundred  
15 forty-nine million three hundred thirty-four thousand nine hundred ninety-nine dollars  
16 (\$2,349,334,999) in nonrecurring funds in the 2021-2022 fiscal year and the sum of one billion  
17 thirty-nine million five hundred thousand dollars (\$1,039,500,000) in nonrecurring funds in the  
18 2022-2023 fiscal year. Funds transferred under this subsection are appropriated for the fiscal year  
19 in which they were transferred and shall be used in accordance with Part 40 of this act.

20       **SECTION 2.2.(c)** In addition to the amount required under G.S. 143C-4-2, as  
21 amended by Section 5.6 of this act, the State Controller shall transfer to the Savings Reserve the  
22 sum of one billion one hundred thirty-four million six thousand seven hundred twenty-three  
23 dollars (\$1,134,006,723) in nonrecurring funds in the 2021-2022 fiscal year and the sum of one  
24 billion one hundred thirty-four million six thousand seven hundred twenty-two dollars  
25 (\$1,134,006,722) in nonrecurring funds in the 2022-2023 fiscal year. This transfer is not an  
26 "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North  
27 Carolina Constitution.

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

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

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

42       **SECTION 2.2.(g)** The State Controller shall reserve to the Medicaid Contingency  
43 Reserve described in G.S. 143C-4-11 from funds available in the General Fund the sum of one  
44 hundred twenty-five million dollars (\$125,000,000) in nonrecurring funds for the 2021-2022  
45 fiscal year. Funds reserved in the Medicaid Contingency Reserve pursuant to this subsection do  
46 not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V  
47 of the North Carolina Constitution.

48       **SECTION 2.2.(h)** There is established in the General Fund an Information  
49 Technology Reserve that shall make funds available for information technology project  
50 expenditures only upon an act of appropriation by the General Assembly. The State Controller  
51 shall reserve to the Information Technology Reserve from funds available in the General Fund

1 the sum of one hundred nine million six hundred sixty-one thousand one hundred fifty-five  
 2 dollars (\$109,661,155) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one  
 3 hundred sixty-five million dollars (\$165,000,000) in nonrecurring funds for the 2022-2023 fiscal  
 4 year. The State Controller shall transfer funds available in the Information Technology Reserve  
 5 to State agencies and departments for information technology projects in accordance with the  
 6 following schedule, and the funds transferred are appropriated for the fiscal year in which they  
 7 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

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

27 **SECTION 2.2.(j)** The State Controller shall transfer the sum of four hundred eleven  
 28 million seven hundred sixty-nine thousand five hundred dollars (\$411,769,500) in nonrecurring  
 29 funds for the 2021-2022 fiscal year from funds available in the State Emergency Response and  
 30 Disaster Relief Reserve, to be used in accordance with Sections 5.9 and 5.9A of this act, and the  
 31 funds transferred are appropriated for the fiscal year in which they are transferred.

32 **SECTION 2.2.(l)** There is established in the General Fund a Wilmington Harbor  
 33 Enhancement Reserve that shall make funds available for expenditures associated with the  
 34 Wilmington Harbor Enhancement project only upon an act of appropriation by the General  
 35 Assembly. The State Controller shall reserve to the Wilmington Harbor Enhancement Reserve  
 36 from funds available in the General Fund the sum of two hundred eighty-three million eight  
 37 hundred thousand dollars (\$283,800,000) in nonrecurring funds for the 2021-2022 fiscal year.  
 38 Funds reserved in the General Fund pursuant to this subsection do not constitute an  
 39 "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North  
 40 Carolina Constitution.

41 **SECTION 2.2.(m)** There is established in the General Fund an Economic  
 42 Development Project Reserve that shall make funds available for expenditures associated with  
 43 economic development projects meeting or exceeding high-yield project metrics only upon an  
 44 act of appropriation by the General Assembly. The State Controller shall reserve to the Economic  
 45 Development Project Reserve from funds available in the General Fund the sum of three hundred  
 46 thirty-eight million dollars (\$338,000,000) in nonrecurring funds for the 2021-2022 fiscal year.  
 47 Funds reserved in the General Fund pursuant to this subsection do not constitute an  
 48 "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North  
 49 Carolina Constitution.

51 **PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND**

**CURRENT OPERATIONS/HIGHWAY FUND**

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

<b>Highway Fund</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
Administration	100,148,404	100,148,990
Division of Highways		
Administration	45,738,718	45,600,056
Construction	127,543,078	77,543,078
Maintenance	1,658,910,598	1,699,760,767
Governor's Highway Safety Program	305,546	305,546
OSHA	358,030	358,030
Aid to Municipalities		
Powell Bill	154,875,000	154,875,000
Other Municipal Assistance	4,319,350	0
Intermodal Divisions		
Ferry	56,252,098	57,235,982
Public Transportation, Bicycle and Pedestrian	97,421,832	69,394,735
Aviation	130,172,588	131,772,588
Rail	44,613,338	44,613,338
Division of Motor Vehicles	152,450,570	152,428,637
Other State Agencies, Reserves, Transfers	49,430,850	65,819,281
Capital Improvements	3,860,000	3,543,972
<b>Total</b>	<b>\$2,626,400,000</b>	<b>\$2,603,400,000</b>

**HIGHWAY FUND AVAILABILITY**

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

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

1			
2	Adjustments to Availability		
3	Additional Highway Short-Term Lease	69,800,000	74,600,000
4			
5	<b>Total Highway Fund Availability</b>	<b>\$2,626,400,000</b>	<b>\$2,603,400,000</b>

#### 6 HIGHWAY TRUST FUND APPROPRIATIONS

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

10			
11			
12	<b>Current Operations – Highway Trust Fund</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
13	Program Administration	39,433,938	39,433,938
14	Bonds	93,042,400	93,047,650
15	Turnpike Authority	49,000,000	49,000,000
16	State Ports Authority	45,000,000	45,000,000
17	FHWA State Match	5,104,440	5,104,440
18	Strategic Prioritization Funding Plan for		
19	Transportation Investments	1,320,019,222	1,496,313,972
20	Transfer to Visitor Center	400,000	400,000
21			
22	<b>Total</b>	<b>\$1,552,000,000</b>	<b>\$1,728,300,000</b>

#### 23 HIGHWAY TRUST FUND AVAILABILITY

24 **SECTION 3.4.** The Highway Trust Fund availability used in developing the  
25 2021-2023 fiscal biennial budget is shown below:

26			
27			
28	<b>Highway Trust Fund Availability</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
29	Projected Over Collections	326,587,369	
30	Partial Accounting of Cash Advance Repayments	176,577,495	
31	STI Projects	(503,164,864)	
32			
33	Beginning Balance	0	
34	Highway Use Tax	958,300,000	997,900,000
35	Motor Fuels Tax	418,000,000	546,300,000
36	Fees	173,700,000	182,100,000
37	Investment Income	2,000,000	2,000,000
38			
39	<b>Total Highway Trust Fund Availability</b>	<b>\$1,552,000,000</b>	<b>\$1,728,300,000</b>

#### 40 PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

##### 41 OTHER APPROPRIATIONS

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

- 44 (1) All budget codes listed in the Governor's Recommended Base Budget for the  
45 2021-2023 fiscal biennium, submitted pursuant to G.S. 143C-3-5, are  
46 appropriated up to the amounts specified, as adjusted by the General  
47 Assembly in this act and as delineated in the Committee Report described in  
48 Section 43.2 of this act, or in another act of the General Assembly.  
49  
50

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

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

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

**OTHER RECEIPTS FROM PENDING AWARD GRANTS**

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

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

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

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

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

**EDUCATION LOTTERY FUNDS**

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

	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
Noninstructional Support Personnel	\$385,914,455	\$385,914,455
Prekindergarten Program	78,252,110	78,252,110
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	145,252,612	153,252,612
Public School Repair & Renovation	30,000,000	50,000,000

1	Scholarships for Needy Students	30,450,000	–
2	UNC Need-Based Financial Aid	10,744,733	–
3	Scholarship Reserve Fund for Public Colleges		
4	and Universities	–	41,194,733
5	LEA Transportation	21,386,090	21,386,090
6	<b>TOTAL ALLOCATION</b>	<b>\$802,000,000</b>	<b>\$830,000,000</b>

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

8   "**§ 18C-162. Allocation of revenues.**

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

- 12       (1) At least fifty percent (50%) of the total annual revenues, as described in this  
13 Chapter, shall be returned to the public in the form of prizes.
- 14       (2) At least ~~thirty five~~ thirty-eight percent ~~(35%)~~ (38%) of the total annual  
15 revenues, as described in this Chapter, shall be transferred as provided in  
16 G.S. 18C-164.
- 17       (3) No more than ~~eight five~~ percent (8%) ~~(5%)~~ of the total annual revenues, as  
18 described in this Chapter, shall be allocated for payment of expenses of the  
19 Lottery. ~~Advertising expenses shall not exceed one percent (1%) of the total~~  
20 ~~annual revenues.~~
- 21       (4) No more than seven percent (7%) of the face value of tickets or shares, as  
22 described in this Chapter, shall be allocated for compensation paid to lottery  
23 game retailers.

24       ...."

25  
26 **NEEDS-BASED CHANGES**

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

29   "Article 38B.

30   "Needs-Based Public School Capital Fund.

31 **"§ 115C-546.10. Fund created; purpose; prioritization.**

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

- 38       (1) Counties designated as development tier one areas.
- 39       (2) Counties with greater need and less ability to generate sales tax and property  
40 tax revenue.
- 41       (3) Counties with a high debt-to-tax revenue ratio.
- 42       (4) The extent to which a project will address critical deficiencies in adequately  
43 servicing the current and future student population.
- 44       (5) Projects with new construction or complete renovation of existing facilities.
- 45       (6) Projects that will consolidate two or more schools into one new facility.
- 46       (7) Counties that have not received a grant under this Article in the previous three  
47 years.

48 **"§ 115C-546.11. Matching requirement; use of funds; maximum awards.**

49       (a) An eligible county awarded a grant under this Article shall provide local matching  
50 funds from county funds, other non-State funds, or a combination of these sources for the grant  
51 as provided in this section. An eligible county is a county with an adjusted market value of taxable



1 real property of less than forty billion dollars (\$40,000,000,000). The adjusted market value of  
 2 taxable property in a county is equal to the county's assessed taxable real property value, using  
 3 the latest available data published by the Department of Revenue, divided by the county's sales  
 4 assessment ratio determined under G.S. 105-289(h). The amount of matching funds for a county  
 5 awarded a grant shall be published annually by the Department of Public Instruction prior to any  
 6 application period. The local match requirement applied to the project shall be based on the match  
 7 requirement effective at the time of the grant award. The local match requirement is calculated  
 8 as follows:

<u>Adjusted Market Value of Taxable Real Property</u>		<u>Percentage Match</u>
<u>Over</u>	<u>Up to</u>	
<u>\$0</u>	<u>\$2 billion</u>	<u>0%</u>
<u>\$2 billion</u>	<u>\$10 billion</u>	<u>5%</u>
<u>\$10 billion</u>	<u>\$20 billion</u>	<u>15%</u>
<u>\$20 billion</u>	<u>\$30 billion</u>	<u>25%</u>
<u>\$30 billion</u>	<u>\$40 billion</u>	<u>35%</u>

17 (b) Grant funds shall be used only for the construction of new school buildings and  
 18 additions, repairs, and renovations. Grant funds shall not be used for real property acquisition or  
 19 for capital improvements to administrative buildings. Grant funds shall be disbursed in a series  
 20 of payments based on the progress of the project. To obtain a payment, the grantee shall submit  
 21 a request for payment along with documentation of the expenditures for which the payment is  
 22 requested and evidence that the matching requirement contained in subsection (a) of this section  
 23 has been met. No portion of grant funds may be used to acquire a Leadership in Energy and  
 24 Environmental Design (LEED) certification.

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

- 26 (1) Up to thirty million dollars (\$30,000,000) for an elementary school.
- 27 (2) Up to forty million dollars (\$40,000,000) for a middle school or a combination  
 28 of an elementary and middle school.
- 29 (3) Up to fifty million dollars (\$50,000,000) for a high school.

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

32 **"§ 115C-546.12. Grant agreement; requirements.**

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

- 36 (1) A requirement that the grantee seek planning assistance and plan review from  
 37 the School Planning Section of the Department of Public Instruction.
- 38 (2) A progress payment provision governing disbursements to the county for the  
 39 duration of the school construction project based upon the construction  
 40 progress and documentation satisfactory to the Department that the matching  
 41 requirement in G.S. 115C-546.11 has been met.
- 42 (3) A provision requiring periodic reports to the Department of Public Instruction  
 43 on the use of disbursed grant funds and the progress of the school construction  
 44 project.
- 45 (4) A requirement that matching funds paid by the county pursuant to  
 46 G.S. 115C-546.11 must be derived from non-State and nonfederal funds.

47 **"§ 115C-546.13. Lease exception; requirements.**

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

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

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

5           (3)     The lease agreement shall be for a term of at least 15 years and no more than  
6           25 years.

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

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

19          "§ 115C-546.14. Reporting.

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

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

28                 (1)     Number and description of projects awarded.

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

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

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

35          SECTION 4.4.(a1) Chapter 115C of the General Statutes is amended by adding a  
36          new Article to read:

37                                 "Article 38C.

38                                 "Public School Building Repair and Renovation Fund.

39          "§ 115C-546.15. Fund created; administration.

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

43          "§ 115C-546.16. Fund disbursements; allowable uses.

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

50          SECTION 4.4.(b) Counties previously awarded grant funds from the Needs-Based  
51          Public School Capital Fund that have not yet started construction of the project may apply to the

1 Department of Public Instruction to increase the grant award if the maximum grant award or  
 2 matching requirements in subsection (a) of this section are more beneficial to the county.  
 3 Notwithstanding G.S. 115C-546.10, the Department of Public Instruction shall prioritize  
 4 applications submitted pursuant to this subsection.

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

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

12 **SECTION 4.4.(e)** G.S. 115C-546.2(f) is repealed.  
 13

14 **INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION**

15 **SECTION 4.5.** Notwithstanding G.S. 143C-9-7, there is allocated from the Indian  
 16 Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks and Digital  
 17 Resources Allotment, the sum of ten million dollars (\$10,000,000) in the 2021-2022 fiscal year  
 18 and the sum of ten million dollars (\$10,000,000) in the 2022-2023 fiscal year.  
 19

20 **CIVIL PENALTY AND FORFEITURE FUND**

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

	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
23 School Technology Fund	\$18,000,000	\$18,000,000
24 Drivers Education	27,393,768	27,393,768
25 State Public School Fund	183,041,640	147,041,640
26 <b>Total Appropriation</b>	<b>\$228,435,408</b>	<b>\$192,435,408</b>

27  
 28  
 29 **CORONAVIRUS RELIEF FUND/REALLOCATION AND USE OF UNSPENT FUNDS**

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

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

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

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

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

49 (4) Any funds remaining after the reallocations under subdivisions (1) through (3)  
 50 of this subsection to the Department of Public Safety to be used to offset

1 General Fund expenditures that are eligible to be funded under the applicable  
 2 federal law or guidance."  
 3 **SECTION 4.7.(b)** This section is effective when it becomes law and applies  
 4 retroactively to May 24, 2021.  
 5

6 **MODIFICATIONS OF PREVIOUS APPROPRIATIONS AND REPORTING ON ARPA**  
 7 **FUNDS**

8 **SECTION 4.8.(a)** Section 3.2 of S.L. 2021-25 reads as rewritten:  
 9 "**SECTION 3.2.(a)** ~~Except as otherwise provided in this section, federal funds received by~~  
 10 ~~the State under the American Rescue Plan Act for the programs set forth in the schedule below~~  
 11 for funds subject to Section 2.1 or 2.3 of this act, funds received from federal grants authorized  
 12 under the American Rescue Plan Act are appropriated in the amounts provided in the notification  
 13 of award from the federal government or any entity acting on behalf of the federal government  
 14 to administer the federal funds. Federal funds received by the State under the American Rescue  
 15 Plan Act from the Elementary and Secondary School Emergency Relief Fund are only  
 16 appropriated up to the estimated amount set forth in the schedule below for the program. State  
 17 agencies may, with approval of the Director of the Budget, spend these funds received from  
 18 federal receipts and federal grants. Any positions created with the funds shall terminate at the  
 19 earlier of the funds being fully expended or the deadline established by applicable federal law  
 20 and guidance for use of the funds. The programs and grant amounts in the schedule set forth in  
 21 this subsection are estimates of North Carolina's allocations to be deposited in the State's  
 22 Treasury and administered by State agencies. This schedule is meant to be illustrative of federal  
 23 grants that have been, or will be, received by the State in addition to the Coronavirus State Fiscal  
 24 Recovery Fund funds under the American Rescue Plan Act. These amounts are not inclusive of  
 25 federal funds distributed or paid directly to individuals, businesses, health care providers, or  
 26 private postsecondary institutions:

<u>Program</u>	<u>Amount</u>
Higher Education Emergency Relief Fund	\$701,279,800
Emergency Assistance to Non-Public Schools	82,952,000
IDEA: Grants to States	81,359,400
IDEA: Preschool Grants	5,961,100
IDEA: Infants & Toddlers	6,298,200
Child Care Stabilization Grants	805,767,400
Child Care Entitlement to States	16,096,000
Community-Based Child Abuse Prevention	7,695,000
Child Abuse State Grants	3,067,000
Supportive Services	13,984,000
Congregate and Home Delivered Meals	23,045,000
Preventive Services	1,363,000
Family Caregiver	4,463,000
Title VII Long-Term Care Ombudsman	310,000
SNAP State Administrative Expense Grants	35,443,000
FTA Urbanized Area Formula	4,696,400
HOME Investment Partnerships Program	137,414,000
Emergency Management Performance Grants	2,660,000
National Endowment for the Arts: State Arts Agencies	912,000
Emergency Rental Assistance	556,611,000
Homeowner Assistance Fund	273,337,000
Elementary and Secondary School Emergency Relief Fund	
	<u>3,260,772,535</u>
Expand Genomic Sequencing	<u>6,662,900</u>

1	Epidemiology and Lab Capacity for School Testing	315,895,900
2	Community Health Centers Expanded Access to COVID-19	
3	Vaccines, Build Vaccine Confidence	4,057,900
4	WIC Cash Value Vouchers Increase	19,930,600
5	Institute for Museum and Library Services	4,309,000
6	Homeless Children and Youth	23,576,625
7	Maternal, Infant, and Early Childhood Home Visiting Program	625,310
8	<u>Commodity Supplemental Foods Program</u>	<u>119,000</u>
9	<u>Low Income Home Energy Assistance Program</u>	<u>86,970,460</u>
10	<u>State Small Business Credit Initiative</u>	<u>120,461,927</u>
11	<u>Immunization and Vaccines for Children</u>	<u>102,468,748</u>
12	<u>Low Income Household Water Assistance Program</u>	<u>17,105,002</u>
13	<u>Child Care and Development Block Grant</u>	<u>502,777,789</u>
14	<u>Pandemic Emergency Assistance</u>	<u>16,782,875</u>
15	<u>Mental Health Block Grant</u>	<u>41,535,246</u>
16	<u>Substance Abuse Block Grant</u>	<u>36,420,651</u>
17	<u>FTA Nonurbanized Area</u>	<u>13,833,386</u>
18	<u>FTA Rural Transit Assistance Program</u>	<u>209,718</u>
19	<u>FTA Intercity Bus Formula</u>	<u>4,183,036</u>
20	<u>Enhanced Mobility of Seniors and Persons with Disabilities—State</u>	<u>781,873</u>
21	<u>Crisis Response Workforce</u>	<u>62,340,758</u>
22	<u>Disease Intervention Workforce</u>	<u>27,361,745</u>
23	<u>Public Health Laboratory Preparedness</u>	<u>142,473</u>
24	<u>Family Violence Prevention and Services</u>	<u>3,691,782</u>
25	<u>FAA Airport Rescue Grants</u>	<u>2,471,000</u>
26	<u>Detection and Mitigation of COVID-19</u>	
27	<u>in Homeless Populations</u>	<u>1,439,232</u>
28	<u>Detection and Mitigation of COVID-19</u>	
29	<u>in Confinement Facilities</u>	<u>20,230,000</u>
30	<u>Small Rural Hospital Improvement Program</u>	
31	<u>- Testing and Mitigation</u>	<u>4,909,144</u>
32	<u>Nursing Home and Long Term Care</u>	
33	<u>Strike Teams</u>	<u>14,144,928</u>
34	<u>Elder Justice – Adult Protective Services</u>	<u>2,579,576</u>
35	<b>Total Estimated Funding</b>	<b>\$6,400,545,0707,834,552,821</b>

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

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

42 **"SECTION 1.2.** In addition to any report required under this act or any other law, each State  
43 agency or department that receives federal grant funds under Section 3.2 of this act shall submit  
44 (i) a copy of any report required to be submitted to the federal government with respect to the  
45 funds within five days of the date the federal report is due and (ii) a quarterly report to the Joint  
46 Legislative Commission on Governmental Operations—Operations, the Senate Committee on  
47 Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal Research  
48 Division beginning on July 15, 2021, detailing the use of funds. The quarterly report required  
49 from each State agency or department that receives federal grant funds under Section 3.2 of this  
50 act shall include the amount of funds granted, the source of the funds, how the funds were used  
51 during the quarter, and the amount of funds that remained unspent at the end of the quarterly

1 reporting period. The quarterly report required under this section shall end upon submission of  
2 the final report from each State agency or department, which shall be no later than 90 days from  
3 the date the grant period ends for the relevant funds."

4 **SECTION 4.8.(c)** Nothing in this act or the Committee Report described in Section  
5 43.2 of this act shall be construed as appropriating the funds set forth in Section 3.2 of S.L.  
6 2021-25, as amended by this section, in excess of the amounts provided in the notification of  
7 award from the federal government or any entity acting on behalf of the federal government to  
8 administer the federal funds.

9  
10 **GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT OF 2021 FUNDING**

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

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

- 16 (1) American Rescue Plan Act or ARPA. – The American Rescue Plan Act of  
17 2021, as defined in S.L. 2021-25.
- 18 (2) State Fiscal Recovery Fund. – As established in Section 2.2 of S.L. 2021-25.
- 19 (3) State Fiscal Recovery Reserve. – As established in Section 2.1 of S.L.  
20 2021-25.

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

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

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

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

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

49 **SECTION 4.9.(g)** Administration. – For administrative expenses related to  
50 administration of a provision allocating ARPA funds in this act, a State agency may, of ARPA  
51 funds allocated to it under this act, use up to the lesser of (i) the amount allowed by federal law

1 or guidance or (ii) ten percent (10%) of ARPA funds allocated to it under this act. When utilizing  
2 the authority set forth in this subsection, a State agency shall not reduce funds earmarked in this  
3 act, or the Committee Report described in Section 43.2 of this act, for a particular local  
4 government project or non-State entity project.

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

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

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

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

## 25 26 **TRANSFER OF FUNDS FROM STATE FISCAL RECOVERY RESERVE TO STATE** 27 **FISCAL RECOVERY FUND**

28 **SECTION 4.10.** The State Controller shall transfer the sum of five billion three  
29 hundred fifty-five million six hundred twenty-four thousand two hundred twenty-one dollars  
30 (\$5,355,624,221) for the 2021-2022 fiscal year from the State Fiscal Recovery Reserve to the  
31 State Fiscal Recovery Fund.

## 32 33 **TRANSFER OF FUNDS FROM CORONAVIRUS CAPITAL PROJECTS RESERVE TO** 34 **CORONAVIRUS CAPITAL PROJECTS FUND**

35 **SECTION 4.12.** The State Controller shall transfer the sum of two hundred  
36 seventy-seven million sixty thousand eight hundred fifty-five dollars (\$277,060,855) for the  
37 2021-2022 fiscal year from the Coronavirus Capital Projects Reserve, established in Section 2.3  
38 of S.L. 2021-25, to the Coronavirus Capital Projects Fund, established in Section 2.4 of S.L.  
39 2021-25.

## 40 41 **OSBM/ADDITIONAL FUNDS FOR CONTINUITY OF SERVICES**

42 **SECTION 4.13.** Of the funds appropriated in this act from the State Fiscal Recovery  
43 Fund to the Office of State Budget and Management (OSBM), the sum of twenty-five million  
44 three hundred thirty-five thousand four hundred seventy-one dollars (\$25,335,471) shall be used  
45 for State agency continuity of operation needs across State government. Expenditures incurred  
46 during the period allowed by applicable federal law and guidance are eligible for funding under  
47 this section. No funding provided under this section shall be used to establish new programs.  
48 OSBM shall provide a report to the Joint Legislative Commission on Governmental Operations  
49 and the Fiscal Research Division no later than March 1, 2022, and quarterly thereafter, until all  
50 funds have been allocated, detailing the allocation of funds under this section. Each report shall

1 include which State agencies received allocations, the amounts disbursed, the amount spent and  
2 which fiscal year, and for what purposes the funds were used by fund code and line-item detail.

## 3 4 **PART V. GENERAL PROVISIONS**

### 5 6 **ESTABLISHING OR INCREASING FEES**

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

10 **SECTION 5.1.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an  
11 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized  
12 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter  
13 150B of the General Statutes.

### 14 15 **DIRECTED GRANTS TO NON-STATE ENTITIES**

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

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

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

- 23 (1) Directed grants are subject to the provisions of subsections (b) through (k) of  
24 G.S. 143C-6-23.  
25 (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be  
26 made in a single annual payment in the discretion of the Director of the  
27 Budget. Directed grants of more than one hundred thousand dollars  
28 (\$100,000) shall be made in quarterly or monthly payments in the discretion  
29 of the Director of the Budget. A State agency administering a directed grant  
30 shall begin disbursement of funds to a non-State entity that meets all  
31 applicable requirements as soon as practicable, but no later than 100 days after  
32 the date this act becomes law.  
33 (3) Beginning on the first day of a quarter following the deadline provided in  
34 subdivision (2) of this subsection and quarterly thereafter, State agencies  
35 administering directed grants shall report to the Fiscal Research Division on  
36 the status of funds disbursed for each directed grant until all funds are fully  
37 disbursed. At a minimum, the report required under this subdivision shall  
38 include updates on (i) the date of the initial contact, (ii) the date the contract  
39 was sent to the entity receiving the funds, (iii) the date the disbursing agency  
40 received the fully executed contract back from the entity, (iv) the contract  
41 execution date, and (v) the payment date.  
42 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,  
43 nonrecurring funds appropriated in this act as directed grants shall not revert  
44 until June 30, 2023.  
45 (5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious  
46 purposes only.

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

### 48 49 **CAP STATE-FUNDED PORTION OF NONPROFIT SALARIES**



1           **SECTION 5.3.** No more than one hundred twenty thousand dollars (\$120,000) in  
2 State funds, including any interest earnings accruing from those funds, may be used for the annual  
3 salary of any individual employee of a nonprofit organization.  
4

5 **STATUTORY CONTINUING RESOLUTION/REVISE REPORTING REQUIREMENT**

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

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

45           **SECTION 5.4.(b)** This section becomes effective June 30, 2021, and applies  
46 beginning with the 2021-2022 fiscal year.  
47

48 **REVISIONS TO BASE BUDGET DEFINITION AND RECOMMENDED STATE**  
49 **BUDGET**

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

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

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

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

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

...

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

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

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

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

...

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

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

5 ...

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

16 ...."

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

## 20 SAVINGS RESERVE CLARIFICATION

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

22 "**§ 143C-4-2. Savings Reserve.**

23 ...

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

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

38 ...."

## 40 STATE CAPITAL AND INFRASTRUCTURE FUND/SPECIFY AMOUNTS 41 TRANSFERRED TO FUND

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

43 "**§ 143C-4-3.1. State Capital and Infrastructure Fund.**

44 ...

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

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

- 3 (1) ~~One fourth of any unreserved fund balance, as determined on a cash basis,~~  
4 ~~remaining in the General Fund at the end of each fiscal year. The following~~  
5 ~~amounts transferred from the General Fund at the beginning of the applicable~~  
6 ~~fiscal year:~~
- 7 a. ~~For the 2021-2022 fiscal year, the sum of one billion three hundred~~  
8 ~~million dollars (\$1,300,000,000).~~
- 9 b. ~~For the 2022-2023 fiscal year, the sum of one billion three hundred~~  
10 ~~forty-five million five hundred thousand dollars (\$1,345,500,000).~~
- 11 c. ~~For the 2023-2024 fiscal year, the sum of one billion three hundred~~  
12 ~~ninety-two million five hundred ninety-two thousand five hundred~~  
13 ~~dollars (\$1,392,592,500).~~
- 14 d. ~~For the 2024-2025 fiscal year, the sum of one billion four hundred~~  
15 ~~forty-one million three hundred thirty-three thousand two hundred~~  
16 ~~thirty-eight dollars (\$1,441,333,238).~~
- 17 e. ~~For the 2025-2026 fiscal year, the sum of one billion one hundred~~  
18 ~~million dollars (\$1,100,000,000).~~
- 19 f. ~~For each fiscal year after the 2025-2026 fiscal year, the transfer shall~~  
20 ~~be increased three and one-half percent (3.5%) over the amount~~  
21 ~~required under this subdivision for the preceding fiscal year.~~
- 22 (2) ~~Four percent (4%) of the net State tax revenues that are deposited in the~~  
23 ~~General Fund during the fiscal year.~~
- 24 (3) ~~All monies appropriated by the General Assembly for the purposes of General~~  
25 ~~Fund capital improvements, as defined in G.S. 143C 1-1(d).~~
- 26 (4) ~~All interest and investment earnings received on monies in the Fund.~~
- 27 (5) Any other funds, as directed by the General Assembly.

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

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

39 ...."

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

## 41 **2021 DISASTER RELIEF AND RECOVERY/MITIGATION/RESILIENCY**

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

- 44 (1) \$20,000,000 to the State Match Fund, as created in subsection (d) of this  
45 section, administered by the Department of Public Safety, Division of  
46 Emergency Management, to be used for State match requirements for disaster  
47 declarations by the President of the United States under the Stafford Act, P.L.  
48 93-288, in this State prior to July 1, 2021. These funds shall not apply to  
49 disaster declarations occasioned by the COVID-19 pandemic.  
50

- 1 (2) \$10,000,000 to the State Match Fund, as created in subsection (d) of this  
2 section, administered by the Department of Public Safety, Division of  
3 Emergency Management, to be used for State match requirements for disaster  
4 declarations by the President of the United States under the Stafford Act, P.L.  
5 93-288, in this State that may arise from disaster declarations after July 1,  
6 2021. These funds shall not apply to disaster declarations occasioned by the  
7 COVID-19 pandemic.
- 8 (3) \$15,000,000 to the Disaster Relief and Mitigation Fund, as created in  
9 subsection (f) of this section, to be administered by the Department of Public  
10 Safety, Division of Emergency Management.
- 11 (4) \$15,000,000 to the Transportation Infrastructure Resiliency Fund, as created  
12 in subsection (g) of this section, to be administered by the Department of  
13 Public Safety, Division of Emergency Management.
- 14 (5) \$25,000,000 to the Office of State Budget and Management for Golden  
15 L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a nonprofit  
16 corporation, to establish and administer the Small Project Mitigation and  
17 Recovery Program (Program) in accordance with this subdivision. The  
18 Program shall disburse grants up to two hundred fifty thousand dollars  
19 (\$250,000) to units of local government for flood mitigation and recovery  
20 projects. These funds may be used for planning or as matching funds when  
21 applicable.
- 22 (6) \$40,000,000 to the Coastal Storm Damage Mitigation Fund within the  
23 Department of Environmental Quality for grants to local governments for  
24 coastal storm damage mitigation projects in accordance with  
25 G.S. 143-215.73M. Of the funds allocated by this subdivision, (i) twenty  
26 million dollars (\$20,000,000) shall be allocated to the Town of Oak Island as  
27 matching funds for shoreline stabilization to recover from Hurricane Isaias  
28 and (ii) two million dollars (\$2,000,000) shall be allocated to the North  
29 Carolina Coastal Federation, Inc., a nonprofit corporation, to provide grants  
30 for living shorelines, oyster reefs, and marsh restoration in order to protect  
31 other coastal communities that are vulnerable to storm surge and tidal  
32 flooding.
- 33 (7) \$20,000,000 to the Department of Environmental Quality, Division of  
34 Mitigation Services, to be used to develop a statewide Flood Resiliency  
35 Blueprint in accordance with subsection (c) of this section. The Department  
36 may use up to three percent (3%) of these funds for administrative expenses  
37 in developing the Flood Resiliency Blueprint.
- 38 (8) \$4,000,000 to the Dam Safety Emergency Fund, as established in Section  
39 12.10 of this act, administered by the Department of Environmental Quality,  
40 for costs associated with the emergency repair or removal of dams.
- 41 (9) \$3,500,000 to the Department of Environmental Quality, Division of  
42 Mitigation Services, to be used in accordance with G.S. 143-214.11A to create  
43 one or more pilot projects addressing chronic flooding in the Stoney Creek  
44 watershed impacting businesses, roadways, and access to emergency services  
45 in Wayne County and Goldsboro. The pilot projects shall also serve as the  
46 basis for expanding natural infrastructure flood mitigation projects to  
47 additional watersheds and scaling solutions to enhance community resiliency  
48 across North Carolina. The Division may use up to three percent (3%) of these  
49 funds for administration of the pilot projects.
- 50 (10) \$1,400,000 to the Department of Environmental Quality, Division of Water  
51 Infrastructure, to match additional federal funds allocated from the Additional

- 1 Supplemental Appropriations for Disaster Relief Act, P.L. 116-20, for the  
2 Drinking Water State Revolving Fund.
- 3 (11) \$1,150,000 to the Department of Environmental Quality, Division of Coastal  
4 Management, to be used to provide community resilience planning, design,  
5 and project implementation grants for the Resilient Coastal Communities  
6 Program.
- 7 (12) \$300,000 to the Department of Environmental Quality, Division of Coastal  
8 Management, to create two time-limited, full-time positions for two years to  
9 staff the Resilient Coastal Communities Program.
- 10 (13) \$38,000,000 to the Department of Agriculture, Soil and Water Conservation  
11 Commission, for the Streamflow Rehabilitation Assistance Program, as  
12 established in subsections (k) through (o) of this section.
- 13 (14) \$1,500,000 to the Department of Agriculture and Consumer Services to be  
14 used by the Soil and Water Conservation Commission to support the  
15 Community Conservation Assistance Program (CCAP) created pursuant to  
16 Article 73 of Chapter 106 of the General Statutes. The Commission shall use  
17 the funds allocated in this subdivision to provide cost-share funding through  
18 CCAP for the installation of stormwater best management practices by  
19 nonagricultural landowners and land users.
- 20 (15) \$15,000,000 to the North Carolina Land and Water Fund in the Department  
21 of Natural and Cultural Resources. The Division of Land and Water  
22 Stewardship (Division) shall use the funds to provide grants to counties,  
23 municipalities, nonprofit corporations, and other State agencies for projects  
24 addressing the purposes specified in G.S. 143B-135.234(c)(12). The Division  
25 shall develop criteria to score projects based on the ability of a project to  
26 reduce flood risks.
- 27 (16) \$1,500,000 to the Wildlife Resources Commission for the removal of the  
28 remaining abandoned and derelict vessels identified following natural  
29 disasters since 2018.
- 30 (17) \$500,000 to the Wildlife Resources Commission for the Lake Rim Hatchery  
31 Project.
- 32 (18) \$10,000,000 to the Housing Finance Agency to provide funds for a  
33 multifamily affordable housing project in Robeson County, which must be  
34 constructed at least 2 feet above base flood elevation.
- 35 (19) \$7,000,000 to the Office of State Budget and Management to provide a grant  
36 to the North Carolina Insurance Underwriting Association, in accordance with  
37 subsection (i) of this section, to provide grants to policyholders in coastal areas  
38 for resilient roof replacement.
- 39 (20) \$6,000,000 to the Office of State Budget and Management to provide grants  
40 to the North Carolina Association of Regional Councils of Governments to  
41 provide technical assistance with local recovery funds.
- 42 (21) \$2,000,000 to the Office of State Budget and Management for Habitat for  
43 Humanity of North Carolina, Inc., (Habitat for Humanity) a nonprofit  
44 corporation, as a grant for a pilot program to build and repair homes for  
45 families to move out of flood-prone areas. Habitat for Humanity may use up  
46 to two percent (2%) of these funds for administrative costs associated with the  
47 pilot program. Habitat for Humanity shall submit a report to the Joint  
48 Legislative Oversight Committee for Governmental Operations by March 1,  
49 2023, on the implementation of the pilot program.

- 1 (22) \$350,000 to the Office of State Budget and Management to provide a directed  
2 grant to Wayne American Legion Auxiliary Unit #011, Inc., a nonprofit  
3 corporation, to repair damage from Hurricanes Florence and Matthew.
- 4 (23) \$5,000,000 to the North Carolina Office of Recovery and Resiliency for  
5 Stoney Creek acquisitions to provide benefit throughout the watershed to the  
6 most vulnerable structures and communities.
- 7 (24) \$5,000,000 to the Department of Public Safety, Division of Emergency  
8 Management, for the Lumberton CSX/Floodgates project as referenced in the  
9 May 1, 2018, Lumber River Basin Flood Analysis and Mitigation Strategy  
10 Report.
- 11 (25) \$4,000,000 to the Department of Agriculture and Consumer Services for the  
12 Avery County Soil & Water Conservation District to address storm damage.
- 13 (26) \$3,000,000 to the Department of Agriculture and Consumer Services for the  
14 Swain County Soil & Water Conservation District for the Raven Fork stream  
15 and watershed improvement project.
- 16 (27) \$750,000 to the Department of Transportation for the Town of Princeton for  
17 drainage pipe replacement at Princeton High School.
- 18 (28) \$50,000 to the Department of Transportation to address the new waterflow  
19 issues from roadwork upstream from the Town of Aberdeen in Moore County  
20 and to repair the dam in front of the Bethesda Presbyterian Church.
- 21 (29) \$27,500 to the Department of Transportation, Division of Highways, for the  
22 Rattlesnake Branch project in Duplin County.
- 23 (30) \$32,342,000 to the Department of Public Safety to provide directed grants to  
24 the following entities in the following amounts:
- 25 a. \$5,000,000 to the City of Southport for waterfront stabilization from  
26 storm damage.
- 27 b. \$3,000,000 to the Town of Red Springs for debris removal, stream  
28 restoration, flood mitigation, and stormwater management.
- 29 c. \$2,500,000 to the Town of Hope Mills for East Patterson Street stream  
30 hardening and erosion issues.
- 31 d. \$2,000,000 to Cumberland County for stream restoration on the  
32 Methodist University campus in Fayetteville.
- 33 e. \$2,000,000 to the Town of Carolina Beach to complete the dredging  
34 of Lake Park.
- 35 f. \$2,000,000 to Carteret County for the Sugarloaf Island Mitigation  
36 Project.
- 37 g. \$1,200,000 to the City of Asheville for the West Sulphur Springs  
38 drainage system project to reduce roadway flooding.
- 39 h. \$1,000,000 to Halifax County for a flooding abatement project on  
40 Chockoyotte Creek in the City of Roanoke Rapids.
- 41 i. \$1,000,000 to Henderson County for a flood resilience project on the  
42 French Broad River at Pleasant Grove.
- 43 j. \$1,000,000 to Hyde County for the Mattamuskeet Restoration  
44 Drainage project.
- 45 k. \$1,000,000 to the North Carolina Association of Resource  
46 Conservation and Development Councils for flood mitigation projects.
- 47 l. \$1,000,000 to Duplin County for the Northeast Cape Fear Riverbank  
48 Restoration Project.
- 49 m. \$950,000 to the Town of Smithfield for CSX culvert improvements at  
50 the Highway 301 location.

- 1 n. \$950,000 to the Town of Princeton for the Massey-Holt water line  
2 collaboration with Johnston County and drainage improvement  
3 projects throughout the Town of Princeton, in partnership with the  
4 Golden L.E.A.F., Inc., a nonprofit corporation, and the Department of  
5 Transportation.
- 6 o. \$950,000 to Henderson County for the Bat Fork stream restoration and  
7 flood resilience project.
- 8 p. \$650,000 to Caldwell County for Abingdon Creek Restoration in  
9 Gamewell Town Park.
- 10 q. \$650,000 to the Town of Hope Mills for street replacement in the  
11 Woodland Hills neighborhood to repair damage from flooding and to  
12 improve groundwater drainage systems to prevent future flooding.
- 13 r. \$625,000 to the City of Mount Airy for Granite City Greenway and  
14 Ararat River Restoration.
- 15 s. \$500,000 to the Town of Hope Mills for wooded creek bed clearing in  
16 the town limits to prevent future flooding.
- 17 t. \$500,000 to Johnston County for Moccasin Swamp.
- 18 u. \$450,000 to the Town of Fair Bluff for the abatement of destroyed  
19 buildings from Hurricanes Matthew and Florence.
- 20 v. \$425,000 to Dare County for the purchase of eight emergency pumps.
- 21 w. \$325,000 to the Town of Pilot Mountain for Chinquapin Creek  
22 restoration.
- 23 x. \$317,000 to the Town of Laurel Park for a stream restoration project  
24 for the Laurel Green Creek.
- 25 y. \$300,000 to the City of Havelock for the Fairview Street Project to  
26 repair the culvert crossing of Joe's Branch.
- 27 z. \$300,000 to Northampton County to address culvert capacity issues in  
28 the Town of Rich Square for flood mitigation on downtown roads.
- 29 aa. \$250,000 to Carteret County for Marshallberg flood mitigation, ditch  
30 restoration, and harbor discharge project.
- 31 bb. \$250,000 to Halifax County to mitigate flooding in the Town of  
32 Scotland Neck that is endangering a local health care facility.
- 33 cc. \$250,000 to Halifax County to address downtown flooding in the  
34 Town of Littleton.
- 35 dd. \$250,000 to the City of Kings Mountain for the Kings Mountain  
36 Reservoir/Moss Lake stabilization project.
- 37 ee. \$250,000 to Martin County to support localized countywide flood  
38 mitigation strategy.
- 39 ff. \$200,000 to the Craven County Sheriff's Office for the purchase of  
40 emergency response equipment.
- 41 gg. \$200,000 to the Town of Trent Woods for the restoration of key  
42 drainage routes.
- 43 hh. \$50,000 to the Town of Vass to address drainage problems and  
44 flooding in the Sandy Ramey Keith Park to regrade the parking lot to  
45 mitigate flooding.
- 46 ii. \$50,000 to Greene County for stream gauges, engineering, and  
47 planning.

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



1           **SECTION 5.9.(c)** Flood Resiliency Blueprint. – Of the funds allocated in  
2 subdivision (a)(1) of this section, the Department of Environmental Quality, Division of  
3 Mitigation Services (DMS), shall contract with an organization to develop a statewide Flood  
4 Resiliency Blueprint for major watersheds impacted by flooding, including, among others, the  
5 Cape Fear River and the Neuse River Basins. The watershed blueprint shall form the backbone  
6 of a State flood planning process that increases community resiliency to flooding, shall be a  
7 resource for riverine and stream management to reduce flooding, and should support the  
8 establishment and furtherance of local government stormwater maintenance programs. The  
9 blueprint shall identify the major watersheds affected by flooding and direct these funds toward  
10 the activities which are central to the creation of an actionable blueprint, namely flood risk  
11 assessment, identification of data gaps, and recommendations to reduce flood risk for each target  
12 watershed. When developing the blueprint with the organization selected, DMS shall ensure the  
13 blueprint incorporates local knowledge, community goals, projections of future flood risk, and  
14 the best available science and hydrologic modeling to create a decision tool for flood mitigation  
15 investments and strategies from local watersheds up to whole river basins. A successful blueprint  
16 should ultimately lead to a prioritized set of projects and funding strategies that the State can  
17 implement. DMS and the organization selected are encouraged to examine examples from other  
18 states such as the Louisiana Coastal Master Plan or the flood resiliency planning processes in  
19 South Carolina and Virginia. The organization shall send all necessary information to DMS on  
20 the implementation of the blueprint upon request by DMS. The organization shall submit an  
21 initial draft of the blueprint to DMS no later than December 31, 2023. DMS shall report by July  
22 1, 2022, and annually thereafter to the Joint Legislative Commission on Governmental  
23 Operations and the Fiscal Research Division on the implementation of this subsection.

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

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

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

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

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

50           **SECTION 5.9.(g)** Establishment of Transportation Infrastructure Resiliency Fund.  
51 – There is established the Transportation Infrastructure Resiliency Fund (Fund) in the

1 Department of Public Safety, Division of Emergency Management. Any funds appropriated to  
2 the Fund shall remain available for expenditure as provided in this section unless directed  
3 otherwise by the General Assembly.

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

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

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

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

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

49 "**§ 58-45-15. Powers and duties of Association.**

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

4 ...

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

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

10 "Article 6.

11 "Streamflow Rehabilitation Assistance Program.

12 **"§ 139-65. Streamflow Rehabilitation Assistance Program.**

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

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

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

32 (3) A nonprofit organization.

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

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

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

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

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

44 (d) Restriction on Funded Activities. – The Commission shall ensure that debris removed  
45 from streams with funds provided under this Article are either removed from the 100-year  
46 floodplain or processed in such a manner that the debris would not pose a risk of blockage or  
47 significant impairment of normal streamflow during a subsequent flood event. For purposes of  
48 this subsection, "100-year floodplain" means any area subject to inundation by the one percent  
49 (1%) annual chance flood event, as indicated on the most recent Flood Insurance Rate Map  
50 prepared by the Federal Emergency Management Agency under the National Flood Insurance  
51 Program.

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

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

8 "(d3) Subsection (a) of this section does not apply to an application for or the receipt of a  
 9 grant under the ~~Agriculture Cost Share Program for Nonpoint Source Pollution Control created~~  
 10 ~~pursuant to Article 72 of Chapter 106 of the General Statutes, the Community Conservation~~  
 11 ~~Assistance Program created pursuant to Article 73 of Chapter 106 of the General Statutes, or the~~  
 12 ~~Agricultural Water Resources Assistance Program created pursuant to Article 5 of Chapter 139~~  
 13 ~~of the General Statutes~~ an exempted public program by a member of the Soil and Water  
 14 Conservation Commission if the requirements of G.S. 139-4(e) are met, and does not apply to a  
 15 district supervisor of a soil and water conservation district if the requirements of G.S. 139-8(b)  
 16 are met. For purposes of this subsection, an exempted public program is any of the following:

- 17 (1) The Agriculture Cost Share Program for Nonpoint Source Pollution Control  
 18 created pursuant to Article 72 of Chapter 106 of the General Statutes.
- 19 (2) The Community Conservation Assistance Program created pursuant to Article  
 20 73 of Chapter 106 of the General Statutes.
- 21 (3) The Agricultural Water Resources Assistance Program created pursuant to  
 22 Article 5 of Chapter 139 of the General Statutes.
- 23 (4) The Streamflow Rehabilitation Assistance Program created pursuant to  
 24 Article 6 of Chapter 139 of the General Statutes."

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

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

- 29 ...
- 30 (9) To create, implement, and supervise the Agriculture Cost Share Program for  
 31 Nonpoint Source Pollution Control created pursuant to Article 72 of Chapter  
 32 106 of the General Statutes, the Community Conservation Assistance Program  
 33 created pursuant to Article 73 of Chapter 106 of the General Statutes, ~~and~~ the  
 34 Agricultural Water Resources Assistance Program created pursuant to Article  
 35 5 of this ~~Chapter~~ Chapter, and the Streamflow Rehabilitation Assistance  
 36 Program created pursuant to Article 6 of this Chapter.
  - 37 (10) To review and approve or disapprove the application of a district supervisor  
 38 for a grant under the Agriculture Cost Share Program for Nonpoint Source  
 39 Pollution Control, the Community Conservation Assistance Program, or the  
 40 Agricultural Water Resources Assistance Program as provided by  
 41 G.S. 139-8(b).

42 ...."

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

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

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

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

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

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

12 ~~1.(1)~~ The district supervisor does not vote on the application or attempt to influence  
13 the outcome of any action on the application; and

14 ~~2.(2)~~ The application is approved by the Commission."

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

18 "**§ 143B-1041. Interagency coordination.**

19 (a) The Office shall establish an intergovernmental working group composed of  
20 representatives from the Department of Environmental Quality and other relevant State agencies,  
21 local governments, and other stakeholders to identify legislative, economic, jurisdictional, and  
22 other challenges related to stream management and flooding reduction. Beginning January 1,  
23 2022, and biannually thereafter, the Office shall report to the Joint Legislative Commission on  
24 Governmental Operations and the Fiscal Research Division regarding the findings and  
25 recommendations of the working group.

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

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

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

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

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

49 "**§ 143B-135.244. Clean Water Management Trust Fund: reporting requirement.**

50 The Chair of the Board of Trustees shall report no later than December 1 each year to the  
51 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the

1 Environmental Review Commission, the Subcommittees of the House of Representatives and  
2 Senate Appropriations Committees with jurisdiction over natural and economic resources, and  
3 the Fiscal Research Division of the General Assembly regarding the implementation of this Part.  
4 The report shall include a list of the projects awarded grants from the Fund for the previous  
5 12-month period. The list shall include for each project a description of the project, the amount  
6 of the grant awarded for the project, and the total cost of the project. For projects funded for the  
7 purpose set forth in G.S. 143B-135.234(c)(12), the report shall also include the amount of flood  
8 storage capacity enhanced or restored for each project."

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

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

15 **SECTION 5.9.(t)** Allocation Reporting Requirements. – The Office of State Budget  
16 and Management shall report to the chairs of the House of Representatives and Senate  
17 Appropriations Committees and to the Fiscal Research Division of the General Assembly on the  
18 implementation of this section on a quarterly basis and shall also provide any additional reports  
19 or information requested by the Fiscal Research Division. Each report required by this section  
20 shall include information about all funds expended or encumbered pursuant to this section as of  
21 the date of the report, regardless of which State agency, federal agency, or non-State entity  
22 administers the funds. Non-State entities that administer or receive any funds appropriated in this  
23 section shall assist and fully cooperate with the Office of State Budget and Management in  
24 meeting the Office's obligations under this section.

25 **SECTION 5.9.(u)** Limitation. – The Governor may not use the funds described in  
26 this section to make budget adjustments under G.S. 143C-6-4 or to make reallocations under  
27 G.S. 166A-19.40(c). Nothing in this section shall be construed to prohibit the Governor from  
28 exercising the Governor's authority under these statutes with respect to funds other than those  
29 described in this section.

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

## 35 36 **TROPICAL STORM FRED RECOVERY**

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

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

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

- 1 (1) \$72,000,000 to the Department of Public Safety, Division of Emergency  
2 Management, for the following purposes:  
3 a. \$20,000,000 for home reconstructions that are not eligible for federal  
4 assistance through the Hazard Mitigation Grant Program.  
5 b. \$16,000,000 to the State Match Fund, as established in Section 5.9 of  
6 this act, for State matching funds for federal disaster assistance  
7 programs related to Tropical Storm Fred.  
8 c. \$15,000,000 for the repair and replacement of private roads and  
9 bridges in accordance with subsection (d) of this section.  
10 d. \$10,000,000 for a grant program to provide grants to units of local  
11 government for unmet needs related to the Federal Emergency  
12 Management Agency Public Assistance program in response to  
13 Tropical Storm Fred.  
14 e. \$4,000,000 for travel trailers and short-term housing assistance as  
15 necessary for temporary housing related to home reconstructions that  
16 are not eligible for federal disaster assistance programs.  
17 f. \$3,000,000 for home repairs and reimbursements that are not eligible  
18 for federal disaster assistance programs.  
19 g. \$2,000,000 for property repairs for housing facilities owned by  
20 landlords who house families displaced by Tropical Storm Fred.  
21 h. \$1,500,000 for assistance to counties and units of local government  
22 affected by Tropical Storm Fred.  
23 i. \$500,000 for a program to provide grants to units of local government,  
24 local emergency response agencies, and sheriffs' offices to replace  
25 emergency response equipment damaged by Tropical Storm Fred.  
26 (2) \$50,000,000 to the Department of Agriculture and Consumer Services for the  
27 Agricultural Crop Loss Program in accordance with Section 5.9B of this act.  
28 (3) \$1,900,000 to the Department of Transportation, Rail Division, for a grant to  
29 the Blue Ridge Southern Railroad, LLC, for recovery and repair operations  
30 related to Tropical Storm Fred.  
31 (4) \$500,000 to the Wildlife Resources Commission to repair dams, spillways,  
32 and related structures damaged as a result of Tropical Storm Fred.

33 **SECTION 5.9A.(d) Private Road and Bridge Repair and Replacement Program.** –

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

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

- 47 (1) The criteria used for awarding funds.  
48 (2) The locations of any roads or bridges replaced.  
49 (3) The average grant amount requested and disbursed.  
50 (4) The number of projects requested, declined, and funded.

1 (5) The identification of unmet needs remaining at the end of each fiscal year for  
2 private road or bridge repair or replacement.

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

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

11 **SECTION 5.9A.(g)** Remittance of Funds. – If a recipient obtains alternative funds  
12 pursuant to subsection (c) of this section, the recipient shall remit the funds to the State agency  
13 from which the State funds were received. A recipient is not required to remit any amount in  
14 excess of the State funds provided to the recipient under this act. The State agency shall transfer  
15 these funds to the Disaster Relief and Mitigation Fund. Funds deposited into the Fund under this  
16 subsection are receipts that do not constitute an "appropriation made by law," as that phrase is  
17 used in Section 7(1) of Article V of the North Carolina Constitution.

18 **SECTION 5.9A.(h)** Contract Requirements. – Any contract or other instrument  
19 entered into by a recipient for receipt of funds under this act shall include the requirements set  
20 forth in subsections (f) and (g) of this section.

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

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

32 **SECTION 5.9A.(k)** Limitation. – The Governor may not use the funds described in  
33 this section to make budget adjustments under G.S. 143C-6-4 or to make reallocations under  
34 G.S. 166A-19.40(c). Nothing in this section shall be construed to prohibit the Governor from  
35 exercising the Governor's authority under these statutes with respect to funds other than those  
36 described in this section.

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

42 **SECTION 5.9A.(l)** Allocation Reporting Requirements. – The Office of State  
43 Budget and Management shall report to the chairs of the House of Representatives and Senate  
44 Appropriations Committees and to the Fiscal Research Division of the General Assembly on the  
45 implementation of this section on a quarterly basis until November 1, 2026, and shall also provide  
46 any additional reports or information requested by the Fiscal Research Division. Each report  
47 required by this section shall include information about all funds expended or encumbered  
48 pursuant to this section as of the date of the report, regardless of which State agency, federal  
49 agency, or non-State entity administers the funds. Non-State entities that administer or receive  
50 any funds appropriated in this section shall assist and fully cooperate with the Office of State  
51 Budget and Management in meeting the Office's obligations under this section.



**AGRICULTURAL CROP LOSS PROGRAM**

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

- (1) The person experienced a verifiable loss of agricultural commodities as a result of Tropical Storm Fred, and the person's farm is located in a North Carolina county listed in subsection (b) of Section 5.9A of this act.
- (2) The agricultural commodity was planted but not harvested on or before August 17, 2021, or, for aquaculture commodities, the commodities were being raised on or before August 17, 2021.

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

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

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

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

- (1) In determining the payment calculation for agricultural commodities, the Department shall use a formula based on acreage, county loss estimates, USDA National Agricultural Statistics Service averages, and any other measure the Department deems appropriate. Funds shall be distributed based on county averages for yields and State averages for price. Calculations shall be based on county or State averages in price, whichever the Department determines is appropriate.
- (2) The payment calculation for livestock and poultry shall be based on twelve and one-half percent (12.5%) of the total loss reported to the USDA Livestock Indemnity Program.
- (3) The Department shall gather all claim information, except from those applicants granted a deadline extension, no later than December 10, 2021. The Department shall, as closely as possible, estimate the amount of the funds

1 needed to be held in reserve for payments related to losses of livestock,  
2 poultry, nursery, bush, tree, and specialty crops for which losses will not be  
3 fully known or calculated. The Department shall set aside funds as it deems  
4 appropriate based on the estimated percentage of these losses.

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

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

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

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

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

- 32 (1) Agricultural commodity. – Apples, barley, corn, cotton, dry peas, flax, forage,  
33 freezing and canning peas, grain sorghum, grapes, hay, industrial hemp, native  
34 grass, nursery crops, nuts, oats, peanuts, potatoes, rye, soybeans, sunflowers,  
35 sweet corn, tobacco, tomatoes, wheat, specialty crops and other fruits and  
36 vegetables, and aquacultural species propagated or reared in a controlled or  
37 selected environment. An agricultural commodity does not include stored  
38 grain.
- 39 (2) Livestock. – Cattle, sheep, swine, goats, farmed cervids, and bison. Livestock  
40 shall include horses, mules, or other equines only if they are used for  
41 production of agricultural commodities.
- 42 (3) Person. – Any individual, trust, estate, partnership, receiver, association,  
43 company, limited liability company, corporation, or other entity or group.
- 44 (4) Poultry. – Chickens, quail, or turkeys.

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

- 48 (1) The number of applicants by agricultural commodity, livestock, or poultry and  
49 the county in which the person incurred the verified loss.
- 50 (2) The number and amount of grants awarded by agricultural commodity,  
51 livestock, or poultry.

- 1 (3) The geographic distribution of the grants awarded.
- 2 (4) The total amount of funding available to the Program, the total amount
- 3 encumbered, and the total amount disbursed to date.
- 4 (5) Any refunds made to the Program pursuant to subsection (h) of this section.

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

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

10  
 11 **MODIFIED USE OF CORONAVIRUS RELIEF FUNDS ALLOCATED TO THE**  
 12 **NORTH CAROLINA SENIOR LIVING ASSOCIATION AND THE NORTH**  
 13 **CAROLINA HEALTH CARE FACILITIES ASSOCIATION FOR COVID-19**  
 14 **TESTING**

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

17 "(35a) \$34,002,617 in nonrecurring funds to OSBM to be allocated for COVID-19  
 18 testing, as provided in sub-subdivisions a. and b. of this subdivision.

- 19 a. \$29,002,617 to be distributed in equal amounts to the nonprofit
- 20 organizations known as NC Senior Living Association (NCSLA), NC
- 21 Health Care Facilities Association (NCHCFA), and NC Assisted
- 22 Living Association (NCALA) to ~~purchase~~ purchase COVID-19 tests
- 23 for distribution to their members, or to reimburse their members for
- 24 the purchase of COVID-19 tests that, at a minimum, have been
- 25 approved for emergency use by the United States Food and Drug
- 26 Administration. NCSLA, NCHCFA, and NCALA shall use at least
- 27 fifty percent (50%) of their allocated funds to purchase rapid
- 28 COVID-19 tests for distribution to their member facilities. NCSLA,
- 29 NCHCFA, and NCALA shall distribute all tests funded by this
- 30 allocation equally among their member facilities, free of charge, for
- 31 testing facility staff, residents, and visitors. Each of the member
- 32 facilities shall reserve the COVID-19 rapid tests received under this
- 33 subdivision for testing visitors who are family members or legal
- 34 guardians of residents.
- 35 b. \$5,000,000 to the Board of Governors of The University of North
- 36 Carolina (UNC), to be used to effectively mitigate the spread of
- 37 COVID-19 on UNC campuses through testing, tracing, enforcing
- 38 required on-campus isolation and quarantine, and providing
- 39 COVID-19 related health care services."

40  
 41 **STATE CASH MANAGEMENT CLARIFICATION**

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

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

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

51 ...."

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

2  
3           **JOINT LEGISLATIVE COMMITTEE ON ACCESS TO HEALTHCARE AND**  
4           **MEDICAID EXPANSION**

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

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

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

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

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

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

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

33  
34           **LIMIT HARMONY REQUIREMENTS/AFFORDABLE HOUSING**

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

36           "(b1) Limitations. – For parcels where multifamily structures are an allowable use, a local  
37           government may not impose a harmony requirement for permit approval if the development  
38           contains affordable housing units for families or individuals with incomes below eighty percent  
39           (80%) of the area median income."

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

42  
43           **PART VI. COMMUNITY COLLEGE SYSTEM**

44  
45           **CC ECONOMIC IMPACTS/STUDY/GRANT FOR TARGETED PROGRAMS**

46           **SECTION 6.1.(a)** Economic Impact Study. – Of the funds appropriated by this act  
47           for the 2021-2022 fiscal year to the Community Colleges System Office to be allocated to the  
48           Center for Applied Research (CFAR) at Central Piedmont Community College, CFAR shall  
49           partner with the System Office, the North Carolina Association of Community College  
50           Presidents, and the Belk Center for Community College Leadership and Research at North  
51           Carolina State University (Belk Center) to provide for studies of the overall regional economic

1 impacts of community colleges in the State. Upon the matching funds being made available in  
2 accordance with subsection (c) of this section, CFAR shall use the sum of seven hundred fifty  
3 thousand dollars (\$750,000) in nonrecurring funds for the 2021-2022 fiscal year to contract with  
4 Economic Modeling Specialists International (EMSI), an affiliate of the Strata Education  
5 Network, to conduct the studies required by this section.

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

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

20 **SECTION 6.1.(d)** Report. – By April 15, 2022, CFAR, the System Office, the NC  
21 Association of Community College Presidents, and the Belk Center shall report to the Joint  
22 Legislative Education Oversight Committee, the Senate Appropriations Committee on  
23 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal  
24 Research Division on the results of the studies and the recommendations from the studies on  
25 areas with the greatest economic impacts for the State that warrant further expansion and focus  
26 to increase the success of students and to meet workforce and industry demands.

27 **SECTION 6.1.(e)** Grant Program Established. – Based on the results and the  
28 recommendations from the report required under subsection (d) of this section, the State Board  
29 of Community Colleges shall establish an application process for a grant program for the  
30 2022-2023 fiscal year for community colleges to apply for grant funds to expand and target  
31 efforts in specific program areas that are proven to have greater economic impacts in regions of  
32 the State. The State Board shall prioritize award of the grant funds based on the findings of the  
33 studies required by this section and the potential for those programs to have the greatest impact  
34 on a geographical region or region of economic development.

## 35 **COMMUNITY COLLEGE PROGRAMS SERVING IDD STUDENTS**

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

- 45 (1) Establishing best practices for providing vocational training for individuals  
46 with IDD.
- 47 (2) Providing financial and benefits counseling.
- 48 (3) Developing strategies on integrating assistive technology.
- 49 (4) Maximizing access, with supports, to credential and degree programs,  
50 including micro-credentials that are established by the State Board.  
51

- 1 (5) Identifying methods to increase orientation and integration of individuals with  
 2 IDD into the college community to the greatest extent possible.
- 3 (6) Determining a needs assessment, marketing, and evaluation to serve a broad  
 4 array of individuals with developmental and other similar disabilities or  
 5 learning challenges to assure adequate demand for new or existing programs.

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

12 **SECTION 6.2.(c)** Beginning May 1, 2022, the Community Colleges System Office  
 13 shall report each fiscal year on the funds appropriated to the System Office for the purposes of  
 14 this section to the Joint Legislative Education Oversight Committee, the Senate Appropriations  
 15 Committee on Education/Higher Education, the House Appropriations Committee on Education,  
 16 and the Fiscal Research Division on the results of the pilot program, the use of the time-limited  
 17 position, professional development training for staff, and funding sources identified for  
 18 individuals with IDD to build programs at community colleges that support postsecondary  
 19 trainings and certifications that enable individuals with IDD to engage in competitive, sustainable  
 20 employment.

## 21 CC JOINT PROGRAM ENROLLMENT OF PUBLIC SCHOOL STUDENTS

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

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

- 34 (1) Total enrollment funding, the number of budgeted full-time equivalent  
 35 students, and the number of students enrolled in courses through cooperative  
 36 innovative high schools, the College Transfer pathway, and the Career and  
 37 Technical Education pathway.
- 38 (2) The cost and number of waivers of tuition and registration fees provided for  
 39 students enrolled in courses through cooperative innovative high schools, the  
 40 College Transfer pathway, and the Career and Technical Education pathway.
- 41 (3) Any additional costs of a student attending courses on campus if a student is  
 42 not attending public school in a local school administrative unit for the  
 43 majority of the student's instructional time.

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

50 **SECTION 6.3.(b)** G.S. 115C-238.55 reads as rewritten:  
 51

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

The State Board of Education and the governing Boards shall evaluate the success of students in cooperative innovative high schools approved under this Part. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment in career or study-related fields, and employer satisfaction of employees who participated in and graduated from the schools. The Boards shall jointly report by March 15 of each year to the Joint Legislative Education Oversight ~~Committee~~ Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division of the General Assembly on the evaluation of these schools. The report shall be combined with the evaluation of and analysis of cost of students participating in the Career and College Promise Program required by G.S. 115D-5(x), and the Community Colleges System Office shall be responsible for submitting the combined report to the Committee report."

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

**CC CHILDCARE GRANT PROGRAM/REPORT**

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

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

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

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

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

**CAREER ACADEMIES FOR AT-RISK STUDENTS**

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

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

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

17           **SECTION 6.5.(c)** Report. – CFCC, in collaboration with New Hanover County  
18 Schools and Pender County Schools, shall submit an initial report by October 1, 2022, and a final  
19 report by October 1, 2023, to the Joint Legislative Education Oversight Committee, the Senate  
20 Appropriations Committee on Education/Higher Education, the House Appropriations  
21 Committee on Education, and the Fiscal Research Division on the results of the pilot program  
22 and the placement of the career liaisons in schools to support at-risk students, including the  
23 number of students who enrolled in Career and College Promise Program pathways following  
24 completion of the career academy program and other relevant student outcome data for at-risk  
25 students.

## 26 27 **NC COMMUNITY COLLEGE SHORT-TERM WORKFORCE DEVELOPMENT** 28 **GRANTS**

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

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

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

48           **SECTION 6.6.(d)** Report. – The State Board shall submit an initial report by April  
49 1, 2022, and a final report by April 1, 2023, to the Joint Legislative Education Oversight  
50 Committee, the Senate Appropriations Committee on Education/Higher Education, the House  
51 Appropriations Committee on Education, and the Fiscal Research Division. The report shall



1 contain, for each academic year and by programs of study, the amount of grant funds disbursed  
2 and the number of eligible students receiving funds.

### 4 **HIGH-COST WORKFORCE PROGRAMS START-UP FUNDS**

5 **SECTION 6.7.(a)** Establishment of the Fund. – Of the funds appropriated to the  
6 Community Colleges System Office by this act for the 2021-2022 fiscal year, the System Office  
7 shall establish the Fund for High-Cost Workforce Programs (Fund). Any unexpended funds  
8 remaining in the Fund at the end of the fiscal year shall not revert to the General Fund but shall  
9 remain available for the purposes set forth in this section. The Fund shall be used to assist  
10 community colleges in starting new programs in high-demand career fields that require  
11 significant start-up funds. Only Tier 1A and Tier 1B programs offered at community colleges  
12 shall be eligible for the award of funds. The System Office shall establish an application process  
13 for community colleges to apply for awards from the Fund no later than the beginning of the  
14 2021-2022 fiscal year. To be eligible to receive funds, colleges shall submit to the System Office  
15 a completed application, which shall include at least the following information:

- 16 (1) A description of the proposed new program requiring start-up funds.
- 17 (2) Documentation of industry demand for the program or documentation of  
18 future local, regional, or statewide employment needs that will be met by the  
19 program.
- 20 (3) Total cash cost to start the program and maintain the program over two fiscal  
21 years.
- 22 (4) A plan for the fiscal sustainability of the new program.

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

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

- 30 (1) Community colleges with a total FTE of greater than 6,500 shall be required  
31 to match fifteen percent (15%) of the cost.
- 32 (2) Community colleges with a total FTE between 2,500 and 6,500 shall be  
33 required to match ten percent (10%) of the cost.
- 34 (3) Community colleges with a total FTE below 2,500 shall be required to match  
35 five percent (5%) of the cost.

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

41 **SECTION 6.7.(e)** Report. – The System Office shall submit an initial report to the  
42 Joint Legislative Education Oversight Committee by December 1, 2022, and an annual report  
43 thereafter for each year the System Office provides funds to community colleges from the Fund  
44 on the programs receiving the funds, which shall include at least the following information:

- 45 (1) The community colleges that received funds, the amount of funds, and the  
46 types of programs started.
- 47 (2) The use of funds by community colleges receiving awards, including costs  
48 associated with student instruction, faculty salaries, instructional supplies,  
49 related instructional equipment, and accreditation costs.
- 50 (3) Evaluation of the success of the new community college programs receiving  
51 funds.

**RISE UP TRAINING AND CREDENTIALING PROGRAM/CIHS**

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

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

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

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

**WORK-BASED LEARNING/CENTRAL PIEDMONT CC**

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

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

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

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

## 10 11 **EXPANSION OF ADULT LEARNER PILOT PROGRAMS**

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

- 18           (1) Students who are age 25 years or older.
- 19           (2) Students with varying education levels, including no high school diploma or  
20           equivalent or some community college credentials or postsecondary degree.
- 21           (3) Students who have started postsecondary programs but dropped out before  
22           completion in the last five years.
- 23           (4) Nontraditional students, including part-time students, parents, or students with  
24           limited scheduling options due to work or other responsibilities.

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

29           **SECTION 6.10.(b)** By March 1, 2023, the System Office shall report to the Joint  
30 Legislative Education Oversight Committee, the Senate Appropriations Committee on  
31 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal  
32 Research Division on the results of the expansion of the pilot programs, including the number of  
33 students enrolled into degree and credential programs, the number of students completing a  
34 degree or credentialing program, and legislative recommendations for further expansion and the  
35 estimated cost of the programs.

## 36 37 **LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT/MATCHING** 38 **GRANT AND OUTREACH**

39           **SECTION 6.11.** Of the funds appropriated in this act to the Community Colleges  
40 System Office from the State Fiscal Recovery Fund for the Longleaf Commitment Community  
41 College Grant Program (Program), the System Office shall use at least five million dollars  
42 (\$5,000,000) for a matching grant program to provide funds to participating community colleges  
43 to expand community colleges' outreach and student advising capacity as part of the Program.  
44 Up to one million dollars (\$1,000,000) of the funds appropriated for the Program may be used  
45 for a systemwide marketing campaign. The State Education Assistance Authority shall  
46 administer the award of grants under the Program to eligible students graduating from high school  
47 at the end of the 2021-2022 school year to cover tuition and fees at a community college for up  
48 to two years in accordance with Section 8A.5 of this act.

## 49 50 **MARKETING AND OUTREACH FOR CTE AND WORK-BASED LEARNING** 51 **PROGRAMS**

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

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

#### 14 15 **EXPANSION OF APPRENTICESHIP PROGRAMS FOR SMALL BUSINESSES/HIGH** 16 **DEMAND TRADES**

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

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

- 41           (1) Forty percent (40%) of the funds shall be allocated for apprenticeship  
42 programs for apprentices that are enrolled in curriculum degree programs.
- 43           (2) Fifteen percent (15%) of the funds shall be allocated for apprenticeship  
44 programs for apprentices that are high school students.
- 45           (3) The remaining funds shall be allocated for apprenticeship programs for  
46 apprentices pursuing short-term workforce credentials.

47           Recipients of grants may be reimbursed for up to two thousand dollars (\$2,000) each  
48 fiscal year in program expenses, including costs for purchasing program equipment and for costs  
49 associated with payroll, mentor stipends, insurance, training, uniforms, and safety equipment.  
50 For apprentices enrolled in curriculum degree programs and short-term workforce courses, up to  
51 two thousand five hundred dollars (\$2,500) in grant funds may be used each fiscal year to cover

1 the cost of tuition, fees, and books for apprentices enrolled at community colleges. Grant funds  
2 may also be used to cover the costs of the salary of apprentices upon matching funds being made  
3 available by a grant recipient in accordance with subsection (c) of this section. Apprentices  
4 participating in the grant program paid with matching State funds shall be limited to an hourly  
5 rate of pay of fifteen dollars (\$15.00) for non-high school students and fourteen dollars (\$14.00)  
6 for high school students.

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

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

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

## 23 24 **NCCCS LIAISON POSITION**

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

## 28 29 **PART VII. PUBLIC INSTRUCTION**

### 30 31 **FUNDS FOR CHILDREN WITH DISABILITIES**

32 **SECTION 7.1.** The State Board of Education shall allocate additional funds for  
33 children with disabilities on the basis of four thousand six hundred dollars (\$4,600) per child for  
34 the 2021-2022 and 2022-2023 fiscal years. Each local school administrative unit shall receive  
35 funds for the lesser of (i) all children who are identified as children with disabilities or (ii) thirteen  
36 percent (13%) of its 2021-2022 allocated average daily membership in the local school  
37 administrative unit. The dollar amounts allocated under this section for children with disabilities  
38 shall also be adjusted in accordance with legislative salary increments, retirement rate  
39 adjustments, and health benefit adjustments for personnel who serve children with disabilities.

### 40 41 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

42 **SECTION 7.2.** The State Board of Education shall allocate additional funds for  
43 academically or intellectually gifted children on the basis of one thousand three hundred  
44 sixty-four dollars and seventy-eight cents (\$1,364.78) per child for fiscal years 2021-2022 and  
45 2022-2023. A local school administrative unit shall receive funds for a maximum of four percent  
46 (4%) of its 2021-2022 allocated average daily membership, regardless of the number of children  
47 identified as academically or intellectually gifted in the unit. The dollar amounts allocated under  
48 this section for academically or intellectually gifted children shall also be adjusted in accordance  
49 with legislative salary increments, retirement rate adjustments, and health benefit adjustments  
50 for personnel who serve academically or intellectually gifted children.

**SUPPLEMENTAL FUNDING IN LOW WEALTH COUNTIES**

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

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

- (1) Anticipated county property tax revenue availability. – The county-adjusted property tax base multiplied by the effective State average tax rate.
- (2) Anticipated State average revenue availability per student. – The sum of all anticipated total county revenue availability divided by the average daily membership for the State.
- (3) Anticipated total county revenue availability. – The sum of the following:
  - a. Anticipated county property tax revenue availability.
  - b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.
  - c. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.
- (4) Anticipated total county revenue availability per student. – The anticipated total county revenue availability for the county divided by the average daily membership of the county.
- (5) Average daily membership. – Average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.
- (6) County-adjusted property tax base. – Computed as follows:
  - a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.
  - b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies.
  - c. Add to the resulting amount the following:
    1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2.
    2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes.
    3. Personal property value for the county.
- (7) County-adjusted property tax base per square mile. – The county-adjusted property tax base divided by the number of square miles of land area in the county.
- (8) County wealth as a percentage of State average wealth. – Computed as follows:

- 1 a. Compute the percentage that the county per capita income is of the
- 2 State per capita income and weight the resulting percentage by a factor
- 3 of five-tenths.
- 4 b. Compute the percentage that the anticipated total county revenue
- 5 availability per student is of the anticipated State average revenue
- 6 availability per student and weight the resulting percentage by a factor
- 7 of four-tenths.
- 8 c. Compute the percentage that the county-adjusted property tax base per
- 9 square mile is of the State-adjusted property tax base per square mile
- 10 and weight the resulting percentage by a factor of one-tenth.
- 11 d. Add the three weighted percentages to derive the county wealth as a
- 12 percentage of the State average wealth.
- 13 (9) Effective county tax rate. – The actual county tax rate multiplied by a weighted
- 14 average of the three most recent annual sales assessment ratio studies.
- 15 (10) Effective State average tax rate. – The average of effective county tax rates
- 16 for all counties.
- 17 (11) Local current expense funds. – The most recent county current expense
- 18 appropriations to public schools, as reported by local boards of education in
- 19 the audit report filed with the Secretary of the Local Government Commission
- 20 pursuant to G.S. 115C-447.
- 21 (12) Per capita income. – The average for the most recent three years for which
- 22 data are available of the per capita income according to the most recent report
- 23 of the United States Department of Commerce, Bureau of Economic Analysis,
- 24 including any reported modifications for prior years as outlined in the most
- 25 recent report.
- 26 (13) Sales assessment ratio studies. – Sales assessment ratio studies performed by
- 27 the Department of Revenue under G.S. 105-289(h).
- 28 (14) State average adjusted property tax base per square mile. – The sum of the
- 29 county-adjusted property tax bases for all counties divided by the number of
- 30 square miles of land area in the State.
- 31 (15) State average current expense appropriations per student. – The most recent
- 32 State total of county current expense appropriations to public schools, as
- 33 reported by local boards of education in the audit report filed with the
- 34 Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- 35 (16) Supplant. – To decrease local per student current expense appropriations from
- 36 one fiscal year to the next fiscal year.
- 37 (17) Weighted average of the three most recent annual sales assessment ratio
- 38 studies. – The weighted average of the three most recent annual sales
- 39 assessment ratio studies in the most recent years for which county current
- 40 expense appropriations and adjusted property tax valuations are available. If
- 41 real property in a county has been revalued one year prior to the most recent
- 42 sales assessment ratio study, a weighted average of the two most recent sales
- 43 assessment ratios shall be used. If property has been revalued the year of the
- 44 most recent sales assessment ratio study, the sales assessment ratio for the year
- 45 of revaluation shall be used.

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

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

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

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

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

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

- 40 (1) The current expense appropriations per student of the county for the current  
41 year is less than ninety-five percent (95%) of the average of local current  
42 expense appropriations per student for the three prior fiscal years.
- 43 (2) The county cannot show (i) that it has remedied the deficiency in funding or  
44 (ii) that extraordinary circumstances caused the county to supplant local  
45 current expense funds with funds allocated under this section.

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

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



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

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

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

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

20  
 21 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

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

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

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

39 Allotments for eligible local school administrative units under this subsection shall  
 40 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
 41 2020-2021 in any fiscal year. A local school administrative unit shall not become ineligible for  
 42 funding if either the highest of the first two months' total projected average daily membership for  
 43 the current year or the higher of the first two months' total prior year average daily membership  
 44 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this  
 45 section.

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

1 Allotments for eligible local school administrative units under this subsection shall  
2 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
3 2021-2022 in any fiscal year. A local school administrative unit shall not become ineligible for  
4 funding if either the highest of the first two months' total projected average daily membership for  
5 the current year or the higher of the first two months' total prior year average daily membership  
6 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this  
7 section.

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

- 16 (1) The current expense appropriation per student of the county for the current  
17 year is less than ninety-five percent (95%) of the average of local current  
18 expense appropriation per student for the three prior fiscal years.
- 19 (2) The county cannot show (i) that it has remedied the deficiency in funding or  
20 (ii) that extraordinary circumstances caused the county to supplant local  
21 current expense funds with funds allocated under this section.

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

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

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

31 Local school administrative units may also utilize funds allocated under this section  
32 to purchase services that allow for extraction of data from the Education Value-Added  
33 Assessment System (EVAAS).  
34

### 35 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

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

- 39 (1) Provide instructional positions or instructional support positions.
- 40 (2) Provide professional development.
- 41 (3) Provide intensive in-school or after-school remediation, or both.
- 42 (4) Purchase diagnostic software and progress-monitoring tools.
- 43 (5) Provide funds for teacher bonuses and supplements. The State Board of  
44 Education shall set a maximum percentage of the funds that may be used for  
45 this purpose.

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

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

- 5           (1) For counties with wealth greater than ninety percent (90%) of the statewide  
 6 average, a ratio of 1:19.9.
- 7           (2) For counties with wealth not less than eighty percent (80%) and not greater  
 8 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- 9           (3) For counties with wealth less than eighty percent (80%) of the statewide  
 10 average, a ratio of 1:19.1.
- 11           (4) For local school administrative units that received DSSF funds in fiscal year  
 12 2005-2006, a ratio of 1:16. These local school administrative units shall  
 13 receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

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

## 20 **SCHOOL PSYCHOLOGISTS ALLOTMENT**

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

### 23 **"§ 115C-316.5. School psychologists allotment.**

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

- 28           (1) School psychologist positions are allocated on the basis of average daily  
 29 membership.
- 30           (2) Each local school administrative unit receives sufficient funding for at least  
 31 one school psychologist position in accordance with G.S. 115C-47(67)."

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

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

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

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

44           **SECTION 7.6.(d)** Subsection (c) of this section applies beginning with the  
 45 2022-2023 school year. Except as otherwise provided, this section applies beginning with the  
 46 2021-2022 school year.

## 47 **SCHOOL HEALTH SUPPORT PERSONNEL PROFESSIONAL ENTRY REPORT**

48           **SECTION 7.7.(a)** No later than May 15, 2022, the State Board of Education shall  
 49 study and report the following to the Joint Legislative Education Oversight Committee, the  
 50  
 51

1 Senate Appropriations Committee on Education/Higher Education, the House Appropriations  
2 Committee on Education, and the Fiscal Research Division:

- 3 (1) Policies, practices, standards, and curriculum adopted or implemented, as  
4 appropriate, by the State Board of Education, the Department of Public  
5 Instruction, educator preparation programs, and public school units for  
6 persons to receive training, licensure, and employment as school health  
7 support personnel in public school units.
- 8 (2) Barriers persons face when entering each school health support profession  
9 because of the policies, practices, standards, and curriculum identified in  
10 subdivision (1) of this subsection.
- 11 (3) Recommendations and any actions already taken to (i) reduce and eliminate  
12 the barriers to entry identified in subdivision (2) of this subsection and (ii)  
13 improve the number and quality of school health support personnel employed  
14 in public school units.

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

#### 18 **DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY**

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

- 21 (1) Seven full-time equivalent positions to support the Science of Reading and the  
22 North Carolina Read to Achieve Program, as amended by the Excellent Public  
23 Schools Act of 2021, S.L. 2021-8.
- 24 (2) One full-time equivalent position to serve as a full-time recruitment and  
25 retention coordinator to increase the number of school psychologists in public  
26 school units with a demonstrated need that is difficult to meet.

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

- 31 (1) Accommodate changes in allowable expenditures of indirect costs associated  
32 with the administration of federal grants.
- 33 (2) Implement other changes necessary to improve the efficiency of the  
34 Department.

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

- 38 (1) A current organization chart and a list of affected funds.
- 39 (2) The proposed organization chart and a list of affected funds clearly identifying  
40 the changes for the Department.

41 The Department shall report to the Joint Legislative Commission on Governmental  
42 Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations  
43 Committee on Education/Higher Education, the House Appropriations Committee on Education,  
44 and the Fiscal Research Division on any reorganization, including any movement of positions  
45 and funds between fund codes on a recurring basis.

46 **SECTION 7.8.(d)** In making the changes identified in subsection (b) of this section,  
47 the Department of Public Instruction shall not do either of the following:

- 48 (1) Reduce funding for any of the following:
  - 49 a. The State Public School Fund, including for the following residential  
50 schools:  
51

- 1                                   1.     The Eastern North Carolina School for the Deaf.
- 2                                   2.     The North Carolina School for the Deaf.
- 3                                   3.     The Governor Morehead School.
- 4                                   b.     Any budget expansion item funded by an appropriation to the
- 5   Department of Public Instruction by this act for the 2021-2023 fiscal
- 6   biennium.
- 7                                   (2)    Transfer from or reduce funding or positions for any of the following:
- 8   a.     Communities in Schools of North Carolina, Inc.
- 9   b.     Teach for America, Inc.
- 10                                        c.     BEGINNINGS for Parents of Children Who are Deaf or Hard of
- 11                                        Hearing, Inc.
- 12                                        d.     The Excellent Public Schools Act, Read to Achieve Program, initially
- 13                                        established under Section 7A.1 of S.L. 2012-142.
- 14                                        e.     The North Carolina School Connectivity Program.
- 15                                        f.     The North Carolina Center for the Advancement of Teaching.
- 16                                        g.     The North Carolina Innovative School District.
- 17                                        h.     The Schools That Lead Program.
- 18                                        i.     The Center for Safer Schools.

**REPORT ON K-12 COMPUTER SCIENCE DATA**

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

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

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

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

"(66) Computer Science Reporting. – A local board of education shall annually report the information required by G.S. 115C-12(48) to the State Board of Education, the Senate Appropriations Committee on Education/Higher

1 Education, and the House Appropriations Committee on Education no later  
2 than September 15."

3 **SECTION 7.9.(c)** G.S. 115C-75.9 is amended by adding a new subsection to read:  
4 "(o) Computer Science Reporting. – An innovative school shall annually report the  
5 information required by G.S. 115C-12(48) to the State Board of Education, the Senate  
6 Appropriations Committee on Education/Higher Education, and the House Appropriations  
7 Committee on Education no later than September 15."

8 **SECTION 7.9.(d)** G.S. 115C-218.75 is amended by adding a new subsection to read:  
9 "(i) A charter school shall annually report the information required by G.S. 115C-12(48)  
10 to the State Board of Education, the Senate Appropriations Committee on Education/Higher  
11 Education, and the House Appropriations Committee on Education no later than September 15."

12 **SECTION 7.9.(e)** G.S. 115C-238.66 is amended by adding a new subdivision to  
13 read:  
14 "(17) Computer science reporting. – A regional school shall annually report the  
15 information required by G.S. 115C-12(48) to the State Board of Education,  
16 the Senate Appropriations Committee on Education/Higher Education, and  
17 the House Appropriations Committee on Education no later than September  
18 15."

19 **SECTION 7.9.(f)** G.S. 116-239.8(b) is amended by adding a new subdivision to  
20 read:  
21 "(20) Computer science reporting. – A laboratory school shall annually report the  
22 information required by G.S. 115C-12(48) to the State Board of Education,  
23 the Senate Appropriations Committee on Education/Higher Education, and  
24 the House Appropriations Committee on Education no later than September  
25 15."

26 **SECTION 7.9.(g)** Notwithstanding G.S. 115C-12(48), 115C-47(66), 115C-75.9(o),  
27 115C-218.75(i), 115C-238.66(17), and 116-239.8(b)(20), as enacted by this section, the  
28 following shall apply:

- 29 (1) The State Board of Education shall submit its initial report pursuant to  
30 G.S. 115C-12(48) no later than March 15, 2022.
- 31 (2) Public school units shall submit their initial reports pursuant to  
32 G.S. 115C-47(66), 115C-75.9(o), 115C-218.75(i), 115C-238.66(17), and  
33 116-239.8(b)(20) no later than January 15, 2022.

## 34 35 **INSTRUCTIONAL SUPPORT PERSONNEL REPORT**

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

- 47 (1) For each position category:
  - 48 a. Number of persons employed in that position category.
  - 49 b. Total State and non-State funds and total full-time equivalent positions  
50 allocated for that position category.
  - 51 c. Average salary for that position category.

- 1 d. The percentage of total funds and total full-time equivalent positions  
 2 that are made up of each of the following:  
 3 1. State funds, disaggregated by each State-funded allotment and  
 4 identified by program report code.  
 5 2. Federal funds, disaggregated and identified by program report  
 6 code.  
 7 3. Local funds.  
 8 e. For each funding source identified in sub-subdivision d. of this  
 9 subdivision, the percentage of those funds and the number of full-time  
 10 equivalent positions that were used for contracted services.  
 11 (2) For each allotment transfer that was used to fund contracted services, all of  
 12 the following information:  
 13 a. The amount of the transfer.  
 14 b. The allotment category from which and into which the funds were  
 15 transferred, identified by program report code.  
 16 c. The educational priorities that necessitated the transfer.  
 17 (3) For funds provided for the psychologist position category that were used for  
 18 contracted services, the specific services provided.

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

- 22 (1) Alternative and remedial services personnel.  
 23 (2) Audiologists.  
 24 (3) Career and Technical Education services personnel.  
 25 (4) Career development counselors.  
 26 (5) Full-time mentors.  
 27 (6) Guidance counselors.  
 28 (7) Instructional coaches.  
 29 (8) Instructional technology services personnel.  
 30 (9) Lead teacher services personnel.  
 31 (10) Media services personnel.  
 32 (11) Nurses.  
 33 (12) Other personnel. The Department shall identify the title and duties of each  
 34 position classified in this category.  
 35 (13) Psychologists.  
 36 (14) Social workers.  
 37 (15) Special population services personnel.  
 38 (16) Speech-language pathologists.  
 39

#### 40 **SCHOOLS THAT LEAD PROGRAM**

41 **SECTION 7.11.(a)** Program; Purpose. – Of the funds appropriated to the Department  
 42 of Public Instruction by this act for the Schools That Lead Program (Program), the Department  
 43 shall contract with Schools That Lead, Inc., to provide professional development to teachers and  
 44 principals in up to 75 schools, beginning with the 2021-2022 school year and ending in the  
 45 2025-2026 school year. The selected schools shall be charter schools or schools under the  
 46 authority of a local school administrative unit. Professional development services shall be offered  
 47 to teachers and principals in kindergarten through grade 12. The Superintendent of Public  
 48 Instruction, in consultation with Schools That Lead, Inc., shall determine which schools are  
 49 eligible to participate in the Program. At a minimum, the Program shall offer services to three  
 50 cohorts of schools, as follows:

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

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

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

13 **SECTION 7.11.(c)** Report. – The Department of Public Instruction, in consultation  
14 with Schools That Lead, Inc., shall submit a report on the impacts of the Program authorized by  
15 subsection (a) of this section, including, but not limited to, an accounting of expenditures, school  
16 performance data, principal performance data, teacher performance data, and student outcome  
17 data, beginning October 1, 2023, and continuing each year thereafter until October 1, 2027, to  
18 the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on  
19 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal  
20 Research Division. The October 1, 2027, report shall include a summary and copy of the final  
21 report provided by the independent research organization pursuant to subsection (b) of this  
22 section.

23  
24 **PERMIT USE OF SPECIAL STATE RESERVE FUND FOR**  
25 **TRANSPORTATION/ESTABLISH TRANSPORTATION RESERVE FUND FOR**  
26 **HOMELESS AND FOSTER CHILDREN**

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

- 36 (1) In determining extraordinary transportation costs, the Department shall  
37 consider total prior-year transportation expenditures for high-needs children  
38 with disabilities, including expenditures from local funds and all other funding  
39 sources, as a proportion of total expenditures.  
40 (2) Applicants with highest extraordinary transportation costs shall receive  
41 highest priority in the award of grant funds.  
42 (3) Funds may be awarded during the initial year of a high-needs student's  
43 enrollment in the local school administrative unit or charter school or in  
44 subsequent years of the student's enrollment.

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



- 1 (1) In determining extraordinary transportation costs, the Department shall  
2 consider total prior-year transportation expenditures for homeless and foster  
3 children, including expenditures from local funds and all other funding  
4 sources, as a proportion of total expenditures.
- 5 (2) Priority shall be given to applicants in proportion to the extent that their  
6 applications and prior-year expenditures demonstrate use of available federal  
7 funds to cover the cost of transporting homeless and foster children.
- 8 (3) Awards shall not exceed fifty percent (50%) of extraordinary transportation  
9 costs as determined pursuant to this subsection.

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

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

- 18 (1) A list of local school administrative units receiving funds from this section.  
19 (2) The amount of funds applied for by each local school administrative unit.  
20 (3) The amount of funds received by each local school administrative unit.  
21 (4) How the funds were spent by each local school administrative unit, including  
22 the number of students transported and the locations between which the  
23 students were transported.  
24 (5) Any other information the Department of Public Instruction deems relevant to  
25 this section.  
26

## 27 **ELIMINATE INNOVATION ZONE GRANTS**

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

30 "Article 7A.

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

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

33 **SECTION 7.13.(c)** Section 6 of S.L. 2016-110, as amended by Section 7.26E(e) of  
34 S.L. 2017-57 and Section 2.13 of S.L. 2018-97, is repealed.  
35

## 36 **TRANSITION FROM THE INNOVATIVE SCHOOL DISTRICT MODEL**

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

- 43 (1) Current initiatives to support low-performing schools and continually  
44 low-performing schools using federal funding provided to assist with the  
45 impacts of COVID-19.  
46 (2) Recommendations on research-based models for meaningful intervention and  
47 assistance to low-performing and continually low-performing schools to  
48 facilitate long-term improvement and success in those schools.  
49 (3) Alignment of requirements in Chapter 115C of the General Statutes for  
50 identification and transformation of low-performing and continually  
51 low-performing schools, including Part 3 of Article 8B of Chapter 115C of

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

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

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

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

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

12 **SECTION 7.14.(f)** Transition From the Innovative School District Model. – Article  
13 7A of Chapter 115C of the General Statutes is repealed.

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

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

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

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

- 20 1. The State Board of Education, including schools operated  
21 under ~~Article 7A and~~ Article 9C of this Chapter.
- 22 2. The University of North Carolina under Article 29A of Chapter  
23 116 of the General Statutes."

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

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

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

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

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

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

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

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

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

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

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

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

4 **SECTION 7.14.(p)** Subsections (f) through (n) of this section become effective June  
5 30, 2023. The remainder of this section is effective the date this act becomes law.

## 6 7 **EXCELLENT PUBLIC SCHOOLS ACT OF 2021 IMPLEMENTATION** 8 **GUIDE/REPORT**

9 **SECTION 7.15.(a)** The Superintendent of Public Instruction shall establish a  
10 working group to develop an implementation guide for the Excellent Public Schools Act of 2021,  
11 established pursuant to S.L. 2021-8. The Superintendent shall collaborate with various education  
12 stakeholders through the working group to adopt an implementation guide to assist local school  
13 administrative units, educators, and administrators to establish the essential elements for literacy  
14 based on the Science of Reading, effectively implement the Excellent Public Schools Act of  
15 2021, and create the framework necessary to ensure that students are successful and proficient  
16 readers throughout the State. The implementation guide shall include at least the following  
17 information:

- 18 (1) Roles and responsibilities of State agencies, local school administrative units,  
19 public schools, and educators.
- 20 (2) Implementation strategies of the components of literacy supports and  
21 interventions.
- 22 (3) Professional development and training available for educators.
- 23 (4) Initiatives related to implementation of the Excellent Public Schools Act of  
24 2021 at the State and local level.

25 **SECTION 7.15.(b)** By January 15, 2022, the Superintendent of Public Instruction  
26 shall report to the Joint Legislative Education Oversight Committee, the Senate Appropriations  
27 Committee on Education/Higher Education, the House Appropriations Committee on Education,  
28 and the Fiscal Research Division on the working group established by the Superintendent and  
29 the development of the implementation guide for the Excellent Public Schools Act of 2021 as  
30 required by subsection (a) of this section. The report shall include the proposed components of  
31 the implementation guide and the time line of publishing the guide in preparation for the  
32 2022-2023 school year.

## 33 34 **MEDICAID REIMBURSEMENT CONTRACT FOR RESIDENTIAL SCHOOLS**

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

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

## 46 47 **FULL-TIME EQUIVALENCY OF PUBLIC SCHOOL STUDENTS**

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

50 **"§ 115C-419. Full-time equivalent student calculation; report.**

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

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

13       **SECTION 7.17.(b)** By April 15, 2022, the State Board of Education shall report on  
14 the formula required to be established pursuant to G.S. 115C-419, as enacted by this section, to  
15 the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on  
16 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal  
17 Research Division. Notwithstanding G.S. 115C-419, the initial report required by G.S. 115C-419  
18 shall be submitted by January 15, 2023, for data collected from the 2021-2022 school year.  
19

## 20 **CAREER AND COLLEGE READY GRADUATE PROGRAM SUPPORT**

21       **SECTION 7.18.** Within available funds, the Department of Public Instruction shall  
22 partner with the NROC Project, formerly known as the National Repository of Online Courses,  
23 to utilize its adaptive mathematics and English learning platform to facilitate the implementation  
24 of the Career and College Ready Graduate Program in collaboration with the North Carolina  
25 Community College System.  
26

## 27 **SCHOOL SAFETY GRANTS PROGRAM**

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

- 30       (1)     Community partner. – A public or private entity, including, but not limited to,  
31               a nonprofit corporation or a local management entity/managed care  
32               organization (LME/MCO), that partners with a public school unit to provide  
33               services or pay for the provision of services for the unit.  
34       (2)     School health support personnel. – School psychologists, school counselors,  
35               school nurses, and school social workers.

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

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

48       **SECTION 7.19.(d)** Criteria and Guidelines. – By January 15, 2022, the  
49 Superintendent of Public Instruction shall develop criteria and guidelines for the administration  
50 and use of the grants pursuant to this section, including any documentation required to be

1 submitted by applicants. In assessing grant applications, the Superintendent of Public Instruction  
2 shall consider at least all of the following factors:

- 3 (1) The level of resources available to the public school unit that would receive  
4 the funding.
- 5 (2) Whether the public school unit has received other grants for school safety.
- 6 (3) The overall impact on student safety in the public school unit if the identified  
7 needs are funded.

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

- 13 (1) Crisis respite services for parents or guardians of an individual student to  
14 prevent more intensive or costly levels of care.
- 15 (2) Training and expanded services for therapeutic foster care families and  
16 licensed child placement agencies that provide services to students who (i)  
17 need support to manage their health, welfare, and safety and (ii) have any of  
18 the following:
  - 19 a. Cognitive or behavioral problems.
  - 20 b. Developmental delays.
  - 21 c. Aggressive behavior.
- 22 (3) Evidence-based therapy services aligned with targeted training for students  
23 and their parents or guardians, including any of the following:
  - 24 a. Parent-child interaction therapy.
  - 25 b. Trauma-focused cognitive behavioral therapy.
  - 26 c. Dialectical behavior therapy.
  - 27 d. Child-parent psychotherapy.
- 28 (4) Any other crisis service, including peer-to-peer mentoring, that is likely to  
29 increase school safety. Of the funds appropriated to the Department of Public  
30 Instruction by this act for the grants provided in this section, the  
31 Superintendent shall use no more than three hundred fifty thousand dollars  
32 (\$350,000) in each year of the 2021-2023 fiscal biennium for the services  
33 identified in this subdivision.

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

- 41 (1) Counseling on Access to Lethal Means (CALM) training for school health  
42 support personnel, local first responders, and teachers on the topics of suicide  
43 prevention and reducing access by students to lethal means.
- 44 (2) Training for school health support personnel on comprehensive and  
45 evidence-based clinical treatments for students and their parents or guardians,  
46 including any of the following:
  - 47 a. Parent-child interaction therapy.
  - 48 b. Trauma-focused cognitive behavioral therapy.
  - 49 c. Behavioral therapy.
  - 50 d. Dialectical behavior therapy.
  - 51 e. Child-parent psychotherapy.

- 1 (3) Training for students and school employees on community resilience models  
2 to improve understanding and responses to trauma and significant stress.
- 3 (4) Training for school health support personnel on Modular Approach to  
4 Therapy for Children with Anxiety, Depression, Trauma, or Conduct  
5 problems (MATCH-ADTC), including any of the following components:  
6 a. Trauma-focused cognitive behavioral therapy.  
7 b. Parent and student coping skills.  
8 c. Problem solving.  
9 d. Safety planning.
- 10 (5) Any other training, including the training on the facilitation of peer-to-peer  
11 mentoring, that is likely to increase school safety. Of the funds appropriated  
12 to the Department of Public Instruction by this act for the grants provided in  
13 this section, the Superintendent shall use no more than three hundred fifty  
14 thousand dollars (\$350,000) in each year of the 2021-2023 fiscal biennium for  
15 the services identified in this subdivision.

16 **SECTION 7.19.(g)** Grants for Safety Equipment. – Of the funds appropriated to the  
17 Department of Public Instruction by this act for the grants provided in this section, the  
18 Superintendent of Public Instruction shall award grants to public school units for (i) the purchase  
19 of safety equipment for school buildings and (ii) training associated with the use of safety  
20 equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b),  
21 charter schools may receive grants for school safety equipment pursuant to this subsection.

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

25 **SECTION 7.19.(i)** Administrative Costs. – Of the funds appropriated to the  
26 Department of Public Instruction by this act for the grants provided in this section, the  
27 Superintendent of Public Instruction may retain a total of up to one hundred thousand dollars  
28 (\$100,000) in each fiscal year of the 2021-2023 fiscal biennium for administrative costs  
29 associated with the Program.

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

- 37 (1) The identity of each public school unit and community partner that received  
38 grant funds through the Program.
- 39 (2) The amount of funding received by each entity identified pursuant to  
40 subdivision (1) of this subsection.
- 41 (3) The services, training, and equipment purchased with grant funds by each  
42 entity that received a grant.
- 43 (4) Recommendations for the implementation of additional effective school  
44 safety measures.
- 45

#### 46 **TEACHNC RECRUITMENT INITIATIVE**

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

1           **SECTION 7.20.(b)** The Department shall report to the Senate Appropriations  
2 Committee on Education/Higher Education, the House Appropriations Committee on Education,  
3 the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by March  
4 15, 2022, and annually thereafter, on implementation of the platform, including integration of the  
5 technology with outside entities, such as educator preparation programs (EPPs) and businesses,  
6 and data on user outcomes, including at least the following:

- 7           (1) The number of user accounts, visitors to the website, and web-initiated chats.
- 8           (2) The number of users who were seeking teacher licensure who applied to  
9 institutions with an EPP after visiting the TeachNC web platform and, of those  
10 users, the number of users who successfully enrolled into institutions with an  
11 EPP and who completed teacher licensure programs.
- 12           (3) The number of users who applied for employment in public schools after  
13 visiting the TeachNC web platform and the number of teachers who continue  
14 to teach in the public schools after finding employment utilizing TeachNC.

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

### 18 **FEMININE HYGIENE PRODUCTS GRANT PROGRAM**

19           **SECTION 7.22.** Of the funds appropriated to the Department of Public Instruction  
20 in this act, the Department shall use the sum of two hundred fifty thousand dollars (\$250,000) in  
21 nonrecurring funds for the 2021-2022 fiscal year to establish the Feminine Hygiene Products  
22 Grant Program (Program) to provide grants of up to five thousand dollars (\$5,000) to public  
23 school units to provide feminine hygiene products for students in those units. The Department  
24 shall award the grants on a first-come, first-served basis, and no public school unit shall receive  
25 more than one grant. No later than March 15, 2022, the Department shall report to the Joint  
26 Legislative Education Oversight Committee, the Senate Appropriations Committee on  
27 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal  
28 Research Division on the public school units receiving grants under the Program, the specific  
29 feminine hygiene products purchased with the grant funds, and the impact of the Program on  
30 student health and well-being.

### 31 **AVERAGE DAILY MEMBERSHIP/HOLD HARMLESS**

32           **SECTION 7.23.(a)** Notwithstanding Section 7.15(b) of S.L. 2007-323, for the  
33 2021-2022 fiscal year, the following shall apply:

- 34           (1) In making adjustments pursuant to G.S. 115C-75.10, 115C-218.105,  
35 115C-238.70, 115C-238.82, 116-239.11, and Section 8.35(e) of S.L.  
36 2014-100, as amended by Section 7.13 of S.L. 2018-5, the State Board of  
37 Education shall not reduce allocations to applicable public school units due to  
38 a discrepancy between their actual and anticipated average daily membership.
- 39           (2) After funding adjustments are made pursuant to subdivision (1) of this section,  
40 the State Board of Education shall not reduce allotments for local school  
41 administrative units due to a discrepancy between actual and anticipated  
42 average daily membership.

43           **SECTION 7.23.(b)** No later than January 15, 2022, the Department of Public  
44 Instruction shall calculate and report to the Joint Legislative Education Oversight Committee, the  
45 Senate Appropriations Committee on Education/Higher Education, the House Appropriations  
46 Committee on Education, and the Fiscal Research Division, based on data from the 2020-2021  
47 and 2021-2022 fiscal years, the amounts that each funding allotment would have been reduced  
48 in the absence of Section 3.1 of S.L. 2020-97 and this section, respectively, for each applicable  
49 public school unit pursuant to the formula adopted by the State Board of Education in accordance  
50  
51

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

#### 3 4 **CHILDREN WITH DISABILITIES RESERVE**

5 **SECTION 7.24.** Of the funds appropriated in this act to the Department of Public  
6 Instruction for the 2021-2022 fiscal year, the Department shall use twenty-five million dollars  
7 (\$25,000,000) in nonrecurring funds to establish the Children with Disabilities Reserve. Funds  
8 from the Reserve shall be allocated to public school units that enroll more children with  
9 disabilities during the first two months of school than the Department anticipated prior to the  
10 beginning of the 2021-2022 school year in a manner consistent with funding for children with  
11 disabilities. Public school units shall not receive funds, including from the Reserve, for children  
12 with disabilities in excess of thirteen percent (13%) of the 2021-2022 average daily membership  
13 of the unit during the first two months of school.

#### 14 15 **SPECIAL EDUCATION DUE PROCESS HEARINGS/PERMIT IMMEDIATE** 16 **JUDICIAL REVIEW OF ALJ DECISION**

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

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

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

21 "**§ 115C-109.6. Impartial due process hearings.**

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

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

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

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

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

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



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

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

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

13 (1) To provide a child with appropriate education.

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

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

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

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

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

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

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

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

## 42 43 **STATE PUBLIC SCHOOL FUND MAY BE USED FOR ARPA MAINTENANCE OF** 44 **EQUITY**

45 **SECTION 7.26.** Notwithstanding any other provision of law, for the 2021-2023  
46 fiscal biennium, in order to meet the minimum maintenance of equity requirements of section  
47 2004(b) of ARPA, the Department of Public Instruction may allocate additional funds from the  
48 State Public School Fund, as necessary, to public school units receiving funds from the  
49 Elementary and Secondary School Emergency Relief Fund under ARPA.

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

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

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

12 (1) \$20,000,000 shall be used by the Department to allocate funds to each public  
13 school unit in the State, except for schools operated by the State Board of  
14 Education, to ensure that each public school unit receives a total amount from  
15 the Elementary and Secondary School Emergency Relief III (ESSER III) Fund  
16 of at least four hundred dollars (\$400.00) per pupil in federal grant funds  
17 according to the following:

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

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

28 (2) \$1,500,000 to be allocated in equal amounts to the Governor Morehead School  
29 for the Blind, Eastern North Carolina School for the Deaf, and North Carolina  
30 School for the Deaf for school facility repairs and improvements to enable  
31 operation of the schools to reduce risk of virus transmission and exposure to  
32 environmental health hazards and to support student health needs. The funds  
33 may be used for inspection, testing, maintenance, repair, replacement, and  
34 upgrade projects to improve the indoor air quality in school facilities,  
35 including mechanical and nonmechanical heating, ventilation, and air  
36 conditioning systems, filtering, purification and other air cleaning, fans,  
37 control systems, and window and door repair and replacement.

38 (3) \$36,000,000 to be held in a reserve by the Department to be allocated to public  
39 school units as grants to support COVID-19 related needs during the  
40 instructional year, including after-school and before-school programs that  
41 incorporate supplemental in-person instruction to address learning loss and  
42 provide enrichment activities.

43 (4) \$36,000,000 to be held in a reserve by the Department to be allocated to public  
44 school units as grants to support COVID-19 related needs during the summer,  
45 including in-person instruction to address learning loss and provide  
46 enrichment activities.

47 (5) \$37,500,000 for teacher and principal professional development for  
48 implementing the Science of Reading and the requirements of the Excellent  
49 Public Schools Act of 2021 to mitigate learning loss related to reading that  
50 has resulted from the COVID-19 pandemic.

- 1           (6)    \$1,000,000 to contract with one or more external research partners pursuant  
2           to subdivision (4) of Section 5A of S.L. 2021-1, as enacted by Section 1.2 of  
3           S.L. 2021-3, to assess the impact of COVID-19 on public school units and the  
4           responses of the State to the challenges presented by COVID-19.
- 5           (7)    \$13,500,000 to be allocated to the North Carolina Education Corps (NC ED  
6           Corps), a nonprofit corporation, for the purpose of NC ED Corps partnering  
7           with public school units to recruit, train, and deploy corps members, who  
8           include community college and university students, recent graduates, and  
9           retirees, to work as tutors and mentors with public school students. Corps  
10          members work in the public schools to build relationships and connect with  
11          students and help teachers reach students who need additional academic  
12          support. The program shall focus on accelerating COVID-19 learning  
13          recovery with students, families, and school personnel, particularly through  
14          high-impact literacy tutors grounded in the Science of Reading and reading  
15          instruction.
- 16          (8)    \$500,000 to support expansion of the North Carolina Preschool Pyramid  
17          Model (NCPMP) across and within local school administrative unit preschool  
18          programs and to support the implementation of NCPMP in kindergarten in a  
19          developmentally appropriate and vertically aligned manner. Funds shall be  
20          used to provide training, consultation, and ongoing support for local school  
21          administrative units to implement the NCPMP framework to prekindergarten  
22          and kindergarten classrooms, with priority given to low-performing schools  
23          and local school administrative units affected by COVID-19 that receive  
24          low-wealth supplemental funding.
- 25          (9)    \$2,000,000 to contract with a third-party entity for a period of up to two years  
26          for a new software platform, in response to the COVID-19 pandemic, to  
27          develop and implement a system of tracking expenditures of State and federal  
28          funds provided for subscription services and technology.
- 29          (10)   \$9,000,000 to contract with a third-party entity for a period of up to three years  
30          for a new software platform, in response to the COVID-19 pandemic, to  
31          evaluate and improve student learning and performance and to provide  
32          students with an individualized roadmap for improving learning and  
33          performance.
- 34          (11)   \$200,000 to establish one new time-limited, full-time equivalent position at  
35          the Department to manage the software platform for public schools funded  
36          pursuant to subdivision (9) of this subsection.
- 37          (12)   \$8,000,000 to be allocated to The Innovation Project to create the North  
38          Carolina High-Tech Learning Accelerator, an initiative to provide a network  
39          of place-based learning hubs for students with rigorous and experiential  
40          pathways for jobs in the technology industry. The initiative shall offer summer  
41          immersion and out-of-school options, in addition to other student supports in  
42          a core program aimed at enhancing curriculum opportunities for work-based  
43          learning.
- 44          (13)   \$7,265,134 to establish a grant program, in response to the COVID-19  
45          pandemic, to allocate funds to public school units to identify and locate  
46          missing students by contracting with either (i) one or more third-party entities  
47          to provide technology to assist with this purpose or (ii) outside personnel. No  
48          later than March 15, 2022, the Department shall report to the Joint Legislative  
49          Education Oversight Committee, the Senate Appropriations Committee on  
50          Education/Higher Education, the House Appropriations Committee on  
51          Education, and the Fiscal Research Division on the following information:

- 1           a.     All persons and entities contracted with by public school units  
2           receiving funds to identify and locate missing students pursuant to this  
3           subdivision and the amounts provided to each person or entity.
- 4           b.     Outcomes resulting from the program, including the number of  
5           missing students identified and located in each public school unit.
- 6       (14)   \$350,000 to contract with the State Auditor, in response to the COVID-19  
7       pandemic, to perform detailed analyses of the attendance and truancy policies  
8       and procedures for the 2021-2022 school year of at least two small, two  
9       medium-sized, and two large local school administrative units, selected  
10       randomly by the State Auditor. The State Auditor may contract with  
11       third-party entities, as needed, for services related to the analyses. No later  
12       than June 30, 2022, the State Auditor shall report to the Joint Legislative  
13       Education Oversight Committee, the Senate Appropriations Committee on  
14       Education/Higher Education, the House Appropriations Committee on  
15       Education, and the Fiscal Research Division on the results of the analyses and  
16       any recommendations to remediate student absenteeism.
- 17       (15)   \$2,500,000 for five new time-limited and full-time equivalent positions in the  
18       Office of Learning Recovery and Acceleration of the Department and  
19       associated operating costs in response to the COVID-19 pandemic.
- 20       (16)   \$1,000,000 for the School Planning Section of the Department to contract with  
21       a third-party entity to establish a digital platform to facilitate data sharing  
22       among local school administrative units and county governments regarding  
23       products and services purchased for elementary and secondary education,  
24       including capital improvement projects. In order to promote equitable  
25       purchasing in the State, all local school administrative units and county  
26       governments shall participate in the platform and share relevant information  
27       regarding educational expenses. The platform shall include at least the  
28       following components:
- 29       a.     A consolidated information database regarding all of the following  
30       education-related expenses:
- 31           1.     Status and details of expected, proposed, and issued local  
32           bonds.
- 33           2.     Interactive listings, ratings, reviews, and contract costs of  
34           vendors providing products and services, including, but not  
35           limited to, heating, ventilation, and air conditioning and other  
36           services related to the maintenance of public school buildings.
- 37           3.     Document-sharing functionality related to purchased products  
38           and services, including capital improvement projects.
- 39       b.     The ability to advertise nationwide requests for proposals from local  
40       school administrative units and county governments for  
41       education-related products and services, including capital  
42       improvement projects.
- 43       (17)   \$1,000,000 in additional funding for services provided by BEGINNINGS for  
44       Parents of Children Who are Deaf or Hard of Hearing, Inc., for outreach to  
45       and support of North Carolina families affected by COVID-19.
- 46       (18)   \$7,042,000 to be transferred to the Board of Governors of The University of  
47       North Carolina to be allocated to the National College Advising Corps, Inc.,  
48       (CAC), a nonprofit organization, in response to the decrease in  
49       underrepresented students matriculating at institutions of higher education  
50       during the COVID-19 pandemic. These funds shall be used to support a  
51       temporary expansion of the placement of college advisers in North Carolina

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

31 (19) \$970,000 to contract with Schools That Lead, Inc., to develop or purchase a  
32 statewide, online platform that allows teachers to (i) share student  
33 performance improvement methods across the State in response to learning  
34 loss resulting from the COVID-19 pandemic and (ii) support the Schools That  
35 Lead Program set forth in Section 7.11 of this act.

36 (20) \$3,900,000 to be allocated to Communities in Schools of North Carolina, Inc.,  
37 to expand services and provide for the extension of nine-month contracts for  
38 its employees for the purpose of providing assistance and enrichment  
39 activities over the summers for students in kindergarten through grade 12  
40 experiencing learning loss and negative impacts from COVID-19.

41 (21) \$16,000,000 to be allocated to public school units on the basis of average daily  
42 membership in response to the COVID-19 pandemic to contract with a  
43 third-party entity for technology to mitigate cyberbullying, monitor student  
44 internet activity, monitor classroom educational devices, and assist with  
45 suicide prevention services.

46 (22) \$5,000,000 to be allocated to public school units on the basis of average daily  
47 membership in response to the COVID-19 pandemic to contract with  
48 Gaggle.Net, Inc., for technology to mitigate cyberbullying, monitor student  
49 internet activity, and assist with suicide prevention services.

50 (23) \$400,000 for career and technical education (CTE) programs to provide  
51 options for students outside traditional classroom instruction during the

1 COVID-19 pandemic. The Department shall allocate these funds as grants to  
2 nationally certified programs in CTE with a focus on developing critical skills  
3 necessary for students to succeed in the hospitality sector. Grant recipients  
4 shall use the funds to support instructor and student training and testing in  
5 public school units and increase the State's skilled workforce in the hospitality  
6 sectors.

7 (24) \$18,000,000 to provide coaching support and professional development for  
8 principals and school improvement leadership teams in local school  
9 administrative units. Funds shall be used (i) to design and implement a  
10 leadership institute for principals employed in qualifying public schools and  
11 (ii) to provide grants to local school administrative units in which a majority  
12 of the public schools are qualifying public schools for flexible improvement  
13 and intervention options approved by the Department to address negative  
14 impacts of COVID-19. Up to two million dollars (\$2,000,000) of these funds  
15 may be used for 20 time-limited or full-time equivalent positions for the  
16 Department to support the activities set forth in this subdivision. For the  
17 purposes of this subdivision, a qualifying public school is a school meeting  
18 the following criteria:

19 a. For the most recent year for which data are available, has a school  
20 performance score in the lowest-performing five percent (5%) of all  
21 schools.

22 b. Receives funds under Part A of Title I of the Elementary and  
23 Secondary Education Act of 1965, as amended.

24 c. Is governed by a local board of education.

25 d. Is not one of the following types of schools:

26 1. An alternative school.

27 2. A cooperative innovative high school.

28 3. A school that was in its first or second year of operation in the  
29 previous school year.

30 4. A newcomers school. For the purposes of this subdivision, a  
31 newcomers school is a school in which at least ninety percent  
32 (90%) of its students are enrolled for no more than one year on  
33 the basis of their status as recently arrived English language  
34 learners.

35 (25) \$2,500,000 to administer a pilot program (pilot) to promote access to  
36 innovative digital and personalized learning solutions for high school students  
37 that bridge the gap between chemistry and physical science classes and career  
38 and technical education (CTE) career pathways. Local school administrative  
39 units participating in the pilot shall incorporate the science, technology,  
40 engineering, and mathematics (STEM) focused educational software program  
41 developed by Plasma Games, Inc., in select STEM classes and their CTE  
42 programs to encourage student interest and workforce development for  
43 chemistry-dependent industries located in North Carolina, including careers  
44 in the pharmaceutical, agricultural technology, biotechnology, textile,  
45 material science, energy, minerals and mining, and chemical manufacturing  
46 fields. The pilot shall be conducted beginning with the 2021-2022 school year.  
47 A local school administrative unit participating in the pilot shall provide the  
48 Department with a plan for the placement of the STEM-focused educational  
49 technology developed by Plasma Games, Inc., in its schools and may include  
50 a plan from the pilot program established pursuant to Section 4.2D of S.L.  
51 2020-4, as enacted by Section 1.1(e) of S.L. 2020-80, if the unit participated

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

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

25 b. The Department shall provide an annual report beginning June 1,  
26 2022, for each school year to the Joint Legislative Education Oversight  
27 Committee, the Senate Appropriations Committee on  
28 Education/Higher Education, the House Appropriations Committee on  
29 Education, and the Fiscal Research Division on the implementation of  
30 the pilot and the information reported by participating local school  
31 administrative units pursuant to this subdivision. The report shall  
32 include any data on student outcomes related to implementation of the  
33 pilot, the expenditure of funds described in this subdivision, and  
34 recommendations by the Department on modification of the pilot and  
35 the need for continued support.

36 (26) \$2,500,000 to establish a program entitled "Failure Free Reading" to support  
37 middle school students in authorized public schools who read below grade  
38 level. The program shall use rigorous data assessment of student success to  
39 support middle school students who continue to struggle with reading,  
40 including students who suffered learning loss due to the COVID-19 pandemic.  
41 The Department shall create an application for funds and make the application  
42 available to authorized public schools prior to January 15, 2022. Local  
43 superintendents in public school units with authorized public schools may  
44 apply for a portion of the funds at a rate of two hundred fifty dollars (\$250.00)  
45 per student. The following public schools are authorized to participate in the  
46 program:

47 a. Alpha Academy.

48 b. Catawba Rosenwald Education Center in Catawba County Schools.

49 c. Coats-Erwin Middle in Harnett County Schools.

50 d. Community Public Charter.

51 e. Community School of Davidson.

- 1 f. Conway Middle in Northampton County Schools.  
 2 g. Dunn Middle in Harnett County Schools.  
 3 h. Enfield Middle S.T.E.A.M. Academy in Halifax County Schools.  
 4 i. Grandview Middle in Hickory City Schools.  
 5 j. Harnett Central Middle in Harnett County Schools.  
 6 k. Harry M. Arndt Middle School in Catawba County Schools.  
 7 l. Jacobs Fork Middle in Catawba County Schools.  
 8 m. Lake Norman Charter.  
 9 n. Maiden Middle School in Catawba County Schools.  
 10 o. Mill Creek Middle School in Catawba County Schools.  
 11 p. Newton-Conover Middle in Newton-Conover City Schools.  
 12 q. Reaching All Minds Academy.  
 13 r. River Bend Middle in Catawba County Schools.  
 14 s. Rocky Mount Prep.  
 15 t. Success Institute Charter.  
 16 u. United Community.  
 17 v. VERITAS Community.  
 18 w. Weldon Middle in Weldon City Schools.  
 19 x. William R. Davie Middle S.T.E.M. Academy in Halifax County  
 20 Schools.
- 21 (27) \$500,000 to transfer to the North Carolina Museum of Art to establish  
 22 NCMAKids to mitigate learning loss by providing digital learning  
 23 experiences and activities related to works of art, in response to the COVID-19  
 24 pandemic.
- 25 (28) \$1,200,000 to establish a grant program during the 2021-2023 fiscal biennium  
 26 for qualifying public school units to improve teacher quality and mitigate  
 27 learning loss, notwithstanding G.S. 115C-296.2, by reimbursing teachers for  
 28 the cost of the participation fee for National Board for Professional Teaching  
 29 Standards (NBPTS) certification, in response to the COVID-19 pandemic, as  
 30 follows:
- 31 a. Definitions. – The following definitions shall apply in this subdivision:  
 32 1. Public school. – Any of the following:  
 33 I. A public school unit.  
 34 II. A school providing elementary or secondary  
 35 instruction operated by The University of North  
 36 Carolina under Article 4 or Article 29 of Chapter 116  
 37 of the General Statutes.
- 38 2. Qualifying public school. – A public school that meets any of  
 39 the following criteria:  
 40 I. Is identified as a low-performing school pursuant to  
 41 G.S. 115C-105.37 or G.S. 115C-218.94.  
 42 II. Is identified as an innovative school pursuant to  
 43 G.S. 115C-75.5.  
 44 III. Enrolled a student body in the school year prior to the  
 45 application for reimbursement consisting of at least ten  
 46 percent (10%) of students identified as at-risk pursuant  
 47 to State Board of Education policy DROP-001.
- 48 b. Grant applications and approval. – During the 2021-2023 fiscal  
 49 biennium, a public school unit with at least one qualifying public  
 50 school may apply to the Department of Public Instruction for grant  
 51 funds to reimburse teachers employed in the unit for the cost of the



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

5 1. Public school units receiving grant funds shall prioritize  
6 reimbursements for teachers based on the need of the school  
7 where the teacher is employed at the time of the  
8 reimbursement, including at least the following criteria:

9 I. A teacher employed in a qualifying public school with  
10 more qualifying factors, as identified in  
11 sub-sub-sub-subdivisions I. through III. of  
12 sub-sub-subdivision 2. of sub-subdivision a. of this  
13 subdivision, shall receive priority over a teacher  
14 employed in a qualifying public school with fewer  
15 qualifying factors.

16 II. For teachers employed in qualifying schools pursuant  
17 to sub-sub-sub-subdivision III. of sub-sub-subdivision  
18 2. of sub-subdivision a. of this subdivision, teachers  
19 employed in schools with a higher percentage of at-risk  
20 students shall receive priority over teachers employed  
21 in schools with a lower percentage of at-risk students.

22 2. Public school units receiving grant funds shall not require a  
23 teacher to complete the NBPTS certification process in order  
24 to receive a reimbursement.

25 c. Report. – No later than January 15, 2022, and each subsequent year  
26 thereafter in which funds allocated pursuant to this subdivision are  
27 awarded, the Department shall report to the Joint Legislative  
28 Education Oversight Committee, the Senate Appropriations  
29 Committee on Education/Higher Education, the House Appropriations  
30 Committee on Education, and the Fiscal Research Division on the  
31 impact of the program, including at least the following information:

32 1. Public school units applying for and receiving grants.

33 2. Number of teachers receiving reimbursements.

34 3. Demographic information of teachers receiving  
35 reimbursements.

36 4. Employment status of teachers receiving reimbursements,  
37 including the public school where the teacher is employed and  
38 whether the teacher remains employed with his or her original  
39 qualifying public school.

40 5. Licensure areas of teachers receiving reimbursements.

41 6. Effect of the program on the performance and growth of  
42 students taught by teachers receiving reimbursements.

43 (29) \$1,700,000 to establish the School Psychologists Grant Program (Program) in  
44 response to the COVID-19 pandemic to improve the safety, mental health, and  
45 well-being of students by providing grants to public school units to recruit  
46 school psychologists, as follows:

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

- 1                    b. Criteria and guidelines. – By January 15, 2022, the Superintendent of  
2                    Public Instruction shall develop criteria and guidelines for the  
3                    administration and use of the grants under the Program, including any  
4                    documentation required to be submitted by applicants.
- 5                    c. Award of funds. – The Superintendent of Public Instruction shall  
6                    award grants to public school units to provide signing bonuses to  
7                    recruit school psychologists, as follows:
- 8                    1. The Department shall prioritize the award of funds to public  
9                    school units that do not employ a full-time school psychologist  
10                   at the time the application is submitted.
- 11                   2. No individual bonus shall be greater than five thousand dollars  
12                   (\$5,000).
- 13                   3. As a condition of accepting a signing bonus, a school  
14                   psychologist shall agree to remain employed in the public  
15                   school unit for at least one year.
- 16                   4. Grants provided to public school units pursuant to the Program  
17                   shall be used to supplement and not to supplant State or  
18                   non-State funds already provided for these services.
- 19                   d. Report. – No later than April 1, 2022, and each subsequent year  
20                   thereafter in which funds allocated pursuant to this subdivision are  
21                   awarded, the Superintendent of Public Instruction shall report on the  
22                   Program to the Joint Legislative Education Oversight Committee, the  
23                   Senate Appropriations/Base Budget Committee, the House Committee  
24                   on Appropriations, and the Fiscal Research Division. The report shall  
25                   include the identity of each public school unit that received a grant  
26                   through the Program, the amount of funding provided to the public  
27                   school unit, and the use of funds by the public school unit.
- 28                   (30) \$400,000 to support driver education programs and aid in reducing a backlog  
29                   of student applicants due to the COVID-19 pandemic.
- 30                   (31) \$1,600,000 to establish the Educational and Competitive After-School  
31                   Robotics Grant Program (Program) during the 2021-2023 fiscal biennium.  
32                   The purpose of the Program shall be to (i) promote evidence-based,  
33                   after-school programs for robotics education and competition, (ii) motivate  
34                   students to pursue education and career opportunities in science, technology,  
35                   engineering, and mathematics while building critical life and work-related  
36                   skills, and (iii) reengage students and remediate learning loss resulting from  
37                   the COVID-19 pandemic, as follows:
- 38                   a. Eligibility. – Any public school unit is eligible to apply to the  
39                   Department of Public Instruction for a grant to develop an educational  
40                   and competitive after-school robotics program with a robotics partner.  
41                   As used in this subsection, the term "robotics partner" shall refer to a  
42                   third-party entity, such as a nonprofit organization or institution of  
43                   higher education, approved by the Department of Public Instruction,  
44                   that is able to provide adequate support for an after-school robotics  
45                   program. In order to provide adequate support, a robotics partner must  
46                   meet at least all of the following criteria:
- 47                   1. Have a national presence in robotics education and  
48                   competition.
- 49                   2. Provide adequate instruction and programming for students  
50                   and adult volunteers in (i) robotics education, (ii) project-based  
51                   learning, and (iii) competitive robotics.

- 1                                   3.     Promote a safe and equitable social environment.
- 2                   b.     Applications; criteria and guidelines. – No later than January 15, 2022,
- 3                                   the Department shall develop and publish criteria and guidelines for
- 4                                   the application process for the Program in the 2021-2023 fiscal
- 5                                   biennium, including any documentation required to be submitted by
- 6                                   the applicants. The Department shall accept applications until
- 7                                   February 15, 2022. Applications shall include, at a minimum, the
- 8                                   following information:
- 9                                   1.     Evidence that the applicant has or will be able to establish a
- 10                                   relationship with a robotics partner.
- 11                                   2.     A proposed budget for the educational and competitive
- 12                                   after-school robotics program.
- 13                   c.     Award and use of funds. – Of the funds appropriated to the Department
- 14                                   for the Program by this act, the Department shall award grants to the
- 15                                   selected applicants by March 15, 2022. Funds may be used for any of
- 16                                   the following purposes:
- 17                                   1.     Establishing a relationship with a robotics partner.
- 18                                   2.     Purchasing robotics kits.
- 19                                   3.     Providing stipends for coaches.
- 20                                   4.     Making payments associated with participation in a robotics
- 21                                   league or robotics competition.
- 22                                   5.     Paying fees incurred as part of the administration of a robotics
- 23                                   team.
- 24                   d.     Reporting. – No later than May 15 of each year of the 2021-2023 fiscal
- 25                                   biennium the Department shall report the following information to the
- 26                                   Joint Legislative Education Oversight Committee, the Senate
- 27                                   Appropriations Committee on Education/Higher Education, the House
- 28                                   Appropriations Committee on Education, and the Fiscal Research
- 29                                   Division:
- 30                                   1.     Number and amounts of grants awarded.
- 31                                   2.     Identities of the public school units receiving grants.
- 32                                   3.     Identities of public school units that applied for grants but did
- 33                                   not receive one.
- 34                                   4.     The extent to which students participating in after-school
- 35                                   robotics programs funded by the Program experienced
- 36                                   measurable improvement in academic performance, if any.
- 37                   (32)   \$1,100,000 to be allocated to local school administrative units and charter
- 38                                   schools, excluding schools authorized pursuant to Section 8.35(b) of S.L.
- 39                                   2014-100, as amended by Section 7.13 of S.L. 2018-5, to account for
- 40                                   additional students enrolled in local school administrative units and charter
- 41                                   schools during the 2020-2021 school year as a result of the COVID-19
- 42                                   pandemic. The Department shall allocate six hundred dollars (\$600.00) per
- 43                                   month for each student enrolled in a local school administrative unit or charter
- 44                                   school above the number of students accounted for by the Department in the
- 45                                   funded average daily membership for the unit or school from the 2020-2021
- 46                                   school year. For charter schools, funds shall be provided only for additional
- 47                                   students legally enrolled at the school in accordance with the school's charter,
- 48                                   G.S. 115C-218.7(b), and Section 3.2 of S.L. 2020-97, as amended by Section
- 49                                   2.5 of S.L. 2021-3.
- 50                   (33)   \$2,042,000 to contract with Betabox, Inc., in response to the COVID-19
- 51                                   pandemic, to mitigate learning loss in the areas of science, technology,

1 engineering, and mathematics by providing students in public school units  
2 with experiences, curriculum, instructional coaching, hands-on equipment,  
3 and other needed resources. The Department, in consultation with Betabox,  
4 Inc., shall submit an interim report by October 1, 2022, and a final report by  
5 October 1, 2024, to the Joint Legislative Education Oversight Committee, the  
6 Senate Appropriations Committee on Education/Higher Education, the House  
7 Appropriations Committee on Education, and the Fiscal Research Division on  
8 the use of the funds allocated pursuant to this subdivision and their impact on  
9 student success.

10 (34) \$100,000,000 to be allocated to public schools to administer a one-time, lump  
11 sum bonus of one thousand dollars (\$1,000) no later than January 31, 2022, to  
12 every qualifying teacher whose salary is supported from State funds and who,  
13 as of January 1, 2022, is employed as a teacher in a public school, in  
14 accordance with the following criteria:

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

16 1. Public school. – Any of the following:

17 I. A public school unit.

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

20 A. The University of North Carolina under Article  
21 4 or Article 29 of Chapter 116 of the General  
22 Statutes.

23 B. The Department of Health and Human  
24 Services.

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

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

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

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

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

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

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

1           (36) Any contract that is executed to meet the purposes set forth in this subsection  
2 using the funds provided from the reserve pursuant to subsection (f) of section  
3 2001 of the American Rescue Plan Act (ARPA) shall be limited to a contract  
4 term consistent with the deadline for the expenditure of those funds under the  
5 federal law and guidelines.

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

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

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

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

31       **"SECTION 3.5.(c) Compliance with Federal Law. – The Department of Public Instruction**  
32 **shall provide all complete and detailed information necessary to the United States Department of**  
33 **Education (U.S. Dept. of Education) on North Carolina's American Rescue Plan Elementary and**  
34 **Secondary School Emergency Relief (ARP ESSER) State Plan for the U.S. Dept. of Education**  
35 **to determine whether the funds reserved pursuant to subsection (f) of section 2001 of the**  
36 **American Rescue Plan Act are for permissible uses consistent with federal law and guidelines**  
37 **for the expenditure of funds from the Elementary and Secondary School Emergency Relief**  
38 **(ESSER) Fund, as described under this authorizing legislation. Notwithstanding any other**  
39 **provision of subsection (a) of this section to the contrary, if the Superintendent of Public**  
40 **Instruction receives a letter of determination from the U.S. Dept. of Education that one or more**  
41 **of the purposes described under subsection (a) of this section is not an allowable expenditure of**  
42 **funds from the ESSER Fund under federal law and guidelines, the Department of Public**  
43 **Instruction shall allocate those funds as subgrants to public school units in accordance with the**  
44 **requirements of subsection (d) of section 2001 of the American Rescue Plan Act. By April 15,**  
45 **2022, and annually thereafter until the deadline established for the expenditure of funds under**  
46 **federal law and guidelines, the Department of Public Instruction shall report to the Joint**  
47 **Legislative Education Oversight Committee, the Senate Appropriations Committee on**  
48 **Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal**  
49 **Research Division on any funds allocated to public school units pursuant to this subsection,**  
50 **including the reason for the allocation, the actions taken by the Department in response to the**

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

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

- 6 (1) The availability of federal funds appropriated in this act to the Department of  
7 Health and Human Services, Division of Public Health, from the Centers for  
8 Disease Control and Prevention Cooperative Agreement for Emergency  
9 Response: Public Health Crisis Response, COVID-19 Public Health  
10 Workforce Supplemental Funding received pursuant to ARPA to be used for  
11 school-based health services personnel in response to the COVID-19  
12 pandemic. For purposes of this subsection, school-based health services  
13 personnel includes school nurses, school psychologists, school counselors,  
14 and school social workers.
- 15 (2) Allowable uses of the funds identified in subdivision (1) of this subsection  
16 pursuant to federal law and guidance.  
17

## 18 **TRANSFER OF FUNDS FOR THE SCHOOL BUSINESS SYSTEM MODERNIZATION** 19 **PLAN**

20 **SECTION 7.28.** Of the funds appropriated to the Department of Public Instruction  
21 by this act for the school business system modernization plan for the 2021-2023 fiscal biennium,  
22 the Department shall transfer one million four hundred thousand dollars (\$1,400,000) for the  
23 2021-2022 fiscal year and one million four hundred thousand dollars (\$1,400,000) for the  
24 2022-2023 fiscal year to the Government Data Analytics Center (GDAC) to leverage existing  
25 public-private partnerships to incorporate annual school report card data for the State into the  
26 School Finance Division section of the Department of Public Instruction's website. Grade level  
27 and subject level Education Value-Added Assessment System (EVAAS) growth data for local  
28 school administrative units and public schools may be made available to the public on the  
29 website, to the extent required by State and federal law.

30 By December 15, 2021, GDAC shall execute any contractual agreements and  
31 interagency data sharing agreements necessary to accomplish the reporting system established  
32 pursuant to Section 7.16 of S.L. 2017-57, as amended by Section 7.6 of S.L. 2018-5. The  
33 Department of Public Instruction and GDAC shall continue partnering to continue development,  
34 deployment, and ongoing provision of data integration service that consolidates data from  
35 financial, human resources, licensure, student information, and EVAAS. Implementation shall  
36 also include development and deployment of a modern analytical platform and reporting  
37 environment. Additionally, student population data for future assessments, including State  
38 assessments, Advanced Placement exams, and college readiness assessments, shall be made  
39 available to local school administrative units and public schools through the Department's  
40 EVAAS section of the website and shall be made available in hard copy to parents and legal  
41 guardians upon request.  
42

## 43 **POWERS AND DUTIES OF THE CENTER FOR SAFER SCHOOLS**

44 **SECTION 7.30.(a)** G.S. 115C-105.57 reads as rewritten:  
45 **"§ 115C-105.57. Center for Safer Schools.**

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

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

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

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

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

13 a. Responsibilities and best practices of school resource officers.

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

17 c. Threat assessment.

18 d. Active-shooter drills and scenarios.

19 e. Incident de-escalation.

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

21 g. Information related to at least the following areas:

22 1. Bullying.

23 2. Suicide.

24 3. Opioid and substance abuse.

25 4. Critical incidents.

26 5. Trauma and victimization among students.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 **SECTION 7.30.(b)** The Center for Safer Schools shall enter into a memorandum of  
 40 understanding (MOU) with the Department of Public Safety to provide in appropriate facilities  
 41 owned by the Department of Public Safety the training, resources, and professional development  
 42 required pursuant to G.S. 115C-105.57(c)(2), as enacted by this act. No later than January 15,  
 43 2022, and each October thereafter in which the MOU is executed, the Center for Safer Schools,  
 44 in conjunction with the Department of Public Safety, shall report to the Joint Legislative  
 45 Education Oversight Committee, the Joint Legislative Oversight Committee on Justice and  
 46 Public Safety, the Senate Appropriations/Base Budget Committee, the House Committee on  
 47 Appropriations, and the Fiscal Research Division on the memorandum of understanding.

48 **SECTION 7.30.(c)** This section is effective when it becomes law.  
 49

## 50 OPERATING BALANCE RESTRICTIONS FOR SCHOOL NUTRITION PROGRAMS

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



1 **"§ 115C-450. School food services.**

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

6 (b) ~~No local school administrative unit~~ public school unit that provides school nutrition  
7 services shall assess indirect costs to a ~~child school~~ nutrition program unless the program has a  
8 ~~minimum of one month's an~~ operating balance. ~~One month's operating balance shall be derived~~  
9 ~~from net cash resources divided by one month's operating costs. "Net cash resources" means all~~  
10 ~~monies, as determined in accordance with the State agency's established accounting system, that~~  
11 ~~are available to or have accrued to a school food authority's nonprofit child nutrition account at~~  
12 ~~any given time, less cash payables and other liabilities. When calculating the average month's~~  
13 ~~operating balance, the Department of Public Instruction shall use the complete and final figures~~  
14 ~~obtained from the annual financial report from each child nutrition program's operation. An~~  
15 ~~average month's operating balance shall be calculated and published by the Department of Public~~  
16 ~~Instruction for each child nutrition program and shall be equal to the average of the three prior~~  
17 ~~fiscal years' monthly operating balances.~~ balance of at least two months. The Department of  
18 Public Instruction shall calculate the operating balance of a school nutrition program of a public  
19 school unit that provides school nutrition services. If complete and final financial reports for a  
20 given year are not yet available for a ~~child school~~ nutrition program, the Department of Public  
21 Instruction may use projected ~~figures~~ figures, but shall update the published average month's  
22 operating balance once complete and final financial reports become available. As used in this  
23 subsection, the term "indirect costs" is as defined in ~~the United States Office of Budget and~~  
24 ~~Management Circular A-87, as revised, and the term "net cash resources" is as defined in 7 C.F.R.~~  
25 ~~§ 210.2.2 C.F.R. § 200.414.~~

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

28 (d) No later than May 15, 2022, and every six months thereafter, the Department of Public  
29 Instruction shall report all the following information to the Joint Legislative Education Oversight  
30 Committee, the Senate Appropriations Committee on Education/Higher Education, the House  
31 Appropriations Committee on Education, and the Fiscal Research Division:

- 32 (1) The number of months of the operating balance held by the school nutrition  
33 program for each public school unit.  
34 (2) The amount and percentage of indirect costs charged to the school nutrition  
35 program by the public school unit, if any."  
36

37 **REVISE FAST-TRACK REPLICATION OF HIGH-QUALITY CHARTER SCHOOLS**

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

39 **"§ 115C-218.3. Fast-track replication of high-quality charter schools.**

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

- 48 (1) ~~A~~ The board of directors operates charter schools and can demonstrate both  
49 of the following:  
50 a. The majority of charter school ~~schools~~ in this State governed by the  
51 board of directors has student academic outcomes from the three prior

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

- 5 b. The board of directors can provide three years of financially sound  
 6 audits audits for each school it governs.  
 7 (2) The board of directors agrees to contract with an education management  
 8 organization or charter management organization that can demonstrate ~~that it~~  
 9 ~~can replicate high quality both of the following:~~

- 10 a. The majority of the charter schools in the this State that have proven  
 11 managed by the organization has student academic success and  
 12 financial soundness outcomes from the three prior school years that  
 13 are equal to or greater than the student academic outcomes in the local  
 14 school administrative unit in which each charter school is located.  
 15 b. The organization can provide three years of financially sound audits  
 16 for each school it governs.

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

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

24  
 25 **BONUSES FOR TEACHERS AND INSTRUCTIONAL SUPPORT PERSONNEL IN**  
 26 **SCHOOLS FOR STUDENTS WITH VISUAL AND HEARING**  
 27 **IMPAIRMENTS/ESSER II FUND**

28 **SECTION 7.36.(a)** Section 5A of S.L. 2021-1, as enacted by Section 1.2 of S.L.  
 29 2021-3, reads as rewritten:

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

- 32 ...  
 33 (15a) Up to \$55,000 to administer a one-time, lump sum bonus of three hundred  
 34 fifty dollars (\$350.00), in recognition of necessary services performed during  
 35 the COVID-19 pandemic, to every teacher who, as of April 1, 2021, was  
 36 employed as a teacher in a school for students with visual and hearing  
 37 impairments, in accordance with the following criteria:  
 38 a. As used in this subdivision, the following definitions shall apply:  
 39 1. Teacher. – Teachers and instructional support personnel.  
 40 2. School for students with visual and hearing impairments. – A  
 41 public school governed by the State Board of Education under  
 42 Article 9C of Chapter 115C of the General Statutes.  
 43 b. The bonuses awarded pursuant to this subdivision shall be in addition  
 44 to any regular wage or other bonus the teacher receives or is scheduled  
 45 to receive.  
 46 c. Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this  
 47 subdivision are not compensation under Article 1 of Chapter 135 of  
 48 the General Statutes, Retirement System for Teachers and State  
 49 Employees.  
 50 d. The bonuses awarded pursuant to this subdivision do not apply to any  
 51 teacher no longer employed as a teacher due to resignation, dismissal,

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

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

6 (16) ~~If, on August 15, 2022, the date the Current Operations Appropriations Act of~~  
 7 2021 becomes law, there are any remaining ESSER II funds from the  
 8 allocations in subdivisions (1) through (11) and (13) and (14) of this section,  
 9 those funds shall be reallocated to the reserve described under subsection (c1)  
 10 of Section 5 of this act to be used for expenditure on or after that date to meet  
 11 additional emergency needs of the elementary and secondary schools of the  
 12 State, as determined by the State Board of Education."

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

## 15 **ADVANCED TEACHING ROLES CHANGES**

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

17 **"§ 115C-311. Teacher compensation models and advanced teaching roles.**

18 ...

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

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

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

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

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

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

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

35 a. The local school administrative unit is participating in an approved  
 36 advanced teaching roles program pursuant to Section 8.7 of S.L.  
 37 2016-94 in the 2020-2021 school year.

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

40 ...

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

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

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

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

51 (4) Retention of effective teachers.

1           (5)    Results of the Teacher Working Conditions Survey.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

48          ...

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

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

5 ...."

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

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

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

## 16 17 **RECOMMENDATION FOR STUDENTS WITH DISABILITIES FUNDING**

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

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

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

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

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

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

## CHANGES TO EDUCATOR LICENSURE REQUIREMENTS

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

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

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

...

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

...

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

- (1) Completed 30 or more years of creditable service with the Teachers' and State Employees' Retirement System.
- (2) Completed a combined total of 30 or more years of employment as a licensed teacher, administrator, or student services personnel in one or more public school units in North Carolina."

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

## STUDENT DIGITAL LEARNING ACCESS

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

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

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

- (1) In-school digital device access, including the following information disaggregated by public school unit, school, and grade level:
- a. Number and percentage of students with access to digital devices within the school.
  - b. Source of digital devices, such as the public school unit or the student's home.
  - c. Type of device.
- (2) Out-of-school digital device access, including the following information disaggregated by public school unit, school, and grade level:
- a. Number and percentage of students with access to digital devices outside of the school.
  - b. Source of digital devices, such as the public school unit, the student's home, or both.
  - c. Type of device.
  - d. For homes with no devices, reason for lack of devices.

- 1           (3) Out-of-school internet connectivity, including the following information  
2 disaggregated by public school unit, school, and grade level:  
3           a. Number and percentage of students with internet connectivity outside  
4 of the school available by the following categories:  
5               1. Students with connectivity at home.  
6               2. Students without connectivity at home but who have regular  
7 and reliable access to other sources of connectivity.  
8           b. For students without home connectivity, primary source for internet  
9 connectivity outside of the school.  
10           c. Type of connectivity, such as broadband, satellite, or dial-up.  
11           d. For homes with no connectivity, reason for lack of connectivity.

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

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

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

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

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

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

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

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

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

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

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

40           "(5c) G.S. 115C-102.9, Digital learning dashboard."

41           **SECTION 7.61.(g)** The Department of Public Instruction and the Department of  
42 Information Technology, in collaboration with the Friday Institute for Educational Innovation at  
43 North Carolina State University (Friday Institute), (collectively referred to herein as the  
44 Departments) shall conduct a statewide assessment of data related to out-of-school internet and  
45 device access for North Carolina elementary and secondary students obtained during the physical  
46 school closure and at-home learning that occurred due to COVID-19 during the 2019-2020 and  
47 2020-2021 school years. Public school units shall provide any relevant data from this period to  
48 the Departments upon request at the most granular level available. The assessment conducted by  
49 the Departments shall review the available data to identify the scope of students who lack  
50 out-of-school internet access or devices at home; the reasons students lack such access, including  
51 accessibility to adequate broadband in the homes, cost of broadband services, and lack of devices;

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

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

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

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

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

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

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

## 24 **WATER AND SEWER SERVICES TO CHARTER SCHOOLS**

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

26 "**§ 115C-521. Erection of school buildings.**

27 ...

28  
29 (d) Local boards of education shall make no contract for the erection of any school  
30 building unless the site upon which it is located is owned in fee simple by the ~~board~~ local board  
31 of education and the local board of education has complied with subsection (i) of this section.

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

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

44 ...

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



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

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

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

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

## 17 18 **REVISE PERSONAL LEAVE COSTS FOR TEACHERS**

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

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

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

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

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

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

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

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

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

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

## 14 **PERMANENT CHARTER SCHOOL TRANSPORTATION GRANT PROGRAM**

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

### 17 **"§ 115C-218.42. Charter School Transportation Grant Program.**

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

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

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

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

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

50           (1) The number of charter schools that received grant funds.  
51

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

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

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

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

## 24 25 **STUDENT TRANSPORTATION SUPPORT**

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

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

- 1 k. Johnston County Schools.
- 2 l. Martin County Schools.
- 3 m. New Hanover County Schools.
- 4 n. Sampson County Schools.
- 5 o. Surry County Schools.
- 6 p. Transylvania County Schools.
- 7 q. Union County Public Schools.
- 8 r. Watauga County Schools.
- 9 s. Wayne County Public Schools.
- 10 t. Winston-Salem/Forsyth County Schools.
- 11 u. Alpha Academy.
- 12 v. Sallie B Howard School.
- 13 w. Sugar Creek Charter.
- 14 x. Thomas Jefferson Classical.
- 15 (2) Option to leave. – Any local school administrative unit or charter school  
16 authorized to participate in the Program may elect not to participate. For each  
17 local school administrative unit or charter school that elects not to participate  
18 in the Program, the Department may authorize one replacement local school  
19 administrative unit or charter school with a similar population of students to  
20 participate in the Program.
- 21 (3) Technology and services. – Participating units and charter schools shall have  
22 discretion over the specific technology and services provided by qualifying  
23 vendors as long as the technology and services meet the requirements of either  
24 of the following sub-subdivisions of this subdivision:
  - 25 a. Improve communications and information. – Technology and services  
26 that meet at least all of the following requirements:
    - 27 1. Improve overall communications and reporting on school  
28 buses.
    - 29 2. Enable employee time tracking, student ridership tracking, and  
30 contact tracing in the event of a COVID-19 infection.
    - 31 3. Enable global positioning system (GPS) tracking of school  
32 buses.
    - 33 4. Enable turn-by-turn navigation along bus routes.
    - 34 5. Optimize time, expenditure, and safety of bus routes.
    - 35 6. Provide pre- and post-trip vehicle inspections that may be  
36 transmitted to the Department of Public Instruction on a  
37 regular basis.
    - 38 7. Communicate ridership information to the student information  
39 management system.
    - 40 8. Permit parents or legal guardians to access applicable  
41 information.
    - 42 9. Conform to applicable guidance provided by the North  
43 Carolina Department of Health and Human Services for the  
44 transportation of students during the COVID-19 pandemic.
    - 45 10. Facilitate the receipt of Medicaid reimbursement for eligible  
46 student transportation services.
  - 47 b. Internet connectivity. – Technology and services that provide students  
48 on school buses with access to the internet over Wi-Fi and meet at least  
49 all of the following requirements:
    - 50 1. Provide participating units and charter schools with  
51 customizable connectivity options.

- 1                                 2.       Comply with all State and federal law.  
 2       (4)   Miscellaneous. – The following requirements shall apply to each participating  
 3       local school administrative unit and charter school:  
 4       a.       Every school bus in a participating local school administrative unit or  
 5       charter school designed for the transportation of children with  
 6       disabilities shall be outfitted with technology provided pursuant to the  
 7       Program as long as the technology is appropriate for children with  
 8       disabilities and can be provided in a cost-effective manner.  
 9       b.       At the conclusion of the Program, all hardware provided to a  
 10      participating local school administrative unit or charter school shall  
 11      become the property of the unit or charter school.  
 12      c.       Participating local school administrative units and charter schools  
 13      shall make use of technology or services provided pursuant to the  
 14      Program at least through the conclusion of the 2023-2024 school year.  
 15      (5)   Reports. – No later than July 1, 2022, and annually thereafter in any year in  
 16      which the Program is in effect, the Department of Public Instruction, in  
 17      consultation with each participating local school administrative unit and  
 18      charter school, shall report at least all of the following information to the Joint  
 19      Legislative Education Oversight Committee, any committee constituted by  
 20      the House of Representatives or Senate to address school safety, and the Fiscal  
 21      Research Division:  
 22      a.       An itemized breakdown of software infrastructure, hardware  
 23      infrastructure, and equipment provided by qualifying vendors to  
 24      participating local school administrative units and charter schools  
 25      pursuant to the Program.  
 26      b.       A description of all services provided by qualifying vendors to  
 27      participating local school administrative units and charter schools  
 28      pursuant to the Program.  
 29      c.       A list of qualifying vendors contracting with participating local school  
 30      administrative units and charter schools pursuant to the Program.  
 31      d.       The impact and effectiveness of the Program.  
 32      e.       All expenditures of State funds pursuant to the Program.

33                     **SECTION 7.70.(b)** Allocation of Funds for the Program. – Funds appropriated by  
 34 this act to the Department of Public Instruction from the State Fiscal Recovery Fund for the  
 35 2021-2022 fiscal year for the Program shall be allocated to local school administrative units and  
 36 charter schools as follows:

- 37               (1)   The sum of thirteen million nine hundred seventy thousand dollars  
 38               (\$13,970,000) for the technology and services described in sub-subdivision a.  
 39               of subdivision (3) of subsection (a) of this section, as follows:  
 40               a.       Four hundred seventy-eight thousand dollars (\$478,000) to Burke  
 41               County Schools.  
 42               b.       Five hundred forty thousand dollars (\$540,000) to Caldwell County  
 43               Schools.  
 44               c.       Four hundred thirty-six thousand dollars (\$436,000) to Chatham  
 45               County Schools.  
 46               d.       One hundred forty thousand dollars (\$140,000) to Clinton City  
 47               Schools.  
 48               e.       Four hundred thirty-five thousand dollars (\$435,000) to Elizabeth  
 49               City-Pasquotank Public Schools.  
 50               f.       Fifty-one thousand dollars (\$51,000) to Elkin City Schools.

- 1 g. Nine hundred seventy-eight thousand dollars (\$978,000) to Gaston  
2 County Schools.
- 3 h. One million sixty thousand dollars (\$1,060,000) to Harnett County  
4 Schools.
- 5 i. One hundred fifty thousand five hundred dollars (\$150,500) to  
6 Hickory City Schools.
- 7 j. One million four hundred twenty-five thousand dollars (\$1,425,000)  
8 to Johnston County Schools.
- 9 k. Nine hundred twelve thousand dollars (\$912,000) to Iredell-Statesville  
10 Schools.
- 11 l. Two hundred seventy-three thousand dollars (\$273,000) to Martin  
12 County Schools.
- 13 m. Nine hundred eighty-four thousand dollars (\$984,000) to New  
14 Hanover County Schools.
- 15 n. Five hundred twenty thousand dollars (\$520,000) to Sampson County  
16 Schools.
- 17 o. Four hundred two thousand five hundred dollars (\$402,500) to Surry  
18 County Schools.
- 19 p. Two hundred thirty-eight thousand dollars (\$238,000) to Transylvania  
20 County Schools.
- 21 q. One million six hundred fifty thousand dollars (\$1,650,000) to Union  
22 County Public Schools.
- 23 r. Three hundred thirty-seven thousand dollars (\$337,000) to Watauga  
24 County Schools.
- 25 s. One million seventy-nine thousand dollars (\$1,079,000) to Wayne  
26 County Public Schools.
- 27 t. One million four hundred fifty-six thousand dollars (\$1,456,000) to  
28 Winston-Salem/Forsyth County Schools.
- 29 u. Eighty-one thousand dollars (\$81,000) to Alpha Academy.
- 30 v. One hundred thirteen thousand dollars (\$113,000) to Sallie B Howard  
31 School.
- 32 w. One hundred fifty-five thousand dollars (\$155,000) to Sugar Creek  
33 Charter.
- 34 x. Seventy-six thousand dollars (\$76,000) to Thomas Jefferson Classical.
- 35 (2) The sum of four million one hundred seventy-eight thousand dollars  
36 (\$4,178,000) for the technology and services described in sub-subdivision b.  
37 of subdivision (3) of subsection (a) of this section, as follows:
- 38 a. One hundred forty-three thousand dollars (\$143,000) to Burke County  
39 Schools.
- 40 b. One hundred sixty-two thousand dollars (\$162,000) to Caldwell  
41 County Schools.
- 42 c. One hundred thirty thousand dollars (\$130,000) to Chatham County  
43 Schools.
- 44 d. Forty-two thousand dollars (\$42,000) to Clinton City Schools.
- 45 e. One hundred thirty thousand dollars (\$130,000) to Elizabeth  
46 City-Pasquotank Public Schools.
- 47 f. Fifteen thousand five hundred dollars (\$15,500) to Elkin City Schools.
- 48 g. Two hundred ninety-two thousand dollars (\$292,000) to Gaston  
49 County Schools.
- 50 h. Three hundred seventeen thousand dollars (\$317,000) to Harnett  
51 County Schools.

- 1 i. Forty-five thousand dollars (\$45,000) to Hickory City Schools.  
 2 j. Four hundred twenty-six thousand dollars (\$426,000) to Johnston  
 3 County Schools.  
 4 k. Two hundred seventy-three thousand dollars (\$273,000) to  
 5 Iredell-Statesville Schools.  
 6 l. Eighty-two thousand dollars (\$82,000) to Martin County Schools.  
 7 m. Two hundred ninety-four thousand dollars (\$294,000) to New  
 8 Hanover County Schools.  
 9 n. One hundred fifty-six thousand dollars (\$156,000) to Sampson County  
 10 Schools.  
 11 o. One hundred twenty thousand dollars (\$120,000) to Surry County  
 12 Schools.  
 13 p. Seventy-one thousand five hundred dollars (\$71,500) to Transylvania  
 14 County Schools.  
 15 q. Four hundred ninety-three thousand dollars (\$493,000) to Union  
 16 County Public Schools.  
 17 r. One hundred one thousand dollars (\$101,000) to Watauga County  
 18 Schools.  
 19 s. Three hundred twenty-three thousand dollars (\$323,000) to Wayne  
 20 County Public Schools.  
 21 t. Four hundred thirty-five thousand dollars (\$435,000) to  
 22 Winston-Salem/Forsyth County Schools.  
 23 u. Twenty-four thousand dollars (\$24,000) to Alpha Academy.  
 24 v. Thirty-four thousand dollars (\$34,000) to Sallie B Howard School.  
 25 w. Forty-six thousand dollars (\$46,000) to Sugar Creek Charter.  
 26 x. Twenty-three thousand dollars (\$23,000) to Thomas Jefferson  
 27 Classical.

28 **SECTION 7.70.(c)** Proposal to Add Medicaid Coverage for Transportation Provided  
 29 by Public School Units. – No later than March 1, 2022, the Department of Health and Human  
 30 Services, Division of Health Benefits, and the Department of Public Instruction shall jointly  
 31 submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice  
 32 and the Joint Legislative Education Oversight Committee with a proposal for adding the  
 33 Medicaid coverage for school-based transportation services described in the November 1, 2016,  
 34 report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice entitled  
 35 "Medicaid Coverage for School-Based Health Services" to the fullest extent allowed by federal  
 36 Medicaid law and regulations. The proposal shall include all of the following:

- 37 (1) A detailed description of the coverage to be added.  
 38 (2) A detailed description of the required documentation for reimbursement.  
 39 (3) An updated analysis of the fiscal impact both to the Department of Health and  
 40 Human Services and to all public school units of adding the coverage.  
 41 (4) The identification of any State appropriations needed to implement the  
 42 coverage.  
 43 (5) A recommended time frame for implementing the coverage.  
 44 (6) Proposed language for any legislative changes needed to implement the  
 45 coverage.

46 **SECTION 7.70.(d)** Subsections (a) and (b) of this section become effective July 1,  
 47 2021. Except as otherwise provided, this section is effective when it becomes law.  
 48

#### 49 **LIFE CHANGING EXPERIENCES SCHOOL PROGRAM**

50 **SECTION 7.71.(a)** Of the funds appropriated to the Department of Public  
 51 Instruction in this act, the Department shall use the sum of five hundred thousand dollars

1 (\$500,000) in nonrecurring funds for the 2021-2022 fiscal year to contract with the Children and  
2 Parent Resource Group, Inc., to design, implement, and evaluate the Life Changing Experiences  
3 School Program (Project) in the 2021-2022 school year. The Project shall be operated and  
4 administered for students in grades six through 11 in at least the following local school  
5 administrative units: Cleveland County Schools, Greene County Schools, Lenoir County Public  
6 Schools, Lincoln County Schools, McDowell County Schools, Mitchell County Schools, and Pitt  
7 County Schools. The Department may select one or more additional local school administrative  
8 units to participate in the Project if the funds are sufficient to support additional units. These  
9 contract funds shall not be used for any purpose other than to implement the Project in the local  
10 school administrative units, which consists of interactive, holistic, and evidence-based  
11 multimedia education programs that are screened via in-person school assemblies, internet-based  
12 and synchronized remote access, or a combination of the two. The Project shall include  
13 theme-specific programs and certain additional follow-up applications that address dangerous  
14 life- and community-threatening activities that negatively impact teenagers, including alcohol  
15 and other drugs, dangerous driving, violence, and bullying. The goal of these programs is to  
16 increase positive intentions and behavioral outcomes by teaching students the techniques and  
17 skills that empower them to reach meaningful life goals, employ positive behaviors, and start  
18 businesses and social enterprises.

19 **SECTION 7.71.(b)** The Children and Parent Resource Group, Inc., in consultation  
20 with the Department of Public Instruction, shall submit a report on the Project authorized by  
21 subsection (a) of this section by March 1, 2022, to the Joint Legislative Education Oversight  
22 Committee, the Senate Appropriations Committee on Education/Higher Education, the House  
23 Appropriations Committee on Education, and the Fiscal Research Division. Each report shall  
24 include an accounting of expenditures and student outcome data related to the operation of the  
25 Project.  
26

## 27 **INNOVATIVE SIGNATURE CAREER ACADEMY PILOT**

28 **SECTION 7.72.(a)** Establish; Purpose. – There is established the Innovative  
29 Signature Career Academy Program (Program) as a pilot program to be implemented in Guilford  
30 County Schools for the purpose of reforming its current career and technical education (CTE)  
31 program to more deliberately prepare its students for high-wage, high-skills careers. The Program  
32 shall focus on hosting signature career academies at traditional high schools located in the local  
33 school administrative unit that specialize in defined areas of career and technical education.

34 **SECTION 7.72.(b)** Components of the Program. – The Program shall include at  
35 least the following key components in establishing a minimum of four but no more than six  
36 signature career academies at high schools in the local school administrative unit:

- 37 (1) One school-selected priority career pathway that does not compete with career  
38 pathways at other signature career academies in the local school  
39 administrative unit in addition to CTE courses offered as elective options and  
40 business and computer science courses.
- 41 (2) School and community stakeholder input on the development of the priority  
42 career pathways and the phaseout of other CTE programs.
- 43 (3) Partnerships with higher education institutions and business and industry  
44 entities for specific equipment needs and the design of clearly defined career  
45 pathways.
- 46 (4) The option for eighth grade students to apply to attend a signature career  
47 academy of their choice at a high school located in the local school  
48 administrative unit.
- 49 (5) Reassignment of current CTE teachers to focus on an area of expertise for a  
50 signature career academy and the creation of partnerships with higher



1 education faculty and employees of industry and business to volunteer to serve  
2 as co-teachers in the specialized areas.

3 **SECTION 7.72.(c) Flexibility for Teachers.** – Notwithstanding any other provision  
4 of law, in addition to the authority provided to a local board of education to employ adjunct  
5 instructors in career and technical education career clusters pursuant to G.S. 115C-157.1, the  
6 local school administrative unit shall have the flexibility to contract with individuals who have  
7 education and training related to the specific skills and career pathways that are the focus of a  
8 signature career academy. Any individual who has direct contact with students pursuant to the  
9 authority provided by this subsection shall be subject to a criminal history check to ensure that  
10 the person has not been convicted of any crime listed in G.S. 115C-332.

11 **SECTION 7.72.(d) Reporting.** – By June 30 of the first school year of operation of  
12 the Program, and every June 30 thereafter for the duration of the Program operated as a pilot,  
13 Guilford County Schools shall report to the Department of Public Instruction on (i)  
14 implementation and administration of the Program, including the use of additional resources  
15 provided as an appropriation of State funds specifically for the Program, (ii) data from the  
16 Program on student completion rates for career pathways and any other data requested by the  
17 Department, and (iii) any recommendations on the modification of the Program or the potential  
18 application of the Program in other local school administrative units.

19 By August 15 of the first year of reporting by Guilford County Schools under this  
20 subsection, and every August 15 thereafter for the duration of the Program operated as a pilot,  
21 the Department of Public Instruction shall report to the Joint Legislative Education Oversight  
22 Committee on the information submitted by Guilford County Schools pursuant to this subsection.

23 **SECTION 7.72.(e) Term of the Program.** – The Program may operate for up to six  
24 school years as a pilot program, beginning with the 2021-2022 school year. Before the end of the  
25 school year in which the Program will expire as a pilot, the Guilford County Board of Education  
26 may apply to the State Board of Education for the Program to be included as an ongoing  
27 component of Guilford County Schools' career and technical education local plan submitted to  
28 the State Board of Education pursuant to G.S. 115C-154.1. In operating the Program in  
29 subsequent school years, Guilford County Schools shall continue to have flexibility in regard to  
30 teachers as provided in subsection (c) of this section. The Guilford County Board of Education  
31 may request as part of the application that the General Assembly appropriate additional resources  
32 for the operation of the Program but may continue to operate the Program if other sources of  
33 funds are available. The State Board shall consider the data submitted to the Department of Public  
34 Instruction on the operation of the Program pursuant to subsection (d) of this section when  
35 reviewing the Program to become a component of the career and technical education local plan.

## 36 37 **CLARIFY REPORTING ON TEACHER VACANCIES**

38 **SECTION 7.78.(a)** G.S. 115C-299.5 reads as rewritten:

39 **"§ 115C-299.5. Duty to monitor the state of the teaching profession.**

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

41 (1) **Hard-to-staff school.** – Any school identified as low-performing, as provided  
42 in G.S. 115C-105.37.

43 (2) **Hard-to-staff subject area.** – A subject area that is either of the following:

44 a. As defined by the United States Department of Education.

45 b. A subject area that has resulted in a long-term vacancy of 16 months  
46 or more at a particular school in a local school administrative unit.

47 (3) **Teacher vacancy.** – A teaching position that a local board of education is  
48 unable to fill with a teacher licensed in that subject area, including a position  
49 that meets any of the following criteria:

50 a. Is not filled by a teacher who has one of the following licenses in the  
51 subject area of the position:

1. Continuing Professional License.
  2. Initial Professional License.
  3. Lifetime License.
  4. Limited License.
  5. Residency License.
- b. Is not filled by a licensed teacher in a permanent assignment.
- c. Is filled by a substitute teacher or interim teacher.
- d. Is filled by a teacher with (i) an emergency license or (ii) another permit or license not included in sub-subdivision a. of this subdivision.
- (b) State of the Teaching Profession Report. – The State Board of Education shall monitor and compile an annual report by December 15 annually on the state of the teaching profession in North Carolina that includes data on the decisions of teachers to leave the teaching profession and vacancies in teaching positions as provided in subsections (c) and (e) of this section. The State Board shall adopt standard procedures for each local board of education to use in requesting information required by this report and shall require each local board of education to report the information to the State Board in a standard format adopted by the State Board.
- (c) Teachers Leaving the Profession. – The report shall include the following data on the decisions of teachers to leave the teaching profession in the prior school year:
- (1) The number of teachers who left the profession without remaining in the field of education and the reasons for teachers leaving the profession.
  - (2) The number of teachers who left their employment to teach in other states.
  - (3) The number of teachers who left their employment to work in another school in North Carolina, including nonpublic schools and charter schools.
  - (4) The number of teachers who left a classroom position for another type of educational position.
  - (5) The number of teachers who left employment in hard-to-staff schools.
  - (6) The number of teachers who left employment in hard-to-staff subject areas.
- (d) Teacher Effectiveness. – The annual teacher transition report by the State Board of Education shall disaggregate the data included in subsection (c) of this section by teacher effectiveness status at a statewide level. The report shall not disaggregate data on teacher effectiveness status at a local school administrative unit level. Notwithstanding Article 21A of this Chapter, local school administrative units shall provide to the State Board of Education, for the purposes of this report, any North Carolina Educator Evaluation System (NCEES) effectiveness status assigned to teachers who left employment. The State Board of Education shall not report disaggregated data that reveals confidential information in a teacher's personnel file, as defined by Article 21A of this Chapter, such as making the effectiveness status personally identifiable to an individual teacher.
- (e) Teacher Vacancies. – The report shall include data on ~~teaching positions that local boards of education are unable to fill with a teacher licensed in that subject area~~ teacher vacancies by the fortieth school instructional day of the local school administrative unit's calendar. The report shall aggregate all data to provide both statewide information and information specific to each local school administrative ~~units, unit,~~ including the following:
- (1) The number of teacher vacancies by subject area.
  - (2) The number of teacher vacancies by school with identification of hard-to-staff schools.
- (f) Teacher Licensure. – The report shall include the number of teachers in each of the following licensure categories, by subject area, aggregated to provide statewide information and information specific to each local school administrative unit and school:
- (1) Continuing Professional License.
  - (2) Initial Professional License.
  - (3) Lifetime License.

- 1           (4)    Limited License.  
2           (5)    Residency License.  
3           (6)    Emergency License."

4           **SECTION 7.78.(b)** No later than December 15, 2021, the Department of Public  
5 Instruction shall provide guidance to local school administrative units on positions considered  
6 vacant for purposes of the report required pursuant to G.S. 115C-299.5(e), as amended by this  
7 section. That guidance shall include at least the following direction:

- 8           (1)    A teaching position filled by a teacher with a lateral entry license shall not be  
9           considered vacant.  
10          (2)    A teaching position filled by a teacher who has been issued a permit to teach  
11           pursuant to 16 NCAC 06C .0346 or other applicable rule or policy shall be  
12           considered vacant.

13           **SECTION 7.78.(c)** Notwithstanding G.S. 115C-299.5, as amended by this section,  
14 the State Board of Education shall submit its State of the Teaching Profession Report for the  
15 2021-2022 school year no later than January 15, 2022.

16           **SECTION 7.78.(d)** This section is effective when it becomes law.  
17

## 18 **INTERNET-BASED SCHOOL BUSINESS SYSTEMS/SCHOOL BUSINESS SYSTEM** 19 **MODERNIZATION FUNDS GRANT PROGRAM**

20           **SECTION 7.79.(a)** Beginning with the 2021-2022 school year, local boards of  
21 education and charter schools shall ensure that all school business systems are (i) housed off the  
22 property of the unit or school and (ii) composed of internet-based software.

23           **SECTION 7.79.(b)** From funds available to the Department of Public Instruction for  
24 the School Business System Modernization Plan for the 2021-2023 fiscal biennium, the  
25 Department shall establish a grant program for the 2021-2022 fiscal year to provide funds to  
26 eligible local school administrative units and charter schools to transition from school business  
27 systems that are located on the premises of the local school administrative unit or charter school  
28 to internet-based school business systems. A local school administrative unit or charter school is  
29 eligible to receive funds under the grant program if the school does not participate in the School  
30 Business System Modernization Plan. Funds shall be provided to local school administrative  
31 units and charter schools in appropriate amounts, as determined by the Department.  
32

## 33 **SCHOLARPATH**

34           **SECTION 7.81.(a)** Of the funds appropriated to the Department of Public  
35 Instruction in this act for the 2021-2022 fiscal year, the Department shall use one million five  
36 hundred thousand dollars (\$1,500,000) in nonrecurring funds to contract with MyScholar, LLC,  
37 to use the ScholarPath platform to create the Twelfth Grade Transition Pilot. The Twelfth Grade  
38 Transition Pilot program shall consist of an education planning and communication platform that  
39 helps students and parents prepare for the twelfth-grade transition by utilizing O\*NET Data to  
40 connect and match students to current opportunities in high-demand careers while protecting  
41 student data through de-individualized methods.  
42

## 43 **CIPA COMPLIANCE CONTRACT**

44           **SECTION 7.83.(a)** Of the funds appropriated to the Department of Public  
45 Instruction in this act for the Digital Learning Plan, as set out in S.L. 2016-94, the Department  
46 shall use up to four hundred fifty thousand dollars (\$450,000) of recurring funds that are unused  
47 in each fiscal year of the 2021-2023 fiscal biennium to contract with the digital literacy  
48 curriculum provider selected via the competitive procurement process pursuant to Section 7.23K  
49 of S.L. 2017-57 to establish a statewide program available to all public school units for up to  
50 three years, beginning in the 2021-2022 fiscal year and ending in the 2023-2024 fiscal year, to  
51 ensure compliance with P.L. 106-554, the Children's Internet Protection Act.

1           **SECTION 7.83.(b)** The funds appropriated to the Department of Public Instruction  
2 for the Digital Learning Plan shall not revert to the General Fund at the end of each fiscal year  
3 of the 2021-2023 fiscal biennium but shall remain available until expended. It is the intent of the  
4 General Assembly to enact similar authority for the Department to use unexpended funds for the  
5 Digital Learning Plan as provided in this subsection for the 2023-2024 fiscal year.  
6

7 **GIZELLA ABRAMSON HOLOCAUST EDUCATION ACT**

8           **SECTION 7.84.(a)** The General Assembly finds that:

- 9           (1) Knowledge of the Holocaust is essential to provide students with the  
10 fundamental understanding of geography, history, and political systems  
11 necessary to make informed choices on issues that affect individuals,  
12 communities, states, and nations.
- 13           (2) On May 29, 2020, the United States Congress enacted into law the "Never  
14 Again Education Act" (P.L. 116-141) recognizing the importance of  
15 institutionalizing education about the events of the Holocaust and providing  
16 that "Holocaust education provides a context in which to learn about the  
17 danger of what can happen when hate goes unchallenged and there is  
18 indifference in the face of oppression of others; learning how and why the  
19 Holocaust happened is an important component of the education of citizens of  
20 the United States."
- 21           (3) The term "antisemitism" is defined in the Never Again Education Act as "a  
22 certain perception of Jews, which may be expressed as hatred toward Jews.  
23 Rhetorical and physical manifestations of antisemitism are directed toward  
24 Jewish or non-Jewish individuals or their property, toward Jewish community  
25 institutions and religious facilities."
- 26           (4) The term "Holocaust" is defined in the Never Again Education Act as "the  
27 systematic, bureaucratic, state-sponsored persecution and murder of  
28 6,000,000 Jews by the Nazi regime and its allies and collaborators. During the  
29 era of the Holocaust, German authorities also targeted other groups because  
30 of their perceived "racial inferiority," such as Roma, the disabled, and Slavs.  
31 Other groups were persecuted on political, ideological, and behavioral  
32 grounds, among them Communists, Socialists, Jehovah's Witnesses, and  
33 homosexuals."
- 34           (5) "Holocaust denial and distortion" is defined in the Never Again Education Act  
35 as "discourse and propaganda that deny the historical reality and the extent of  
36 the extermination of the Jews by the Nazis and their accomplices during  
37 World War II, known as the Holocaust. Holocaust denial refers specifically to  
38 any attempt to claim that the Holocaust did not take place. Holocaust  
39 distortion refers to efforts to excuse or minimize the events of the Holocaust  
40 or its principal elements, including collaborators and allies of Nazi Germany,  
41 to blame the Jews for causing their own genocide, or to portray the Holocaust  
42 as a positive historical event."
- 43           (6) The Never Again Education Act recognizes "a national imperative to educate  
44 students in the United States so that they may explore the lessons that the  
45 Holocaust provides for all people, sensitize communities to the circumstances  
46 that gave rise to the Holocaust, and help youth to be less susceptible to the  
47 falsehood of Holocaust denial and distortion and to the destructive messages  
48 of hate that arise from Holocaust denial and distortion."
- 49           (7) While recognizing those states that by law require schools to teach students  
50 about the Holocaust, the Never Again Education Act finds that "more schools

1 and teachers, including those in underserved communities, can and should  
2 deliver quality Holocaust education."

- 3 (8) To that end, the Never Again Education Act provides for the development and  
4 dissemination of accurate, relevant, and accessible digital and other resources  
5 to promote understanding about how and why the Holocaust happened, along  
6 with the development, dissemination, and implementation of principles of  
7 sound pedagogy and best practices for educators for teaching about the  
8 Holocaust, and the encouragement of the adoption of resources supported by  
9 that Act into curricula across diverse disciplines to educate individuals on the  
10 lessons of the Holocaust as a means to raise awareness about the importance  
11 of preventing genocide, hate, and bigotry against any group of people.

12 **SECTION 7.84.(b)** Part 1 of Article 8 of Chapter 115C of the General Statutes is  
13 amended by adding a new section to read:

14 **"§ 115C-81.57. Education on the Holocaust and genocide.**

15 (a) This section shall be known and may be cited as the "Gizella Abramson Holocaust  
16 Education Act."

17 (b) The State Board of Education shall review the middle school and high school standard  
18 course of study and, in consultation and coordination with the North Carolina Council on the  
19 Holocaust and the North Carolina Center for the Advancement of Teaching, shall (i) integrate  
20 into English, social studies courses, and other courses, as appropriate, education on the Holocaust  
21 and genocide and (ii) develop a curriculum for a Holocaust Studies elective that may be offered  
22 in middle schools and high schools of local school administrative units.

23 (c) The Department of Public Instruction shall provide or cause to be provided  
24 curriculum content, and local boards of education shall provide or cause to be provided  
25 professional development to ensure that the intent and provisions of this section are effectively  
26 implemented. The North Carolina Council on the Holocaust and the North Carolina Center for  
27 the Advancement of Teaching may, in consultation with the Department of Public Instruction  
28 and local boards of education, provide curriculum content and professional development.

29 (d) The State Board of Education and the Department of Public Instruction shall review  
30 resources and programs developed pursuant to the Never Again Education Act (P.L. 116-141) in  
31 satisfying their obligations under this section.

32 (e) For any standards, curriculum content, professional development, or other materials  
33 developed pursuant to this section, the following terms shall be utilized and defined consistent  
34 with their definitions in section 3 of the Never Again Education Act (P.L. 116-141):

- 35 (1) Antisemitism.  
36 (2) Holocaust.  
37 (3) Holocaust denial and distortion."

38 **SECTION 7.84.(c)** This section is effective when it becomes law and applies  
39 beginning with the 2023-2024 school year.  
40

41 **DUAL ENROLLMENT/OPPORTUNITY STUDY**

42 **SECTION 7.85.** The State Board of Education shall partner with a third-party entity  
43 to conduct a study examining the factors impacting all students' ability to complete high school  
44 courses leading to college credit, an associate degree, or a career-ready credential, including an  
45 examination of opportunity, resources, fees, and personnel. The study shall also include an  
46 examination of all dual enrollment courses offered as part of the Career and College Promise  
47 Program that satisfy basic high school graduation requirements to ensure that the content and  
48 skills taught in those courses is aligned to the content and skills outlined in the Standard Course  
49 of Study for the requisite courses that meet graduation requirements. The study shall identify if  
50 dual enrollment courses are or are not aligned with the Standard Course of Study and, if not  
51 aligned, what content or skills are not aligned. The State Board of Education shall report on the

1 findings of this study to the Joint Legislative Education Oversight Committee, the Fiscal  
2 Research Division, and the Office of State Budget and Management by March 15, 2022.

3  
4 **PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

5  
6 **TEACHER SALARY SCHEDULE**

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

10 **2021-2022 Teacher Monthly Salary Schedule**

11	Years of Experience	"A" Teachers
12	0	\$3,546
13	1	\$3,647
14	2	\$3,748
15	3	\$3,849
16	4	\$3,951
17	5	\$4,052
18	6	\$4,153
19	7	\$4,255
20	8	\$4,356
21	9	\$4,457
22	10	\$4,559
23	11	\$4,660
24	12	\$4,761
25	13	\$4,862
26	14	\$4,964
27	15-24	\$5,065
28	25+	\$5,268.

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

- 30 —
- 31 (1) Licensed teachers who have NBPTS certification shall receive a salary  
32 supplement each month of twelve percent (12%) of their monthly salary on  
33 the "A" salary schedule.
  - 34 (2) Licensed teachers who are classified as "M" teachers shall receive a salary  
35 supplement each month of ten percent (10%) of their monthly salary on the  
36 "A" salary schedule.
  - 37 (3) Licensed teachers with licensure based on academic preparation at the  
38 six-year degree level shall receive a salary supplement of one hundred  
39 twenty-six dollars (\$126.00) per month in addition to the supplement provided  
40 to them as "M" teachers.
  - 41 (4) Licensed teachers with licensure based on academic preparation at the  
42 doctoral degree level shall receive a salary supplement of two hundred  
43 fifty-three dollars (\$253.00) per month in addition to the supplement provided  
44 to them as "M" teachers.
  - 45 (5) Certified school nurses shall receive a salary supplement each month of ten  
46 percent (10%) of their monthly salary on the "A" salary schedule.
  - 47 (6) School counselors who are licensed as counselors at the master's degree level  
48 or higher shall receive a salary supplement each month of one hundred dollars  
49 (\$100.00).

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

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

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

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

- 21           (1) The applicable amount on the salary schedule for the applicable school year.  
 22           (2) For teachers who were eligible for longevity for the 2013-2014 school year,  
 23 the sum of the following:  
 24           a. The salary the teacher received in the 2013-2014 school year pursuant  
 25 to Section 35.11 of S.L. 2013-360.  
 26           b. The longevity that the teacher would have received under the longevity  
 27 system in effect for the 2013-2014 school year provided in Section  
 28 35.11 of S.L. 2013-360 based on the teacher's current years of service.  
 29           c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.  
 30           (3) For teachers who were not eligible for longevity for the 2013-2014 school  
 31 year, the sum of the salary and annual bonus the teacher received in the  
 32 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

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

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

39   **2022-2023 Teacher Monthly Salary Schedule**

40           Years of Experience	"A" Teachers
41           0	\$3,592
42           1	\$3,694
43           2	\$3,797
44           3	\$3,899
45           4	\$4,002
46           5	\$4,105
47           6	\$4,207
48           7	\$4,310
49           8	\$4,413
50           9	\$4,515
51           10	\$4,618

1	11	\$4,721
2	12	\$4,823
3	13	\$4,925
4	14	\$5,029
5	15-24	\$5,131
6	25+	\$5,336.

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

8 **"§ 115C-302.10. Qualifications for certain education-based salary supplements.**

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

- 13 (1) Certified school nurses and instructional support personnel in positions for  
14 which a master's degree is required for licensure.  
15 (2) Teachers and instructional support personnel who were paid on that salary  
16 schedule or received that salary supplement prior to the 2014-2015 school  
17 year.  
18 (3) Teachers and instructional support personnel who (i) complete a degree at the  
19 master's, six-year, or doctoral degree level for which they completed at least  
20 one course prior to August 1, 2013, and (ii) would have qualified for the salary  
21 supplement pursuant to State Board of Education policy TCP-A-006, as it was  
22 in effect on June 30, 2013."  
23

24 **SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES**

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

27 **"§ 115C-302.7. Salary supplement for highly qualified teaching graduates.**

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

- 31 (1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.  
32 (2) A score of the following or higher on an edTPA assessment or an equivalent  
33 score on a nationally normed and valid pedagogy assessment used to  
34 determine clinical practice performance:  
35 a. A score of 42 for the World Languages and Classical Languages  
36 edTPA assessment.  
37 b. A score of 57 for the Elementary Education edTPA assessment.  
38 c. A score of 48 for all other edTPA assessments.

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

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



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

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

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

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

## 17 18 **BONUSES FOR TEACHERS**

19 **SECTION 7A.3.(a)** No later than January 31, 2022, the Department of Public  
20 Instruction shall administer a one-time, lump sum bonus of three hundred dollars (\$300.00) to  
21 every teacher whose salaries are supported from State funds and who, as of January 1, 2022, is  
22 employed as a teacher in a qualifying public school unit.

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

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

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

26 a. A local school administrative unit.

27 b. A charter school.

28 c. A regional school.

29 d. An innovative school.

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

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

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

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

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

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

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

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

- 1 (3) The Fourth to Eighth Grade Math Teacher Bonus Program provided in Section  
2 8.8E of S.L. 2017-57, as amended by Section 8.12 of S.L. 2018-5.

3 **SECTION 7A.3.(h)** For the 2022-2023 fiscal year and subsequent fiscal years, it is  
4 the intent of the General Assembly to reauthorize bonuses for teachers based on the criteria used  
5 in the programs identified in subdivisions (1) through (3) of subsection (g) of this section.  
6

#### 7 **ADVANCED COURSE AND CTE TEACHER BONUSES**

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

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

- 17 (1) Eligible advanced course teacher. – A teacher of Advanced Placement  
18 courses, International Baccalaureate Diploma Programme courses, or the  
19 Cambridge Advanced International Certificate of Education (AICE) program  
20 who meets the following criteria:  
21 a. Is employed by, or retired having last held a position at, one or more  
22 of the following:  
23 1. A qualifying public school unit.  
24 2. The North Carolina Virtual Public School program.  
25 b. Taught one or more students who received a score listed in subsection  
26 (c) of this section.
- 27 (2) Eligible career and technical education (CTE) teacher. – A teacher who meets  
28 the following criteria:  
29 a. Is employed by, or retired having last held a position at, a qualifying  
30 public school unit.  
31 b. Taught one or more students who attained approved industry  
32 certifications or credentials consistent with G.S. 115C-156.2.
- 33 (3) Qualifying public school unit. – Any of the following:  
34 a. A local school administrative unit.  
35 b. A charter school.  
36 c. A regional school.  
37 d. A school providing elementary or secondary instruction operated by  
38 the State Board of Education under Article 7A of Chapter 115C of the  
39 General Statutes.  
40 e. A school providing elementary or secondary instruction operated by  
41 The University of North Carolina under Article 29A of Chapter 116 of  
42 the General Statutes.
- 43 (4) Qualifying teacher. – An eligible advanced course teacher or eligible career  
44 and technical education teacher who meets one of the following criteria:  
45 a. Remains employed teaching in the same qualifying public school unit,  
46 or, if an eligible advanced course teacher is only employed by the  
47 North Carolina Virtual Public School program, remains employed  
48 teaching in that program, at least from the school year the data is  
49 collected until January 1 of the corresponding school year that the  
50 bonus is paid.

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

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

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

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

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

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

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

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

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

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

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

- 3 (1) Number of students enrolled and taking examinations in each of the following  
4 categories of courses:
  - 5 a. Advanced Placement.
  - 6 b. International Baccalaureate Diploma Programme.
  - 7 c. Cambridge AICE program.
  - 8 d. Courses needed for the attainment of an industry certification or  
9 credential.
- 10 (2) Number of students receiving outcomes on examinations resulting in the  
11 award of a bonus for a teacher in each category of courses identified in  
12 sub-subdivision a. of subdivision (1) of this subsection.
- 13 (3) Number of teachers receiving a bonus in each category of courses identified  
14 in sub-subdivision a. of subdivision (1) of this subsection.
- 15 (4) The amounts awarded to teachers for each category of courses identified in  
16 sub-subdivision a. of subdivision (1) of this subsection.
- 17 (5) The type of industry certifications and credentials earned by the students, the  
18 value ranking for each certification and credential, the number of bonuses  
19 earned for each certification or credential, and the total bonus amount awarded  
20 for each certification or credential.

## 21 **SMALL COUNTY AND LOW-WEALTH SIGNING BONUS FOR TEACHERS**

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

- 24 (1) Eligible employee. – A person who meets all of the following criteria:
  - 25 a. Accepts employment as a teacher with an eligible employer for the  
26 2021-2022 school year.
  - 27 b. Was not employed by the eligible employer identified in  
28 sub-subdivision a. of this subdivision in the 2020-2021 fiscal year.
  - 29 c. Is employed by the eligible employer identified in sub-subdivision a.  
30 of this subdivision as of October 1, 2021.
- 31 (2) Eligible employer. – The governing board of a local school administrative unit  
32 that receives at least one of the following in the 2021-2022 fiscal year:
  - 33 a. Small county school system supplemental funding.
  - 34 b. Supplemental funding for local school administrative units in  
35 low-wealth counties.
- 36 (3) Local funds. – Matching funds provided by an eligible employer to enable an  
37 eligible employee to qualify for the signing bonus program established by this  
38 section.
- 39 (4) Teacher. – Teachers and instructional support personnel.

40 **SECTION 7A.5.(b)** Signing Bonus Program. – For the 2021-2022 fiscal year, the  
41 Department of Public Instruction shall establish and administer a signing bonus program for  
42 teachers. Signing bonuses shall be provided to all eligible employees who are employed by an  
43 eligible employer as long as they are matched on the basis of one dollar (\$1.00) in State funds  
44 for every one dollar (\$1.00) in local funds, up to one thousand dollars (\$1,000) in State funds.

45 **SECTION 7A.5.(c)** Limited Exclusion from Future Signing Bonuses. – A teacher  
46 who receives a signing bonus pursuant to this section is ineligible to receive another signing  
47 bonus pursuant to this section or a similar enactment of the General Assembly until July 1, 2024,  
48 at the earliest. This section shall not apply to any legislatively mandated bonuses received by  
49 teachers that are not signing bonuses.  
50

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

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

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

## 10 11 **PRINCIPAL SALARY SCHEDULE**

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

### 14                                   **2021-2022 Principal Annual Salary Schedule**

15 <b>Avg. Daily Membership</b>	16 <b>Base</b>	17 <b>Met Growth</b>	18 <b>Exceeded Growth</b>
19           0-200	\$69,828	\$76,811	\$83,794
20           201-400	\$73,319	\$80,651	\$87,983
21           401-700	\$76,811	\$84,492	\$92,173
22           701-1,000	\$80,302	\$88,332	\$96,362
23           1,001-1,600	\$83,794	\$92,173	\$100,553
24           1,601+	\$87,285	\$96,014	\$104,742.

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

- 31           (1) A principal shall be paid according to the Exceeded Growth column of the  
32 schedule if the school growth scores show the school or schools exceeded  
33 expected growth in at least two of the prior three school years.
- 34           (2) A principal shall be paid according to the Met Growth column of the schedule  
35 if any of the following apply:
  - 36           a. The school growth scores show the school or schools met expected  
37 growth in at least two of the prior three school years.
  - 38           b. The school growth scores show the school or schools met expected  
39 growth in at least one of the prior three school years and exceeded  
40 expected growth in one of the prior three school years.
  - 41           c. The principal supervised a school in at least two of the prior three  
42 school years that was not eligible to receive a school growth score.
- 43           (3) A principal shall be paid according to the Base column if either of the  
44 following applies:
  - 45           a. The school growth scores show the school or schools did not meet  
46 expected growth in at least two of the prior three years.
  - 47           b. The principal has not supervised any school as a principal for a  
48 majority of the school year in at least two of the prior three school  
49 years.

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

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

average daily membership in the 2019-2020 school year, the projected average daily membership for the school for the 2021-2022 school year.

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

**SECTION 7A.6.(c)** For purposes of determining the school growth scores for each school the principal supervised in at least two of the prior three school years, school growth scores from the three most recent available school years, up to the 2018-2019 school year, shall be used.

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

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

- (1) The applicable amount on the salary schedule for the applicable year.
- (2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
  - a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
  - b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.
- (3) For principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

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

**2022-2023 Principal Annual Salary Schedule**

<b>Avg. Daily Membership</b>	<b>Base</b>	<b>Met Growth</b>	<b>Exceeded Growth</b>
0-200	\$71,574	\$78,731	\$85,889
201-400	\$75,153	\$82,668	\$90,184
401-700	\$78,731	\$86,604	\$94,477
701-1,000	\$82,310	\$90,541	\$98,772
1,001-1,600	\$85,889	\$94,478	\$103,067
1,601+	\$89,468	\$98,415	\$107,362.

**BONUSES FOR PRINCIPALS**

**SECTION 7A.7.(a)** No later than January 31, 2022, the Department of Public Instruction shall administer a one-time, lump sum bonus of one thousand eight hundred dollars (\$1,800) to every principal in a public school unit whose salaries are supported from State funds and who, as of January 1, 2022, is employed as a principal in a public school unit.

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

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

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

**ASSISTANT PRINCIPAL SALARIES**

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

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

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

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

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

- 25           (1) The applicable amount on the salary schedule for the applicable year.
- 26           (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal  
27 year, the sum of the following:
  - 28               a. The salary the assistant principal received in the 2016-2017 fiscal year  
29 pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
  - 30               b. The longevity that the assistant principal would have received as  
31 provided for State employees under the North Carolina Human  
32 Resources Act for the 2016-2017 fiscal year based on the assistant  
33 principal's current years of service.
- 34           (3) For assistant principals who were not eligible for longevity in the 2016-2017  
35 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal  
36 year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

37  
38 **CENTRAL OFFICE SALARIES**

39           **SECTION 7A.9.(a)** For the 2021-2022 fiscal year, beginning July 1, 2021, the  
40 annual salary for superintendents, assistant superintendents, associate superintendents,  
41 directors/coordinators, supervisors, and finance officers, whose salaries are supported from State  
42 funds, shall be increased by two and one-half percent (2.5%).

43           **SECTION 7A.9.(b)** It is the intent of the General Assembly to increase the annual  
44 salary for superintendents, assistant superintendents, associate superintendents,  
45 directors/coordinators, supervisors, and finance officers, whose salaries are supported from State  
46 funds, for the 2022-2023 fiscal year, beginning July 1, 2022, by two and one-half percent (2.5%).

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

<b>2021-2022 Fiscal Year Maximum</b>
--

1	School Administrator I	\$6,797
2	School Administrator II	\$7,202
3	School Administrator III	\$7,632
4	School Administrator IV	\$7,930
5	School Administrator V	\$8,246
6	School Administrator VI	\$8,736
7	School Administrator VII	\$9,084.

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

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

15		<b>2021-2022 Fiscal Year</b>
16		<b>Maximum</b>
17	Superintendent I	\$9,629
18	Superintendent II	\$10,203
19	Superintendent III	\$10,815
20	Superintendent IV	\$11,465
21	Superintendent V	\$12,155.

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

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

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

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

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

45		<b>2022-2023 Fiscal Year</b>
46		<b>Maximum</b>
47	School Administrator I	\$6,967
48	School Administrator II	\$7,382
49	School Administrator III	\$7,823
50	School Administrator IV	\$8,128
51	School Administrator V	\$8,452



1	School Administrator VI	\$8,954
2	School Administrator VII	\$9,311.

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

6	<b>2022-2023 Fiscal Year</b>	
7	<b>Maximum</b>	
8	Superintendent I	\$9,870
9	Superintendent II	\$10,458
10	Superintendent III	\$11,085
11	Superintendent IV	\$11,752
12	Superintendent V	\$12,459.

### 14 **NONCERTIFIED PERSONNEL SALARIES**

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

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

- 22           (1) For permanent, full-time employees on a 12-month contract, by the greater of  
23 the following:  
24           a. Two and one-half percent (2.5%).  
25           b. An amount necessary to increase the minimum hourly compensation  
26 rate of the employee to thirteen dollars (\$13.00) per hour pursuant to  
27 subsection (a) of this section.
- 28           (2) For the following employees, by an equitable amount based on the amounts  
29 specified in subdivision (1) of this subsection:  
30           a. Permanent, full-time employees on a contract for fewer than 12  
31 months.  
32           b. Permanent, part-time employees.  
33           c. Temporary and permanent hourly employees.

34           **SECTION 7A.10.(c)** For the 2022-2023 fiscal year, beginning July 1, 2022, it is the  
35 intent of the General Assembly to do the following:

- 36           (1) Require the State Board of Education to increase the minimum of all salary  
37 grades and ranges it maintains for noncertified public school employees, as  
38 necessary, to achieve a minimum hourly compensation rate of fifteen dollars  
39 (\$15.00) per hour.
- 40           (2) Increase the annual salary for noncertified public school employees whose  
41 salaries are supported from State funds by the greater of the following:  
42           a. Two and one-half percent (2.5%).  
43           b. An amount necessary to increase the minimum hourly compensation  
44 rate of the employee to fifteen dollars (\$15.00) per hour.

### 46 **SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION**

47           **SECTION 7A.12.(a)** Use of Funds. – For each year of the 2021-2023 fiscal  
48 biennium, except as provided in subsection (f) of this section, the State Board of Education shall  
49 allocate funds pursuant to this section to eligible local school administrative units to provide  
50 salary supplements to teachers and qualifying school administrators in those units. Allocation of  
51 salary supplements among teachers and qualifying school administrators within each eligible

1 local school administrative unit, including whether a teacher or qualifying school administrator  
2 receives a salary supplement and the amount of the supplement provided to that person, shall be  
3 determined in the discretion of the local board of education of the eligible unit, except that no  
4 individual salary supplement shall exceed the per-teacher funding amount awarded to that unit  
5 pursuant to subdivision (4) of subsection (c) of this section.

6 **SECTION 7A.12.(b)** Definitions. – As used in this section, the following definitions  
7 shall apply:

- 8 (1) Adjusted market value of taxable real property. – A county's assessed taxable  
9 real property value, using the latest available data published by the  
10 Department of Revenue, divided by the county's sales assessment ratio  
11 determined under G.S. 105-289(h).
- 12 (2) Composite value. – For each eligible county, the sum of the following:
  - 13 a. The taxable real property factor multiplied by sixty-five percent  
14 (65%).
  - 15 b. The median household income factor multiplied by twenty-five  
16 percent (25%).
  - 17 c. The effective tax rate factor multiplied by ten percent (10%).
- 18 (3) County allocation factor. – For each eligible county, the supplement factor for  
19 that county divided by the sum of all supplement factors for the State.
- 20 (4) Effective tax rate. – The actual county tax rate multiplied by the most recent  
21 annual sales assessment ratio for that county.
- 22 (5) Effective tax rate factor. – For each eligible county, the effective tax rate for  
23 that county divided by the median effective tax rate in the State.
- 24 (6) Eligible county. – A county that meets the following criteria:
  - 25 a. For the 2021-2022 fiscal year, has an adjusted market value of taxable  
26 real property of less than forty billion dollars (\$40,000,000,000).
  - 27 b. For the 2022-2023 fiscal year, has an adjusted market value of taxable  
28 real property of less than forty-one billion four hundred million dollars  
29 (\$41,400,000,000).
- 30 (7) Eligible local school administrative unit. – A local school administrative unit  
31 located in whole or in part in an eligible county.
- 32 (8) Eligible school. – A public school that is located in an eligible county and  
33 governed by a local school administrative unit.
- 34 (9) Median household income. – A county's median household income for the  
35 most recent 12 months for which data are available, as that term is used in  
36 G.S. 143B-437.08.
- 37 (10) Median household income factor. – For each eligible county, the median  
38 household income in the State divided by the median household income for  
39 that county.
- 40 (11) Qualifying school administrator. – Any of the following:
  - 41 a. Assistant principals paid pursuant to G.S. 115C-285(a)(8).
  - 42 b. Principals paid pursuant to G.S. 115C-285(a)(8a).
- 43 (12) Supplement factor. – For each eligible county, the composite value multiplied  
44 by the number of State-funded teachers employed in a school in the county  
45 that is governed by a local school administrative unit.
- 46 (13) Taxable real property factor. – For each eligible county, the median adjusted  
47 market value of taxable real property in the State divided by the adjusted  
48 market value of taxable real property for that county.
- 49 (14) Teacher. – Teachers and instructional support personnel.

1           **SECTION 7A.12.(c)** Allocation of Funds. – The State Board of Education shall  
2 allocate funds for salary supplements to eligible local school administrative units according to  
3 the following procedure:

- 4           (1) County allocation. – For each eligible county, the State Board shall determine  
5 a county allocation by multiplying the county allocation factor for that county  
6 by the funding amount appropriated pursuant to this section for the applicable  
7 fiscal year.
- 8           (2) Per-teacher funding amount. – For each eligible county, the State Board shall  
9 determine a per-teacher funding amount by dividing the county allocation  
10 amounts determined pursuant to subdivision (1) of this subsection by the total  
11 number of State-funded teachers employed in all eligible schools in that  
12 county.
- 13           (3) Unit funding amount. – For each eligible local school administrative unit, the  
14 State Board shall determine the funding amount for that unit based on the  
15 per-teacher funding amount or amounts for the eligible county or counties  
16 where the unit is located. For each county with an eligible school governed by  
17 the unit, the State Board shall multiply the applicable per-teacher funding  
18 amount for that county determined pursuant to subdivision (2) of this  
19 subsection by the number of State-funded teachers employed in the eligible  
20 school in that county. If the unit is located in multiple eligible counties, the  
21 State Board shall aggregate those amounts.
- 22           (4) Allocation and funding cap. – The State Board shall allocate the amount  
23 determined pursuant to subdivision (3) of this subsection, up to a maximum  
24 of four thousand two hundred fifty dollars (\$4,250) per State-funded teacher,  
25 to each eligible local school administrative unit for each applicable fiscal year.

26           **SECTION 7A.12.(d)** Charter Schools. – Funds appropriated to the Department of  
27 Public Instruction pursuant this section shall be subject to the allocation of funds for charter  
28 schools described in G.S. 115C-218.105. The General Assembly encourages charter schools  
29 receiving funds pursuant to this section to provide salary supplements to teachers and qualifying  
30 school administrators in the charter school in accordance with the requirements of this section.

31           **SECTION 7A.12.(e)** Formula for Distribution of Supplemental Funding Pursuant to  
32 This Section Only. – The formula in this section is solely a basis for distribution of supplemental  
33 funding to eligible local school administrative units and is not intended to reflect any measure of  
34 the adequacy of the educational program or funding for public schools. The formula is also not  
35 intended to reflect any commitment by the General Assembly to appropriate any additional  
36 supplemental funds for eligible local school administrative units.

37           **SECTION 7A.12.(f)** Nonsupplant Requirement. – A local school administrative unit  
38 that receives funds under this section shall use the funds to supplement and not supplant non-State  
39 funds provided for salary supplements for teachers and qualifying school administrators. The  
40 State Board of Education shall not allocate any funds under this section to a local school  
41 administrative unit if the State Board finds that the unit has reduced the average local salary  
42 supplement the unit provided to teachers or qualifying school administrators in the prior school  
43 year.

44           **SECTION 7A.12.(g)** Reports. – No later than April 15 of each year of the 2021-2023  
45 fiscal biennium, the State Board of Education shall report the following information for the  
46 applicable fiscal year to the Joint Legislative Education Oversight Committee, the Senate  
47 Appropriations Committee on Education/Higher Education, the House Appropriations  
48 Committee on Education, and the Fiscal Research Division:

- 49           (1) A list of all eligible counties and eligible local school administrative units.  
50           (2) Funds allocated to each eligible local school administrative unit.

- 1 (3) The percentage and amount of teachers and qualifying school administrators  
2 in each eligible local school administrative unit receiving salary supplements.  
3 (4) The average salary supplement amount in each eligible local school  
4 administrative unit.  
5 (5) The range of salary supplement amounts in each eligible local school  
6 administrative unit.  
7 (6) The effect of the salary supplements on the retention of teachers and  
8 qualifying school administrators in eligible local school administrative units.  
9 (7) The identity of any local school administrative unit that the State Board  
10 determines has supplanted funds.  
11

## 12 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

### 13 **UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS**

14 **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the  
15 2021-2023 fiscal biennium for student financial aid shall be allocated in accordance with  
16 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if  
17 the interest income generated from the Escheat Fund is less than the amounts referenced in this  
18 act, the difference may be taken from the Escheat Fund principal to reach the appropriations  
19 referenced in this act; however, under no circumstances shall the Escheat Fund principal be  
20 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat  
21 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,  
22 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount  
23 of the Escheat Fund income for that fiscal year.  
24

25 **SECTION 8.1.(b)** The State Education Assistance Authority (Authority) shall  
26 conduct periodic evaluations of expenditures of the student financial aid programs administered  
27 by the Authority to determine if allocations are utilized to ensure access to institutions of higher  
28 education and to meet the goals of the respective programs. The Authority may make  
29 recommendations for redistribution of funds to the President of The University of North Carolina  
30 and the President of the Community College System regarding their respective student financial  
31 aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal  
32 year.  
33

### 34 **PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM**

35 **SECTION 8.3.(a)** Program Established. – Of the funds appropriated by this act for  
36 the 2021-2023 fiscal biennium to the Board of Governors of The University of North Carolina  
37 for the North Carolina Patriot Star Family Scholarship Program (Program), the Board of  
38 Governors shall make funds available to (i) the Patriot Foundation, a nonprofit corporation, and  
39 (ii) the Marine Corps Scholarship Foundation, Inc., a nonprofit corporation, for the purpose of  
40 establishing and administering scholarships under the Program, originally established pursuant  
41 to Section 3.4 of S.L. 2020-97, in accordance with the requirements of this section.  
42

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

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

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

- 1 (2) Eligible child or eligible children. – Any person (i) who is attending or has  
2 been accepted to enroll in an eligible postsecondary institution, (ii) who is a  
3 legal resident of North Carolina when scholarship documentation is  
4 completed, provided that if a child is claimed as a dependent by the child's  
5 parent, residency may be established based on a parent meeting  
6 sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) who has  
7 complied with the requirements of the Selective Service System, if applicable,  
8 and (iv) whose parent is a veteran or a currently serving member of the Armed  
9 Forces that meets the following:
- 10 a. Meets one of the following residency conditions:
- 11 1. Is a resident of North Carolina at the time of scholarship  
12 documentation completion.
- 13 2. Was a resident of North Carolina at the time of entrance into  
14 service in the Armed Forces.
- 15 3. Was permanently stationed in North Carolina at the time of his  
16 or her death.
- 17 4. Is an active duty service member permanently stationed in  
18 North Carolina at the time of documentation completion.
- 19 b. Meets one of the following service conditions:
- 20 1. Was a member of the Armed Forces who was killed in action  
21 or in the line of duty or died of wounds or other causes not due  
22 to the service member's willful misconduct during a period of  
23 war, national emergency, or training in preparation for future  
24 conflicts and is a direct result of service in the line of duty.
- 25 2. Was a member of the Armed Forces who died of  
26 service-connected injuries, wounds, illness, or other causes  
27 incurred or aggravated while a member of the Armed Forces  
28 during a period of war, national emergency, or training in  
29 preparation for future conflicts and is a direct result of service  
30 in the line of duty. Standard documentation of the parent's  
31 death, wounds, injury, or illness must be supplied by a  
32 scholarship recipient at the time of scholarship request.
- 33 3. Is a veteran of the Armed Forces who incurred traumatic  
34 injuries or wounds or sustained a major illness while a member  
35 of the Armed Forces during a period of war or national  
36 emergency and is receiving compensation for a wartime  
37 service-connected disability of at least fifty percent (50%) as  
38 rated by the U.S. Department of Veterans Affairs.
- 39 4. Is a current member of the Armed Forces who incurred  
40 traumatic injuries or wounds or sustained a major illness while  
41 a member of the Armed Forces during a period of war, national  
42 emergency, or training in preparation for future conflicts and  
43 is a direct result of service in the line of duty. The parent's  
44 traumatic wounds, injury, or major illness must be documented  
45 by the member's Unit Commander.
- 46 (3) Eligible disabled veteran. – Any person who is (i) a veteran of the Armed  
47 Forces who incurred traumatic injuries or wounds or sustained a major illness  
48 while a member of the Armed Forces during a period of war or national  
49 emergency and is receiving compensation for a wartime service-connected  
50 disability of at least fifty percent (50%) as rated by the U.S. Department of  
51 Veterans Affairs, (ii) a resident of North Carolina when scholarship

- 1 documentation is completed, and (iii) is attending or has been accepted to  
2 enroll in an eligible postsecondary institution.
- 3 (4) Eligible postsecondary institution. – A school that is any of the following:  
4 a. A constituent institution of The University of North Carolina.  
5 b. A community college under the jurisdiction of the State Board of  
6 Community Colleges.  
7 c. A private educational institution as defined in G.S. 143B-1224.  
8 d. A private vocational institution, including Federal Aviation  
9 Administration certificated aviation training programs.
- 10 (5) Eligible spouse. – Any person (i) who is attending or has been accepted to  
11 enroll in an eligible postsecondary institution, (ii) who is a legal resident of  
12 North Carolina when scholarship documentation is completed, (iii) who has  
13 complied with the requirements of the Selective Service System, if applicable,  
14 and (iv) whose spouse meets one of the conditions set forth in  
15 sub-sub-subdivisions 1. through 3. of sub-subdivision b. of subdivision (2) of  
16 this subsection.
- 17 (6) Veteran. – An individual who has served and is no longer serving in the Armed  
18 Forces of the United States. For the purposes of this section, the veteran must  
19 have separated from the Armed Forces under honorable conditions or whose  
20 death or disability of at least fifty percent (50%) or more was incurred as a  
21 direct result of service in the line of duty.

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

29 Each nonprofit corporation shall, at a minimum, establish criteria and procedures  
30 related to scholarship documentation completion, the amount of individual scholarships, the  
31 permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the  
32 conditions for a revocation of a scholarship, and any other procedures it deems necessary for its  
33 administration of the Program.

34 If an eligible child or eligible spouse receives a scholarship or other grant covering  
35 the cost of attendance at an eligible postsecondary institution for which the scholarship is  
36 awarded, then the amount of a scholarship awarded under this section shall be reduced so that  
37 the sum of all grants and scholarships covering the cost of attendance received by the eligible  
38 child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes  
39 of this section, cost of attendance shall include monies for tuition, fees, books, supplies, and  
40 school-related expenses, including laptops, equipment, tutoring support, as well as room and  
41 board as long as the scholarship recipient is enrolled as at least a half-time student at the  
42 institution. Off-campus housing costs for room and board are also included to the extent the  
43 eligible postsecondary institution includes it in its cost of attendance.

44 **SECTION 8.3.(e)** Reporting. – The Patriot Foundation shall submit a report by April  
45 1 of each year in which the Patriot Foundation spends State funds made available for the Program  
46 to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee  
47 on Education/Higher Education, the House Appropriations Committee on Education, and the  
48 Fiscal Research Division on the activities related to the Program and the use of the State funds.

49 The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of  
50 each year in which the Marine Corps Scholarship Foundation spends State funds made available  
51 for the Program to the Joint Legislative Education Oversight Committee, the Senate

1 Appropriations Committee on Education/Higher Education, the House Appropriations  
2 Committee on Education, and the Fiscal Research Division on the activities related to the  
3 Program and the use of the State funds.

#### 5 **REPORT ON SCIENCE OF READING EPP COURSEWORK IMPLEMENTATION**

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

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

26 **SECTION 8.4.(b)** The Board of Governors shall submit an interim report by March  
27 15, 2022, and a final report by June 15, 2022, to the Senate Appropriations Committee on  
28 Education/Higher Education, the House Appropriations Committee on Education, the Fiscal  
29 Research Division, and the Joint Legislative Education Oversight Committee on the progress of  
30 implementation of required changes and the results of the overall evaluation from the outside  
31 consultant required under subsection (a) of this section. The interim report submitted by February  
32 15, 2022, shall also include the baseline of current coursework in literacy training and  
33 intervention strategies and practices at EPPs.

#### 35 **FALLS LAKE NUTRIENT MANAGEMENT STUDY/FUNDS**

36 **SECTION 8.5.** Of the funds appropriated by this act to the Board of Governors for  
37 the 2021-2022 fiscal year for the study of Falls Lake, any unexpended funds remaining at the end  
38 of the 2021-2022 fiscal year shall not revert to the General Fund but shall remain available for  
39 expenditure for the purposes of studying and analyzing nutrient management strategies and  
40 compiling existing water quality data of Falls Lake pursuant to Section 14.13(c) of S.L. 2016-94,  
41 as amended by Section 13.18(a) of S.L. 2018-5, until December 31, 2023.

#### 43 **NEW EDUCATION FACILITY/UNCW/PLANNING FUNDS**

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

50 The Board of Governors shall allocate the funds to the University of North Carolina  
51 at Wilmington (UNC-Wilmington) upon the signing of a memorandum of agreement between

1 New Hanover County Schools and UNC-Wilmington on the specifics of the facility project,  
2 including the site location for the new facility and the sources of funds for the project.

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

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

## 11 12 **ALLOW IN-STATE TUITION/ATHLETIC SCHOLARSHIPS**

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

14 "**§ 116-143.6. Full scholarship students attending constituent institutions.**

15 (a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent  
16 institution of The University of North Carolina elects to do so, it may by resolution adopted  
17 consider as residents of North Carolina all persons who receive full ~~scholarships, unless the~~  
18 ~~scholarship is for athletics, scholarships~~ to the institution from entities recognized by the  
19 institution and attend the institution as undergraduate students. The aforesaid persons shall be  
20 considered residents of North Carolina for all purposes by The University of North Carolina.

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

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

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

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

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

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

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

34 **SECTION 8.7.(b)** This section applies beginning with the 2021-2022 academic year.

## 35 36 **CODIFY NC COLLABORATORY**

37 **SECTION 8.8.(a)** Section 11.8 of S.L. 2016-94, as amended by Section 8(c) of S.L.  
38 2020-74, reads as rewritten:

39 "**SECTION 11.8.** ~~The Beginning with the 2021-2022 fiscal year, the~~ one million dollars  
40 (\$1,000,000) in recurring funds appropriated in this act to the Board of Governors of The  
41 University of North Carolina for the 2016-2017 fiscal year to establish and operate a North  
42 Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill shall be ~~used~~  
43 used, in addition to any other funds appropriated for this purpose, to establish a Collaboratory  
44 that facilitates the dissemination of the policy and research expertise of The University of North  
45 Carolina and other institutions of higher learning within North Carolina for practical use by State  
46 and local government, although, wherever possible, funding preference may be given to  
47 campuses within The University of North Carolina System. Any funds appropriated by the  
48 General Assembly for use by the Collaboratory may not be used for indirect overhead costs. The  
49 Collaboratory, at a minimum, shall conduct research on natural resources management,  
50 including, but not limited to, research related to the environmental and economic components of  
51 the management of the natural resources within the State of North Carolina and of new



1 technologies for habitat, environmental, and water quality improvement. The Collaboratory shall  
2 develop and disseminate relevant best practices to interested parties, may lead or participate in  
3 projects across the State related to natural resource management, and may make  
4 recommendations to the General Assembly from time to time, and operate the North Carolina  
5 Collaboratory pursuant to Article 31A of Chapter 116 of the General Statutes."

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

8 "Article 31A.

9 "The North Carolina Collaboratory.

10 **"§ 116-255. The North Carolina Collaboratory established.**

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

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

- 18 (1) Conduct, manage, or participate in research on natural resources management,  
19 including, but not limited to, research related to the environmental and  
20 economic components of the management of the natural resources within the  
21 State of North Carolina and of new technologies for habitat, environmental,  
22 and water quality improvements.
- 23 (2) Conduct, manage, or participate in other projects and opportunities, including,  
24 but not limited to, research that may be of interest to citizens and policymakers  
25 within the State.
- 26 (3) Support research programs at institutions of higher education, particularly  
27 institutions identified as historically minority-serving institutions, within the  
28 Collaboratory's areas of focus and expertise.
- 29 (4) Identify, pursue, and support research and development opportunities through  
30 technology research and development, including, but not limited to, funding  
31 opportunities and partnerships between institutions of higher education,  
32 government agencies, nonprofit organizations, and both private and public  
33 businesses.
- 34 (5) Develop and disseminate relevant best practices to interested parties, lead or  
35 participate in projects across the State, and make policy, research, funding,  
36 and other recommendations to the General Assembly.
- 37 (6) Maintain an online reporting portal, in partnership with the Office of State  
38 Fire Marshal, on the storage and deployment of Aqueous Film-Forming  
39 Foams (AFFF) as required by G.S. 58-82B-10.
- 40 (7) Teach and train students and faculty to engage in and administer neutral and  
41 unbiased research and advice on science policy through (i) informal  
42 workshops and similar events and (ii) formal development and delivery of  
43 curriculum.

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

- 46 (1) In disseminating State funds, the Collaboratory may give funding preference  
47 to constituent institutions of The University of North Carolina, wherever  
48 possible.
- 49 (2) Funds appropriated by the General Assembly and used by the Collaboratory  
50 may not be used for indirect overhead costs at an institution partnering with  
51 the Collaboratory.

- 1           (3) For research or investigations that need to be carried out expeditiously in  
2 response to a project, opportunity, or a legislative mandate, the provisions of  
3 Article 3 of Chapter 143 of the General Statutes, G.S. 143-129, and  
4 G.S. 116-31.10 shall not apply to the Collaboratory for the purchase of  
5 apparatus, supplies, material, services, or equipment in projects addressing an  
6 emerging or immediate threat to public health, safety, or welfare. For each  
7 project that utilizes this exemption, the Collaboratory shall provide a  
8 justification in writing and make this document available on its website for  
9 the duration of the project.
- 10          (4) All units of State and local government shall cooperate and assist the  
11 Collaboratory with its research program by providing reasonable access to at  
12 least the following:
- 13           a. Infrastructure.  
14           b. Personnel.  
15           c. Data.
- 16          (5) The Collaboratory may allocate funds to units of State and local government,  
17 as necessary, for purposes of facilitating compliance with subdivision (4) of  
18 this subsection.

19 **"§ 116-256. Annual report.**

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

24       **SECTION 8.8.(c)** Notwithstanding G.S. 116-256, as enacted by this section, the  
25 North Carolina Collaboratory shall submit its report required by G.S. 116-256 on its activities  
26 from the 2020-2021 fiscal year by February 1, 2022.

27  
28 **COLLABORATORY/RESEARCH GRANTS HMSI**

29       **SECTION 8.9.(a)** The North Carolina Collaboratory (Collaboratory), established  
30 pursuant to Article 31A of Chapter 116 of the General Statutes, shall establish a research grant  
31 program for the following constituent institutions of The University of North Carolina identified  
32 as Historically Minority-Serving Institutions (HMSIs): Elizabeth City State University,  
33 Fayetteville State University, North Carolina Agricultural and Technical State University, North  
34 Carolina Central University, the University of North Carolina at Pembroke, and Winston-Salem  
35 State University. The Collaboratory shall establish an application process and criteria for research  
36 grants that include a focus on areas within the Collaboratory's mission of facilitating research  
37 related to the environmental and economic components of the management of the natural  
38 resources within the State and of new technologies for habitat, environmental, and water quality  
39 improvements and other areas of public health.

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

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

50

1 **COLLABORATORY/2021 WATER SAFETY ACT/FIREFIGHTING FOAM**  
2 **REGISTRY**

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

- 10 (1) Conduct both targeted and nontargeted analysis for per- and poly-fluoroalkyl  
11 substances (PFAS), including the chemical known as "GenX," through a  
12 continuation of the North Carolina PFAS Testing Network (Network).
- 13 (2) With respect to PFAS, including GenX, conduct (i) statewide water sampling,  
14 testing, and monitoring, (ii) statewide air sampling, testing, and monitoring,  
15 (iii) toxicology work in cellular and mammalian models, as well as monitoring  
16 levels and health effects of the citizens of North Carolina, and (iv) data  
17 management, analysis, and dissemination.
- 18 (3) Develop and deploy technologies to mitigate exposure to PFAS, including  
19 GenX, and health impacts from such exposure.
- 20 (4) Evaluate and pursue other research opportunities with respect to PFAS,  
21 including GenX, using relevant faculty expertise, technology, and  
22 instrumentation.

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

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

31 **SECTION 8.10.(c)** Of the funds appropriated by this act to the Board of Governors  
32 of The University of North Carolina to be allocated to the University of North Carolina at Chapel  
33 Hill for the Collaboratory, the sum of twelve million seven hundred fifty thousand dollars  
34 (\$12,750,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used by the  
35 Collaboratory to manage and implement the requirements of subsections (a) through (e) of this  
36 section, which shall include distribution to the Collaboratory (i) to cover costs incurred as a result  
37 of these activities, (ii) for acquisition or modification of essential scientific instrumentation and  
38 maintenance, and (iii) for payments of costs for sample collection and analysis, training or hiring  
39 of research staff and other personnel, method development activities, and data management,  
40 including dissemination of relevant data to stakeholders. Participating institutions receiving any  
41 funds under this subsection may not use any of the funds for overhead or other indirect costs.  
42 Funds allocated under this subsection shall not revert but shall remain available for nonrecurring  
43 expenditures. The provisions of Article 3 of Chapter 143 of the General Statutes, G.S. 116-31.10,  
44 G.S. 143-129, and other relevant policies and guidelines related to those provisions shall not  
45 apply to the purchase of apparatus, supplies, material, personnel, contract, or equipment with any  
46 of the funds allocated under this section.

47 **SECTION 8.10.(d)** Of the funds allocated under subsection (c) of this section, a  
48 minimum of ten million dollars (\$10,000,000) shall be directed to development within The  
49 University of North Carolina of a technology, or technologies, that utilizes water filtration or  
50 other chemical or physical technologies to remove or mitigate the presence of PFAS, including  
51 GenX, from water supplies where it is present. The technology shall be developed so that it can

1 be deployed at three separate water supply locations at which analytical data demonstrates that  
2 PFAS contamination exists in order to test the efficacy of the technology, or technologies, as  
3 follows: (i) a publicly owned water treatment plant that provides drinking water from the Cape  
4 Fear River, (ii) a publicly owned wastewater treatment plant that discharges into the Cape Fear  
5 River, or a surface water body that flows into the Cape Fear River, and (iii) a location in either  
6 the Castle Hayne or the PeeDee aquifer that is utilized for drinking water. Each of these three  
7 sites shall be selected by the Collaboratory in consultation with faculty and staff from institutions  
8 of higher education in the State identified by the Collaboratory pursuant to subsection (a) of this  
9 section. All units of State and local government shall cooperate and assist with the placement,  
10 integration, operation, testing, and assessment of technology, or technologies, developed and  
11 deployed for the duration of any pilot testing authorized and funded under subsection (a) of this  
12 section.

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

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

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

- 27 (1) Ten percent (10%) to the General Fund.
- 28 (2) Forty percent (40%) to the inventor or inventors of such technologies.
- 29 (3) Fifty percent (50%) to the University of North Carolina at Chapel Hill to be  
30 divided as follows: (i) two-fifths into a general patent/licensure fund to be  
31 used at the constituent institution's discretion, (ii) two-fifths to the home  
32 academic department or department of the inventor or inventors of such  
33 technologies, and (iii) one-fifth to the Collaboratory to fund ongoing  
34 PFAS-related research and technology development.

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

37 "Article 82B.

38 "Management of Aqueous Film-Forming Foams.

39 **"§ 58-82B-1. Findings.**

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

47 **"§ 58-82B-5. Reporting requirement.**

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

- 1 (1) Provide an inventory of all AFFF at each department.
- 2 (2) Identify all AFFF no longer utilized at each department that should be
- 3 properly disposed of.
- 4 (3) Report annually in summary form and within 15 days individually every
- 5 incident where AFFF were deployed. Both the annual summary report and the
- 6 individual incident reports shall utilize the online portal created as directed by
- 7 G.S. 58-82B-10.

8 **"§ 58-82B-10. Duties of Office of the State Fire Marshal.**

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

- 10 (1) Educate and inform every fire department it regulates of the reporting
- 11 requirements imposed by this Article.
- 12 (2) Assist the North Carolina Collaboratory, established under G.S. 116-255, in
- 13 the development of an online reporting portal for fire departments operated,
- 14 regulated, or managed by one or more units of State and local government,
- 15 including those located at or serving public airports, with the requirements of
- 16 this Article.
- 17 (3) Adopt rules to implement the requirements of this Article. OSFM may adopt
- 18 temporary rules and shall adopt permanent rules no later than January 1, 2023.

19 **"§ 58-82B-15. Report.**

20 The Office of the State Fire Marshal (OSFM) shall report annually to the Environmental

21 Review Commission no later than September 1 of each year on the utilization and inventory of

22 AFFF by fire departments across the State during the previous fiscal year based on the reporting

23 requirements of this Article."

24 **SECTION 8.10.(i)** The Collaboratory, in partnership with the Office of the State Fire

25 Marshal (OSFM) and any unit of State and local government deemed relevant by the

26 Collaboratory, shall develop and maintain the online reporting portal as required by

27 G.S. 58-82B-10, as enacted by subsection (h) of this section, and G.S. 116-255(b)(6), as enacted

28 by Section 8.8 of this act. The portal shall consist of an online reporting tool and related database

29 that captures the storage and deployment of Aqueous Film-Forming Foams (AFFF) by fire

30 departments in the State that are operated, managed, or overseen by units of local government,

31 including those located at or serving public airports. The reporting tool shall be easily accessible

32 to firefighters and fire department personnel to upload the data. The required inventory data shall

33 include, at a minimum, the following:

- 34 (1) The number of trucks at each department that carry AFFF and the volume,
- 35 trade name, and Chemical Abstract Service (CAS) number of the AFFF on
- 36 each truck.
- 37 (2) The fire station, including street address, where each truck is located.
- 38 (3) The volume, trade name, and CAS number of AFFF stored by each fire
- 39 department or unit of local government at a station or other location, as well
- 40 as the address of each location where AFFF are stored.
- 41 (4) The volume, trade name, and CAS number of AFFF products that are no
- 42 longer utilized and could be removed from inventory for disposal.
- 43 (5) The volume of AFFF used by each fire department annually, including all of
- 44 the following:
  - 45 a. The date, time, and location, including street address and GPS
  - 46 coordinates, where AFFF was deployed, and the trade name and CAS
  - 47 number of the AFFF used.
  - 48 b. The total volume of AFFF deployed, including gallons of foam and
  - 49 gallons of water and total concentration of foam.

1 c. The reason for the deployment of AFFF, such as firefighting, fire  
2 prevention, other emergency response actions intended to protect  
3 property or public safety, training, or an accidental spill.

4 (6) A photograph of the label and the container of the foam. For the purpose of  
5 this subdivision, a photograph includes an electronic image produced by the  
6 camera of an electronic device.

7 (7) Any other data deemed relevant by the Collaboratory to establish a statewide  
8 inventory of AFFF used for fighting fires or firefighter training.

9 OSFM and all units of local government shall provide any information or assistance  
10 requested by the Collaboratory to acquire, compile, manage, interpret, and maintain the data  
11 required by this section. The tool and database required by this section shall be online and  
12 operational no later than January 1, 2023.

### 13 14 **COLLABORATORY/STUDY OF THE COASTAL AND MARINE FISHERIES OF THE** 15 **STATE**

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

- 22 (1) Bay Scallop.
- 23 (2) Blue Crab.
- 24 (3) Eastern Oyster.
- 25 (4) Estuarine Striped Bass.
- 26 (5) Hard Clam.
- 27 (6) Kingfishes.
- 28 (7) Red Drum.
- 29 (8) River Herring.
- 30 (9) Sheepshead.
- 31 (10) Shrimp.
- 32 (11) Southern Flounder.
- 33 (12) Spotted Seatrout.
- 34 (13) Striped Mullet.

35 The Collaboratory shall analyze trends through time spanning the last few decades or  
36 longer to assess and develop policy recommendations to better manage the overall health and  
37 viability of the State's fisheries and fisheries' habitats. The Department of Environmental Quality,  
38 the Wildlife Resources Commission, other agencies of the State, and units of local government  
39 shall provide any assistance requested by the Collaboratory to acquire and compile data and  
40 complete the study required by this section. The Collaboratory shall provide the results of this  
41 study to the Environmental Review Commission no later than June 30, 2023.

42 **SECTION 8.11.(b)** In its expenditure of the one million dollars (\$1,000,000) in  
43 recurring funds appropriated in this act for the 2021-2022 fiscal year to the Board of Governors  
44 of The University of North Carolina and allocated to the Collaboratory for research projects, the  
45 Collaboratory shall prioritize funding for the study of the coastal and marine fisheries of the State  
46 described in subsection (a) of this section. These funds shall not revert to the General Fund at the  
47 end of the 2021-2022 fiscal year but shall remain available until the end of the 2022-2023 fiscal  
48 year.

### 49 50 **COLLABORATORY/COVID-19 RESEARCH INITIATIVES**

1           **SECTION 8.12.(a)** Of the funds appropriated in this act from the State Fiscal  
2 Recovery Fund to the Board of Governors of The University of North Carolina to be allocated to  
3 the University of North Carolina at Chapel Hill for the North Carolina Collaboratory  
4 (Collaboratory), the Collaboratory shall facilitate among various entities research and activities  
5 related to monitoring, assessing, and addressing the public health and economic impacts of  
6 COVID-19, including, but not limited to, (i) best practices and strategies to maximize resources  
7 and achieve a comprehensive research response to COVID-19 and (ii) commercialization of  
8 technologies developed through academic research programs or academic partnerships. These  
9 funds shall not be used for indirect overhead costs.

10           **SECTION 8.12.(b)** Of the funds identified in subsection (a) of this section, fifteen  
11 million dollars (\$15,000,000) shall be used for a comprehensive convergent science grant  
12 program administered by the Collaboratory. Convergent science grants awarded pursuant to the  
13 program shall meet at least the following requirements:

14           (1) Grants shall be awarded to the following entities:

15           a. Business entities that meet all of the following requirements:

- 16           1. Are organized pursuant to the laws of this State as for-profit or  
17           nonprofit organizations.
- 18           2. Have their principal office in this State.
- 19           3. Would benefit from academic research partnerships.
- 20           4. Identify in their grant applications one or more academic  
21           research partners that are (i) affiliated with institutions of  
22           higher education located in this State and (ii) connected to the  
23           applied research and development activities the business  
24           entities describe in their grant applications.

25           b. Academic research partners identified pursuant to sub-sub-subdivision  
26           4. of sub-subdivision a. of this subdivision.

27           (2) Grant funds shall support applied research regarding the development of  
28           technology that meets the purposes of this section.

29           (3) No single business entity shall receive grant funds in excess of two million  
30           five hundred thousand dollars (\$2,500,000).

31           (4) The Collaboratory shall provide smaller grants to business entities, as needed,  
32           in amounts per business entity ranging from two hundred fifty thousand  
33           dollars (\$250,000) to one million dollars (\$1,000,000).

34           (5) No single academic research partner, including an academic research partner  
35           with a multi-campus team, shall receive a grant in excess of twenty percent  
36           (20%) of the total grant funds awarded to its partner business entity pursuant  
37           to this section. An academic research partner that is affiliated with multiple  
38           business entities may receive multiple grants.

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

#### 46 **AP FEES FOR NCSSM/UNCSA HS STUDENTS**

47           **SECTION 8.13.(a)** Part 5 of Article 1 of Chapter 116 of the General Statutes is  
48 amended by adding a new section to read:

49 **"§ 116-43.30. Advanced Placement courses for secondary school students.**  
50

1       (a)     It is the intent of the State to enhance accessibility and encourage secondary school  
2 students to enroll in and successfully complete more rigorous Advanced Placement courses to  
3 enable success in postsecondary education for all students. To attain this goal, to the extent funds  
4 are made available for this purpose, secondary school students enrolled in the North Carolina  
5 School of Science and Mathematics and the high school academic program at the University of  
6 North Carolina School of the Arts shall be exempt from paying any fees for registration and  
7 administration of examinations for Advanced Placement courses in which the student is enrolled,  
8 regardless of the score the student achieves on an examination.

9       (b)     The University of North Carolina System Office shall report annually by December  
10 15 to the Senate Appropriations Committee on Education/Higher Education, the House  
11 Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative  
12 Education Oversight Committee on Advanced Placement course information for the North  
13 Carolina School of Science and Mathematics and the high school academic program at the  
14 University of North Carolina School of the Arts. The report shall include, at a minimum, the  
15 following information from the prior fiscal year:

- 16           (1)     Number of students enrolled in Advanced Placement courses and participating  
17 in Advanced Placement course examinations, including demographic  
18 information by gender and race.
- 19           (2)     Student performance on Advanced Placement course examinations, including  
20 information by course and school.
- 21           (3)     Amount of State funds expended for fees for Advanced Placement courses by  
22 school."

23       **SECTION 8.13.(b)** Of the funds appropriated to the Board of Governors of The  
24 University of North Carolina in this act for the 2021-2022 fiscal year for test fees for Advanced  
25 Placement courses for secondary school students, the North Carolina School of Science and  
26 Mathematics and the University of North Carolina School of the Arts shall reimburse secondary  
27 school students for all fees already paid by a student for the registration and administration of  
28 examinations for Advanced Placement courses in which the student has enrolled in the  
29 2021-2022 school year, regardless of the score the student achieves on the examination. For  
30 purposes of this subsection, the term "secondary school students" refers to students enrolled in  
31 the North Carolina School of Science and Mathematics and the high school academic program  
32 at the University of North Carolina School of the Arts.

33       **SECTION 8.13.(c)** The initial report required pursuant to G.S. 116-43.30(b) shall be  
34 submitted to the Senate Appropriations Committee on Education/Higher Education, the House  
35 Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative  
36 Education Oversight Committee by December 15, 2022.

## 37 38 **CHANGES TO UNC CARRYFORWARD AUTHORITY**

39       **SECTION 8.15.** G.S. 116-30.3 reads as rewritten:

### 40 **"§ 116-30.3. Reversions.**

41       (a)     Of the General Fund current operations appropriations credit balance remaining at the  
42 end of each fiscal year in each of the budget codes listed in this subsection, any amount of the  
43 General Fund appropriation for that budget code for that fiscal year (i) may be carried forward  
44 to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may  
45 be used for the ~~purpose-purposes~~ set out in subsection (f) of this section. However, the amount  
46 carried forward in each budget code under this subsection shall not exceed ~~five percent (5.0%)~~  
47 two and one-half percent (2.5%) of the General Fund appropriation in that budget code. The  
48 Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General  
49 Fund current operations credit balance remaining in each budget code.



1 The budget codes that may carry forward a General Fund current operations appropriations  
2 credit balance remaining at the end of each fiscal year pursuant to this section are the budget  
3 codes for each of the following:

- 4 (1) Each special responsibility constituent institution.
- 5 (2) The Area Health Education Centers of the University of North Carolina at  
6 Chapel Hill.
- 7 (3) University of North Carolina System Office Budget Code 16010.

8 ~~Each budget code in subdivisions (1) through (3) of this subsection may retain a carryforward~~  
9 ~~amount of up to two and one half percent (2.5%). One half of any amounts carried forward~~  
10 ~~exceeding two and one half percent (2.5%) shall be distributed to The University of North~~  
11 ~~Carolina System Office, to be disbursed to the constituent institutions at the discretion of the~~  
12 ~~Board of Governors, with the remaining amount being retained in that budget code.~~

13 (b) Repealed by Session Laws 1998-212, s. 11(b).

14 (c) Repealed by Session Laws 1998-212, s. 11(a).

15 (d) Repealed by Session Laws 1998-212, s. 11(b).

16 (e) Repealed by Session Laws 2014-100, s. 11.17(a), effective July 1, 2014.

17 (f) Funds carried forward pursuant to subsection (a) of this section ~~shall be used for~~  
18 ~~projects that are eligible to receive funds under G.S. 143C-8-13(a). Expenditures may be used~~  
19 ~~for one-time expenditures; provided, however, expenditures authorized by this subsection shall~~  
20 ~~not impose additional financial obligations on the State and shall not be used to support~~  
21 ~~positions."~~

## 22

### 23 CTP POSTSECONDARY SCHOLARSHIP PROGRAM

24 SECTION 8.16.(a) Chapter 116 of the General Statutes is amended by adding a new  
25 Article to read:

#### 26 "Article 35A.

#### 27 "Comprehensive Transition Postsecondary (CTP) Scholarships.

#### 28 "**§ 116-295. Comprehensive Transition Postsecondary Scholarship Program established;** 29 **administration of scholarships.**

30 (a) Program Established. – There is established the Comprehensive Transition  
31 Postsecondary (CTP) Scholarship Program to provide scholarships to full-time North Carolina  
32 students with intellectual disabilities enrolled in certificate accomplishment programs at  
33 constituent institutions of The University of North Carolina that are approved by the United  
34 States Department of Education as a CTP Program, pursuant to the Higher Education  
35 Opportunity Act of 2008, 20 U.S.C. §§ 1140f through 1140i.

36 (b) Administration of the Program. – The University of North Carolina System Office  
37 shall administer the CTP Scholarship Program, in consultation and collaboration with the  
38 constituent institutions, pursuant to policies adopted by the governing body of the constituent  
39 institutions that are consistent with the requirements of this Article.

#### 40 "**§ 116-296. Comprehensive Transition Postsecondary Scholarship Fund established;** 41 **administration of fund.**

42 (a) Fund Established. – There is established the Comprehensive Transition  
43 Postsecondary (CTP) Scholarship Fund to be used to fund scholarships awarded pursuant to this  
44 Article. All funds appropriated for the program, all returned scholarship monies, and all interest  
45 earned on these funds shall be placed in the Fund. Scholarship funds that are unexpended at the  
46 end of each fiscal year shall not revert to the General Fund but shall remain available for the  
47 award of scholarships under this Article.

48 (b) Administration of Fund. – The University of North Carolina System Office, in  
49 collaboration with the constituent institutions, shall administer the CTP Scholarship Fund.

#### 50 "**§ 116-297. Student eligibility; award of scholarships.**

1 (a) Eligibility. – To be eligible for a scholarship under this Article, a student must meet  
2 all of the following conditions:

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

7 (2) Meet enrollment standards by being admitted, enrolled, and classified as a  
8 full-time student in the Integrative Community Studies CTP Program at the  
9 constituent institution.

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

13 (b) Award of Scholarships; Reduction to Award. – Subject to the availability of funds in  
14 the Comprehensive Transition Postsecondary (CTP) Scholarship Fund established under  
15 G.S. 116-316, scholarships shall be awarded to eligible students in an amount to cover the cost  
16 of attendance in the CTP program at the constituent institution. If a student who is eligible for a  
17 scholarship under this section also receives a scholarship or other grant covering the cost of  
18 attendance, then the amount of the scholarship shall be reduced by an appropriate amount  
19 determined by the constituent institution so that the total amount of scholarships and grants  
20 received by the student does not exceed the cost of attendance. The cost of attendance shall be  
21 determined by the constituent institution. In the event there are not sufficient funds available for  
22 scholarships for each eligible student to cover the cost of attendance, the constituent institution  
23 may adjust the distribution of the amount of scholarships as necessary in an academic year."

24 **SECTION 8.16.(b)** This section becomes effective beginning with the 2022-2023  
25 academic year.

## 26 **UNC SYSTEM EDUCATIONAL CAREER ALIGNMENT**

27 **SECTION 8.17.(a)** The Board of Governors of The University of North Carolina  
28 shall contract with an independent research organization to conduct an evaluation of its current  
29 programs at each constituent institution of The University of North Carolina related to its  
30 operational costs, student outcomes, and return on investment (ROI) of each program. The  
31 evaluation conducted by the independent research organization shall include an analysis of at  
32 least the following information by constituent institution and undergraduate and graduate degree  
33 programs:

34 (1) The number of students in each program.

35 (2) The number of faculty and other staff employed for each program.

36 (3) The related costs to operate each program, inclusive of total staff  
37 compensation and benefits, facility costs, and any other related expenses,  
38 including overhead.

39 (4) A detailed correlation between degree of study and directly related career roles  
40 and associated expected starting compensation, as well as expected career  
41 earnings for students upon completion of those programs.

42 (5) A detailed ROI for each program.

43 (6) ROI for State funding expenditures.

44 (7) ROI for student funding expenditures.

45 **SECTION 8.17.(b)** Two years from the date this act becomes law, the Board of  
46 Governors shall report to the Senate Appropriations Committee on Education/Higher Education,  
47 the House Appropriations Committee on Education, the Joint Legislative Education Oversight  
48 Committee, and the Fiscal Research Division of the General Assembly on the results of the  
49 evaluation conducted by the independent research organization pursuant to subsection (a) of this  
50 section.  
51

1  
2 **COLLABORATORY/STUDY OF A CYANOBACTERIAL ALGAL BLOOM**  
3 **TREATMENT**

4 **SECTION 8.18.(a)** Findings. – The General Assembly finds it is in the best interests  
5 of the State, upon consideration of bids and proposals by any agencies of the State bound by the  
6 North Carolina Administrative Code on procurement, to remediate and prevent cyanobacterial  
7 harmful algal blooms in the lakes and reservoirs of North Carolina by selecting an in situ  
8 treatment of the nutrient impaired surface waters in lakes and reservoirs through giving  
9 preference to those vendors who comply with the following specifications, which is to be  
10 considered as constituting the best practices for cyanobacterial harmful algal bloom remediation  
11 and prevention in North Carolina waters:

- 12 (1) The technology employed must be approved by the United States  
13 Environmental Protection Agency and certified to meet or exceed The  
14 American National Standards for health effects of drinking water treatment  
15 chemicals (NSF/ANSI/CAN 60) and be registered for application by the State.
- 16 (2) A vendor must have previous experience treating water bodies larger than  
17 1,000 acres with proven success in the United States.
- 18 (3) A treatment aim must be to reduce cyanotoxins in the water to less than  
19 harmful levels.
- 20 (4) A treatment technology employed must be ready to use without limitation of  
21 size or shape of the waterbody.
- 22 (5) A preference must be given to employment of technology allowing for  
23 application under emergency situations and within less than 96 hours from  
24 approval.
- 25 (6) A preference must be given to products that are modular and can be used as a  
26 preventative measure.
- 27 (7) A preference must be given to products that are quick and easy to apply and  
28 are safe to the applicator.
- 29 (8) A preference must be given to products that float on the surface of the water  
30 and do not sink immediately to the bottom of the water column and are not  
31 diminished in effectiveness by mixing with sediment.
- 32 (9) A preference must be given to products that are distributed autonomously  
33 across the water body after a localized application.
- 34 (10) A preference must be given to products with a time release mechanism that  
35 applies constant and prolonged oxidative stress of the cyanobacteria triggered  
36 by the programmed cell death signaling cascade resulting in their collapse.
- 37 (11) A preference must be given for products manufactured in the United States.

38 **SECTION 8.18.(b)** The North Carolina Policy Collaboratory at the University of  
39 North Carolina at Chapel Hill (Collaboratory) shall evaluate the effectiveness and efficacy of an  
40 approved in situ treatment of the nutrient impaired surface waters in lakes and reservoirs on  
41 cyanobacterial harmful algal blooms under subsection (a) of this section. The Collaboratory shall  
42 report the results of the evaluation no later than April 1, 2023, to the Joint Legislative Oversight  
43 Committee on Agriculture and Natural and Economic Resources; the chairs of the House of  
44 Representatives Appropriations Committee on Agriculture and Natural and Economic  
45 Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and  
46 Economic Resources; and the Fiscal Research Division.

47 **SECTION 8.18.(c)** The nonrecurring funds appropriated in this act for the  
48 2021-2022 fiscal year to the Board of Governors of The University of North Carolina and  
49 allocated to the Collaboratory for the study of a cyanobacterial algal bloom treatment provided  
50 in subsection (b) of this section shall not revert to the General Fund at the end of the 2021-2022  
51 fiscal year but shall remain available until expended.

**NC PATRIOT STAR FAMILY RECOVERY SCHOLARSHIP PROGRAM**

**SECTION 8.19.(a)** Program Established. – Of the funds appropriated by this act from the State Fiscal Recovery Fund to the Board of Governors of The University of North Carolina for the North Carolina Patriot Star Family Recovery Scholarship Program (Program), the Board of Governors shall make funds available to (i) the Patriot Foundation, a nonprofit corporation, and (ii) the Marine Corps Scholarship Foundation, Inc., a nonprofit corporation, for the purpose of establishing and administering scholarships under the NC Patriot Star Family Recovery Scholarship Program in accordance with the requirements of this section.

**SECTION 8.19.(b)** Purpose of the Program. – The Patriot Foundation and the Marine Corps Scholarship Foundation, Inc., respectively, shall provide for scholarships under the Program to eligible children, eligible spouses of certain veterans, eligible children of certain currently serving members of the Armed Forces, and eligible disabled veterans to attend eligible postsecondary institutions to help remediate the impacts of the COVID-19 pandemic so that individuals who meet certain income criteria can recover learning and achieve credential and degree attainment.

**SECTION 8.19.(c)** Definitions. – For the purposes of this section, the following definitions apply:

- (1) Armed Forces. – A component of the United States Army, Navy, Marine Corps, Air Force, and Coast Guard, including their reserve components.
- (2) Eligible child or eligible children. – Any person (i) who is a legal resident of North Carolina when scholarship documentation is completed, provided that if a child is claimed as a dependent by the child's parent, residency may be established based on a parent meeting sub-sub-subdivision 4. of sub-subdivision a. of this subdivision and (ii) whose parent is a veteran or a currently serving member of the Armed Forces that meets the following:
  - a. Meets one of the following residency conditions:
    1. Is a resident of North Carolina at the time of scholarship documentation completion.
    2. Was a resident of North Carolina at the time of entrance into service in the Armed Forces.
    3. Was permanently stationed in North Carolina at the time of his or her death.
    4. Is an active duty service member permanently stationed in North Carolina at the time of documentation completion.
  - b. Meets one of the following service conditions:
    1. Was a member of the Armed Forces who was killed in action or in the line of duty or died of wounds or other causes not due to the service member's willful misconduct during a period of war, national emergency, or training in preparation for future conflicts and is a direct result of service in the line of duty.
    2. Was a member of the Armed Forces who died of service-connected injuries, wounds, illness, or other causes incurred or aggravated while a member of the Armed Forces during a period of war, national emergency, or training in preparation for future conflicts and is a direct result of service in the line of duty. Standard documentation of the parent's death, wounds, injury, or illness must be supplied by a scholarship recipient at the time of scholarship request.
    3. Is a veteran of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member

- 1 of the Armed Forces during a period of war, national  
2 emergency, or training in preparation for future conflicts and  
3 is a direct result of service in the line of duty and is receiving  
4 compensation for a wartime service-connected disability of at  
5 least fifty percent (50%) as rated by the U.S. Department of  
6 Veterans Affairs.
- 7 4. Is a current member of the Armed Forces who incurred  
8 traumatic injuries or wounds or sustained a major illness while  
9 a member of the Armed Forces during a period of war or  
10 national emergency. The parent's traumatic wounds, injury, or  
11 major illness must be documented by the member's Unit  
12 Commander.
- 13 (3) Eligible disabled veteran. – Any person who (i) is a veteran of the Armed  
14 Forces who incurred traumatic injuries or wounds or sustained a major illness  
15 while a member of the Armed Forces during a period of war or national  
16 emergency and is receiving compensation for a wartime service-connected  
17 disability of at least fifty percent (50%) as rated by the U.S. Department of  
18 Veterans Affairs and (ii) is a resident of North Carolina at the time of  
19 scholarship documentation completion.
- 20 (4) Eligible postsecondary institution. – A school that is any of the following:  
21 a. A constituent institution of The University of North Carolina.  
22 b. A community college under the jurisdiction of the State Board of  
23 Community Colleges.  
24 c. A private educational institution as defined in G.S. 143B-1224.  
25 d. A private vocational institution, including Federal Aviation  
26 Administration certificated aviation training programs.
- 27 (5) Eligible spouse. – Any person (i) who is a legal resident of North Carolina  
28 when scholarship documentation is completed and (ii) whose spouse meets  
29 one of the conditions set forth in sub-sub-subdivisions 1. through 3. of  
30 sub-subdivision b. of subdivision (2) of this subsection.
- 31 (6) Veteran. – An individual who has served and is no longer serving in the Armed  
32 Forces of the United States. For the purposes of this section, the veteran must  
33 have separated from the Armed Forces under honorable conditions or whose  
34 death or disability of at least fifty percent (50%) or more was incurred as a  
35 direct result of service in the line of duty.
- 36 **SECTION 8.19.(d)** Other Eligibility Requirements. – Any eligible child, eligible  
37 spouse, or eligible disabled veteran shall also meet the following conditions to be eligible for a  
38 scholarship under the Program:
- 39 (1) Has a household income of less than three hundred fifty percent (350%) of the  
40 federal poverty level. Veterans disability compensation and related  
41 compensation benefits received by a veteran shall not be included in  
42 calculating the income level of an applicant's household for the purposes of  
43 determining eligibility for a scholarship under the Program. An applicant shall  
44 provide any financial information necessary to the Patriot Foundation or the  
45 Marine Corps Scholarship Foundation, Inc., as appropriate, for the purposes  
46 of calculating income eligibility under this subdivision.
- 47 (2) Is attending or has been accepted to enroll in an eligible postsecondary  
48 institution.
- 49 (3) Has complied with the requirements of the Selective Service System, if  
50 applicable.

1           **SECTION 8.19.(e)** Administration; Awards. – Within the funds made available for  
2 the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each  
3 separately administer and award scholarships to eligible applicants in accordance with the  
4 requirements of the Program. In administering the Program, each nonprofit corporation shall be  
5 responsible for Program oversight for the scholarships awarded through its organization to ensure  
6 compliance with the provisions of this section. Each nonprofit corporation may contract with the  
7 State Education Assistance Authority (Authority) for administrative assistance for the Program.  
8 Each nonprofit corporation may use funds allocated to it under this section for any administrative  
9 costs associated with a contract with the Authority.

10           Each nonprofit corporation shall, at a minimum, establish criteria and procedures  
11 related to scholarship documentation completion, the amount of individual scholarships, the  
12 permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the  
13 conditions for a revocation of a scholarship, and any other procedures it deems necessary for its  
14 administration of the Program.

15           If a scholarship recipient receives a scholarship or other grant covering the cost of  
16 attendance at an eligible postsecondary institution for which the scholarship is awarded, then the  
17 amount of a scholarship awarded under this section shall be reduced so that the sum of all grants  
18 and scholarships covering the cost of attendance received by the recipient does not exceed the  
19 cost of attendance for the institution. For the purposes of this section, cost of attendance shall  
20 include monies for tuition, fees, books, supplies, and school-related expenses, including laptops,  
21 equipment, tutoring support, as well as room and board as long as the scholarship recipient is  
22 enrolled as at least a half-time student at the institution. Off-campus housing costs for room and  
23 board are also included to the extent the eligible postsecondary institution includes it in its cost  
24 of attendance.

25           **SECTION 8.19.(f)** Reporting. – The Patriot Foundation shall submit a report by  
26 April 1 of each year in which the Patriot Foundation spends federal funds made available for the  
27 Program to the Joint Legislative Education Oversight Committee, the Senate Appropriations  
28 Committee on Education/Higher Education, the House Appropriations Committee on Education,  
29 and the Fiscal Research Division on the activities related to the Program and the use of the funds  
30 through the deadline established by federal law and guidelines.

31           The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of  
32 each year in which the Marine Corps Scholarship Foundation spends federal funds made  
33 available for the Program to the Joint Legislative Education Oversight Committee, the Senate  
34 Appropriations Committee on Education/Higher Education, the House Appropriations  
35 Committee on Education, and the Fiscal Research Division on the activities related to the  
36 Program and the use of the funds through the deadline established by federal law and guidelines.  
37

## 38 **STUDENT BEEKEEPING GRANT PROGRAM**

39           **SECTION 8.20.(a)** North Carolina State University (NC State University) shall  
40 establish a Student Beekeeping Grant Program for the 2021-2022 fiscal year to provide grants to  
41 create beekeeping programs for high school chapters of Future Farmers of America (FFA)  
42 located in this State, in accordance with the following:

- 43           (1) Expenses eligible for funding from a grant under this section shall include the  
44 purchase of any of the following:
  - 45           a.       Woodenware and other materials necessary to house honeybee  
46 colonies, including hive bodies, supers, top and bottom boards, inner  
47 covers, and frames.
  - 48           b.       Protective gear and other equipment necessary for the practice of  
49 beekeeping.
  - 50           c.       Queens, honeybee packages, and nucleus colonies.

1 d. Eligible educational expenses for no more than two persons per grant.  
2 For purposes of this subdivision, an eligible educational expense  
3 means registration and materials for a course designed to assist the  
4 participant to become a beekeeper certified by the North Carolina State  
5 Beekeepers Association.

6 (2) NC State University shall ensure that no more than one thousand five hundred  
7 dollars (\$1,500) per county is available to FFA chapters at high schools in that  
8 county. FFA chapters shall be responsible for matching the grant received in  
9 a manner and amount as NC State University may specify.

10 (3) NC State University shall provide for a recovery of the grant award if the  
11 beekeeping program funded by the grant is not maintained for at least three  
12 school years.

13 **SECTION 8.20.(b)** Of the funds appropriated by this act to the Board of Governors  
14 of The University of North Carolina for the 2021-2022 fiscal year to be allocated to North  
15 Carolina State University for the Student Beekeeping Grant Program, North Carolina State  
16 University may spend up to fifteen thousand dollars (\$15,000) for administrative costs, including  
17 the costs of promoting the program to potential grantees.

#### 18 **TRANSFER POSITION FROM NCCU TO OSHR**

19 **SECTION 8.22.** As part of the certification of the budget for the 2021-2023 fiscal  
20 biennium, The University of North Carolina System Office, in consultation with the Office of  
21 State Budget and Management, shall transfer position number 6503074 and associated costs from  
22 North Carolina Central University to the Office of State Human Resources in accordance with  
23 the agency agreement approved on August 15, 2003, entitled "Operating Budget Revision –  
24 DLS-1311-Transfer Position to NCCU."  
25

#### 26 **FOOD INNOVATION LAB FUNDS**

27 **SECTION 8.23.** The nonrecurring funds appropriated by this act for the 2021-2022  
28 fiscal year to the Board of Governors of The University of North Carolina for the North Carolina  
29 Food Innovation Lab at the NC Research Campus in Kannapolis shall not revert to the General  
30 Fund at the end of the fiscal year but shall remain available until expended.  
31

#### 32 **KITTY HAWK PUBLIC-PRIVATE PARTNERSHIP PROJECT FOR DIGITAL 33 LEARNING AND CAREER DEVELOPMENT IN RESPONSE TO THE COVID-19 34 PANDEMIC**

35 **SECTION 8.24.(a)** The General Assembly finds that:

36 (1) Postsecondary enrollment has declined during the COVID-19 pandemic,  
37 particularly among low-income and minority students

38 (2) Providing a digital learning option for postsecondary education is critical to  
39 reach students who were forced off campus and into the workforce by  
40 education changes caused by the COVID-19 pandemic.

41 (3) The University of North Carolina is well-positioned to provide enhanced  
42 postsecondary learning and career advancement opportunities to citizens of  
43 this State.

44 (4) It is of salient importance that higher education in North Carolina generate  
45 postsecondary learning and career advancement opportunities for individuals  
46 whose postsecondary education was impacted by the COVID-19 pandemic.

47 (5) It is vital for The University of North Carolina to immediately work toward  
48 (i) enhancing digital learning programs offered by the constituent institutions  
49 of The University of North Carolina and (ii) meeting postsecondary  
50 attainment goals consistent with G.S. 116C-10, which sets the goal that  
51

1 2,000,000 residents between the ages of 25 and 44 will have completed a  
2 high-quality credential or postsecondary degree by 2030.

3 **SECTION 8.24.(b)** Of the funds appropriated in this act from the State Fiscal  
4 Recovery Fund to the Board of Governors of The University of North Carolina for the 2021-2022  
5 fiscal year, the sum of ninety-seven million dollars (\$97,000,000) shall be allocated to support  
6 digital learning and career development programs offered by constituent institutions of The  
7 University of North Carolina through the Project Kitty Hawk public-private partnership (Project  
8 Kitty Hawk).

9 **SECTION 8.24.(c)** Project Kitty Hawk shall be conducted by a nonprofit corporation  
10 created in accordance with this section and G.S. 116-30.20. The nonprofit corporation shall  
11 include in its corporate bylaws that the organization will be governed by a board of directors  
12 consisting of nine members, as follows:

- 13 (1) Two ex officio voting members as follows:  
14 a. The President of The University of North Carolina.  
15 b. The Chair of the Board of Governors of The University of North  
16 Carolina.  
17 (2) Seven voting members appointed by the Board of Governors, in consultation  
18 with the President of The University of North Carolina, as follows:  
19 a. Three members who shall be chancellors or chief academic officers of  
20 constituent institutions of The University of North Carolina.  
21 b. Four members who shall be individuals having experience in business  
22 management, higher education, or both.

23 **SECTION 8.24.(d)** Beginning March 1, 2022, and annually thereafter:

- 24 (1) The nonprofit corporation board of directors shall report to the General  
25 Assembly on its activities, corporate performance, and any other relevant  
26 matters pertaining to its corporate mission.  
27 (2) The University of North Carolina System Office shall report to the Senate  
28 Appropriations Committee on Education/Higher Education, the House  
29 Appropriations Committee on Education, the Joint Legislative Education  
30 Oversight Committee, and the Fiscal Research Division regarding the  
31 public-private partnership established under this section and the progress  
32 made toward reaching the State's digital learning attainment goals. The report  
33 shall include information on the development and implementation of online  
34 degree programs in collaboration with constituent institutions, including  
35 participation by constituent institutions, student demographics for course  
36 enrollment, tuition receipts and fees for online courses, and completion of  
37 student degree programs through digital courses by institution.

38 **SECTION 8.24.(e)** G.S. 116-11(9) is amended by adding a new sub-subdivision to

39 read:

- 40 "e. Digital learning student credit hours provided with the support of a  
41 nonprofit corporation established by The University of North Carolina  
42 System Office pursuant to G.S. 116-30.20 shall not be included in an  
43 enrollment change funding request under sub-subdivision a1. of this  
44 subdivision."

45 **SECTION 8.24.(f)** G.S. 116-36.1(g) is amended by adding a new subdivision to

46 read:

- 47 "(13) Moneys received by an institution as tuition for digital learning programs  
48 provided with the support of a nonprofit corporation established by The  
49 University of North Carolina System Office pursuant to G.S. 116-30.20."

50

51 **NC PROMISE/ADD FAYETTEVILLE STATE**



1           **SECTION 8.25.(a)** G.S. 116-143.11 reads as rewritten:

2   "**§ 116-143.11. NC Promise Tuition Plan; State "buy down" of certain financial obligations;**  
3   **annual report.**

4       (a)    The NC Promise Tuition Plan shall be established and implemented as provided by  
5 this section. Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The  
6 University of North Carolina shall set the rate of undergraduate tuition for Elizabeth City State  
7 University, the University of North Carolina at Pembroke, Fayetteville State University, and  
8 Western Carolina University as follows: ~~beginning with the 2018 fall academic semester~~, the rate  
9 of tuition for students deemed to be North Carolina residents for purposes of tuition shall be five  
10 hundred dollars (\$500.00) per academic semester and the rate of tuition for nonresident students  
11 shall be two thousand five hundred dollars (\$2,500) per academic semester.

12       (b)    Notwithstanding any other provision of law, the State shall "buy down" the amount  
13 of any financial obligation resulting from the established tuition rate that may be incurred by  
14 Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State  
15 University, and Western Carolina University.

16       (c)    When implementing the provisions of this section, the Board of Governors shall give  
17 due consideration to maintaining the unique historical character of each institution, including  
18 service to students who are first generation, college-going, economically disadvantaged, or  
19 minority.

20       (d)    By ~~October 1, 2018, and by~~ October 1 of each ~~year thereafter, year,~~ the Board of  
21 Governors and the chancellors of Elizabeth City State University, the University of North  
22 Carolina at Pembroke, Fayetteville State University, and Western Carolina University,  
23 respectively, shall submit a report to the Joint Legislative Education Oversight Committee, the  
24 House Appropriations Committee on Education, the Senate Appropriations Committee on  
25 Education/Higher Education, and the Fiscal Research Division on the amount of any financial  
26 obligation resulting from the established tuition rate incurred at each constituent institution and  
27 at least the following information for the fiscal year:

28           (1)   The amount required to offset the forgone tuition receipts at each of the ~~three~~  
29               four constituent institutions as a result of the tuition rate established by this  
30               section and how those funds were allocated to each constituent institution.

31           (2)   The number of enrolled resident students at each constituent institution.

32           (3)   The number of enrolled nonresident students at each constituent institution."

33       **SECTION 8.25.(b)** Notwithstanding G.S. 116-143.11(d), as amended by this  
34 section, the initial report for Fayetteville State University shall be submitted by October 1, 2022.

35       **SECTION 8.25.(c)** This section applies beginning with the 2022-2023 academic  
36 year.  
37

## 38   **ESTABLISH STANDARDS AND PILOT PROGRAM FOR HIGHLY TREATED** 39   **WASTEWATER**

40       **SECTION 8.26.(a)** The following definitions apply in this section:

41       (1)   Highly treated wastewater. – Effluent discharged from a wastewater system  
42 that is designed and operated to meet the following standards:

43           a.    With respect to the carbonaceous biological oxygen demand  
44               (CBOD<sub>5</sub>), 10mg/L.

45           b.    With respect to NH<sub>3</sub>, 10mg/L.

46           c.    With respect to total nitrogen, 10mg/L, or a minimum of sixty percent  
47               (60%) reduction from the influent total Kjeldahl nitrogen.

48           d.    With respect to total phosphorus, 5mg/L, unless discharged into  
49               nutrient sensitive waters.

50           e.    With respect to fecal coliforms, 10 colonies/100mL.

51           f.    Capture and removal of residual sludge and biogases.

1 g. With respect to total suspended solids, less than or equal to 10mg/L.

2 (2) Wastewater system. – Defined in G.S. 130A-334.

3 **SECTION 8.26.(b)** Funds allocated from the State Fiscal Recovery Fund to the  
4 Board of Governors of The University of North Carolina for the Innovative Highly Treated  
5 Wastewater Pilot Program (Program) shall be provided to the North Carolina Policy  
6 Collaboratory at the University of North Carolina at Chapel Hill (Collaboratory) to establish the  
7 Program as described in this subsection. The Collaboratory may use up to one million dollars  
8 (\$1,000,000) of the funds allocated by this subsection for research and administrative costs  
9 related to the Program, of which up to two hundred thousand dollars (\$200,000) may be used to  
10 reimburse the Department of Environmental Quality for its administrative costs. Project funding  
11 from the funds allocated by this section is limited to the lesser of forty percent (40%) of the total  
12 project cost or four million dollars (\$4,000,000). In implementing the Program, the Collaboratory  
13 shall do the following:

14 (1) Review and evaluate wastewater systems producing highly treated  
15 wastewater, either as a single unit or as a combination of treatment devices for  
16 suitability as a wastewater treatment option for local governments, sanitary  
17 districts, or public authorities considered distressed, as defined by  
18 G.S. 159G-20, that (i) have no more than 10,000 customers or (ii) include  
19 residential or commercial developments or subdivisions that are unable to be  
20 served by existing wastewater systems.

21 (2) Identify no less than five local governments, sanitary districts, or public  
22 authorities meeting the criteria set forth in subdivision (1) of this subsection  
23 as participants in the Program.

24 (3) Work with Program participants to submit permit applications to the  
25 Department of Environmental Quality and, upon permit approval, to construct  
26 the wastewater systems.

27 (4) Conduct research and monitoring to quantify the efficacy of the wastewater  
28 systems funded and built as part of the Program. The Collaboratory shall share  
29 results of this research with Program participants and the Department.

30 **SECTION 8.26.(c)** The Department of Environmental Quality shall do the following  
31 with respect to entities receiving wastewater systems producing highly treated wastewater under  
32 subsection (b) of this section to the extent not inconsistent with its National Pollutant Discharge  
33 Elimination System permitting authority delegated from the United States Environmental  
34 Protection Agency:

35 (1) Review and qualify wastewater systems producing highly treated wastewater,  
36 either as a single unit or as a combination of treatment devices. The  
37 Department shall require the manufacturer of the wastewater system within  
38 five days of the qualification under this subdivision to file with the  
39 Department a performance bond or other surety with a minimum term of five  
40 years to be executed in favor of the permittee in the amount sufficient to cover  
41 system replacement. Operation, maintenance, abuse, or change in hydraulic  
42 flows or wastewater characteristics shall not be attached to the performance  
43 bond or surety.

44 (2) Work with the entities identified under subsection (b) of this section to permit  
45 the wastewater systems meeting the standards for highly treated wastewater  
46 set forth in subsection (a) of this section. The system must be consistent with  
47 the action plan developed by the entities as set forth in G.S. 159G-45(b)(3).

48 **SECTION 8.26.(d)** No later than December 1, 2024, the Collaboratory, with the  
49 assistance of the Department of Environmental Quality, shall provide a report to the  
50 Environmental Management Commission and the Environmental Review Commission  
51 evaluating the systems permitted under the pilot program established in this section. The report

1 shall assess the effectiveness of these systems compared to the systems previously operated by  
2 the local government, sanitary district, or public authority, along with suggestions for further  
3 legislation and rulemaking necessary to support the adoption of highly treated wastewater  
4 systems.

5 **SECTION 8.26.(e)** The Commission for Public Health shall adopt temporary and  
6 permanent rules to provide for approval of treatment system applications for use in the State and  
7 create benefits for systems producing higher wastewater treatment levels that are proportional  
8 and graduated. These rules shall include, at a minimum, the following:

- 9 (1) Subject to the requirements of subdivision (4) of this subsection, applications  
10 for provisional wastewater systems, as defined in G.S. 130A-343(a)(7), from  
11 manufacturers of wastewater systems with certification and listing for one or  
12 more years from a nationally recognized certification body, as defined in  
13 G.S. 130A-343(a)(6), shall be approved within 45 days of receipt of a  
14 complete application. The proposed wastewater system listed in the  
15 application shall be identical in design and features to the wastewater system  
16 certified and listed by the nationally recognized certification body.
- 17 (2) Subject to the requirements of subdivision (4) of this subsection, applications  
18 for proposed wastewater systems without certification and listing from a  
19 nationally recognized certification body, as defined in G.S. 130A-343(a)(6),  
20 shall be approved as provisional and shall allow the issuance of a maximum  
21 of 200 improvement permits and authorizations for wastewater system  
22 construction.
- 23 (3) Subject to the requirements of subdivision (4) of this subsection, applications  
24 for innovative status of a wastewater system shall be approved (i) after two  
25 years of certification and listing by a nationally recognized certification body  
26 and one year of field data in this State or other states or countries approved by  
27 DHHS or (ii) if not listed by a nationally recognized body, after completion  
28 of provisional status requirements in accordance with G.S. 130A-343(f). For  
29 systems receiving innovative status as a result of receiving national  
30 certification, those systems shall be identical to the system certified and listed  
31 by the nationally recognized certification body and identical to the systems  
32 installed in this State and approved by DHHS or other states or countries.
- 33 (4) Applications for wastewater systems and dispersal products received after the  
34 effective date of this subsection shall demonstrate structural integrity,  
35 including subjecting the trench system to axle load of 16,000 pounds when  
36 covered with 12 inches of compacted soil and 4,000 pounds when covered  
37 with 6 inches of compacted soil without breakage, collapse, fracture, or  
38 compression that prevents the downline distribution of wastewater.  
39 Wastewater treatment devices with identifying surface or above grade access  
40 for operation and maintenance shall be excluded from load testing when  
41 installed and backfilled in accordance with the rules or the product approval.
- 42 (5) Wastewater systems found by DHHS to meet standards for reclaimed water  
43 based on (i) field demonstrations over a two-year period in this State or other  
44 states approved by DHHS that the system meets reclaimed water standards or  
45 (ii) certification and listing by a nationally recognized body, such as the  
46 National Sanitation Foundation Standard 350, shall be approved for designs  
47 that eliminate repair area rules in Type I soils. Elimination of repair areas shall  
48 be considered for domestic strength wastewater only. Systems permitted  
49 without repair area under this subsection shall be classified by DHHS as a  
50 Type VI(b) system under DHHS rules and shall be inspected no less than 12  
51 times per year.

- 1 (6) Vertical and horizontal restrictions to property lines and limiting conditions  
2 for systems approved under this subsection shall be reduced proportionally to  
3 the graduated increases in wastewater quality.

4 **SECTION 8.26.(f)** The Commission for Public Health and the Department of Health  
5 and Human Services shall report quarterly on their implementation of subsection (d) of this  
6 section beginning no later than May 1, 2022, and shall continue quarterly reporting until  
7 rulemaking activities required by this section have been completed.

8 **SECTION 8.26.(g)** This section is effective when it becomes law. Funds allocated  
9 by this section that are not spent or encumbered by June 30, 2024, shall revert to the Wastewater  
10 Reserve to be used for any of the purposes authorized in G.S. 159G-32(b).

## 11 **ENGINEERING NORTH CAROLINA'S FUTURE/FUNDS**

12 **SECTION 8.27.** Of the twenty million dollars (\$20,000,000) in nonrecurring funds  
13 appropriated in this act to the Board of Governors of The University of North Carolina for the  
14 2021-2022 fiscal year and allocated as follows, any unexpended funds remaining at the end of  
15 the 2021-2022 fiscal year shall not revert to the General Fund, but shall remain available until  
16 the end of the 2022-2023 fiscal year:

- 17  
18 (1) Twelve million five hundred thousand dollars (\$12,500,000) for the College  
19 of Engineering at North Carolina State University at Raleigh.  
20 (2) Five million dollars (\$5,000,000) for The William States Lee College of  
21 Engineering at the University of North Carolina at Charlotte.  
22 (3) Two million five hundred thousand dollars (\$2,500,000) for the College of  
23 Engineering at North Carolina Agricultural and Technical State University.  
24

## 25 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

### 26 **TUITION GRANTS FOR NCSSM/UNCSA GRADUATES**

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

29 "Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and  
30 Mathematics and the University of North Carolina School of the Arts.

31 **"§ 116-209.90. Tuition grants for graduates to attend a constituent institution.**

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

- 36  
37 (1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1  
38 and in accordance with the coordinated and centralized residency  
39 determination process administered by the Authority.  
40 (2) Enrolls as a full-time student in a constituent institution of The University of  
41 North Carolina in the next academic year after graduation.

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

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

3 **"§ 116-209.91. Administration of tuition grants.**

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

17 (b) Except as otherwise provided in this section, the amount of the grant awarded to a  
18 student shall cover the tuition cost at the constituent institution in which the student is enrolled.  
19 No tuition grant awarded to a student under this section shall exceed the cost of attendance at a  
20 constituent institution for which the student is enrolled.

21 (c) If a student, who is eligible for a tuition grant under this section, also receives a  
22 scholarship or other grant covering the cost of attendance at the constituent institution for which  
23 the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an  
24 appropriate amount determined by the Authority so that the total amount of scholarships and  
25 grants received by the student does not exceed the cost of attendance for the institution. The cost  
26 of attendance shall be determined by the Authority for each constituent institution.

27 (d) In the event there are not sufficient funds to provide each eligible student who has  
28 applied in accordance with the application process and the schedule established by the Authority  
29 with a full tuition grant as provided by this Part, each eligible student shall receive a pro rata  
30 share of funds available for the academic year covered by the appropriation in the preceding  
31 fiscal year.

32 (e) The Authority may use up to five percent (5%) of the funds appropriated each year  
33 for tuition grants under this Part for administrative costs."

34 **SECTION 8A.1.(b)** It is the intent of the General Assembly to appropriate the  
35 following additional funds for the purpose of awarding tuition grants for future high school  
36 graduating classes of the North Carolina School of Science and Mathematics (NCSSM),  
37 including students graduating from the Morganton campus of NCSSM, and the University of  
38 North Carolina School of the Arts:

- 39 (1) For the 2023-2024 fiscal year, the sum of one million seven hundred fifty  
40 thousand dollars (\$1,750,000) in recurring funds.
- 41 (2) For the 2024-2025 fiscal year, the sum of two million three hundred thousand  
42 dollars (\$2,300,000) in recurring funds.
- 43 (3) For the 2025-2026 fiscal year, the sum of five hundred fifty thousand dollars  
44 (\$550,000) in recurring funds.
- 45 (4) For the 2026-2027 fiscal year, the sum of five hundred fifty thousand dollars  
46 (\$550,000) in recurring funds.
- 47 (5) For the 2027-2028 fiscal year, the sum of five hundred fifty thousand dollars  
48 (\$550,000) in recurring funds.

49 **SECTION 8A.1.(c)** Subsection (a) of this section applies beginning with graduates  
50 of the North Carolina School of Science and Mathematics and the University of North Carolina  
51 School of the Arts from the 2020-2021 school year.

1  
2 **PUBLIC COLLEGES AND UNIVERSITIES NEED-BASED FINANCIAL AID**  
3 **CONSOLIDATION**

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

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

7 "**§ 116-209.80. Definitions.**

8 The following definitions apply to this Part:

- 9 (1) Eligible postsecondary institution. – A school that is:  
10 a. A constituent institution of The University of North Carolina as  
11 defined in G.S. 116-2(4).  
12 b. A community college as defined in G.S. 115D-2(2).  
13 (2) Matriculated status. – Being recognized as a student in a defined program of  
14 study leading to a degree, diploma, or certificate at an eligible postsecondary  
15 institution.  
16 (3) Program. – The North Carolina Need-Based Scholarship Program for Public  
17 Colleges and Universities.  
18 (4) Reserve Fund. – Scholarship Reserve Fund for Public Colleges and  
19 Universities.  
20 (5) Scholarship. – A scholarship for education awarded under this Part.  
21 (6) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20  
22 U.S.C. § 1070, et seq.

23 "**§ 116-209.81. Eligibility requirements for a scholarship.**

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

- 27 (1) Qualify as a resident for tuition purposes under the criteria set forth in  
28 G.S. 116-143.1 and in accordance with the coordinated and centralized  
29 residency determination process administered by the Authority.  
30 (2) Meet enrollment standards by being admitted, enrolled, and classified as an  
31 undergraduate student in a matriculated status at an eligible postsecondary  
32 institution. The President of The University of North Carolina and the  
33 President of the North Carolina Community College System may jointly agree  
34 to additional enrollment standards for the Program.  
35 (3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate  
36 need according to federal methodology in Title IV of the Higher Education  
37 Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

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

44 "**§ 116-209.82. Semester limitation on eligibility for scholarship.**

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

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

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

12 **"§ 116-209.83. Scholarship amounts; adjustment of scholarship amounts.**

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

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

33 **"§ 116-209.84. Scholarship administration; reporting requirements.**

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

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

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

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

49 **"§ 116-209.85. Scholarship Reserve Fund for Public Colleges and Universities.**

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

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

12          (b) The Authority shall create two reserves within the Reserve Fund as follows: The  
13 University of North Carolina (UNC Reserve) and the North Carolina Community College System  
14 (CC Reserve) from monies in the Reserve Fund. The funds in the reserves shall be used for  
15 scholarships for the academic year that begins in the fiscal year following the fiscal year in which  
16 the allocations are made to the reserves. Allocations shall be made from the reserves for the  
17 amounts determined for the payment schedules for eligible postsecondary institutions pursuant  
18 to G.S. 116-209.83.

19          Beginning with the 2023-2024 fiscal year and for each subsequent fiscal year, within the  
20 funds available, the Authority shall allocate an amount equal to the amount from the prior fiscal  
21 year for the UNC Reserve and the CC Reserve to each reserve, respectively, unless otherwise  
22 agreed to by the President of The University of North Carolina and the President of the North  
23 Carolina Community College System. Additional funds may be directed to the reserves from a  
24 Current Operations Appropriations Act in a fiscal year. The reserves established for the  
25 2022-2023 fiscal year shall consist of the following funds:

- 26          (1) For the UNC Reserve, the monies shall consist of the following:
  - 27           a. An amount equal to the amount appropriated to the Board of  
28 Governors of The University of North Carolina for The University of  
29 North Carolina Need-Based Financial Aid Program for the 2021-2022  
30 fiscal year.
  - 31           b. An amount equal to the proportionate share of the appropriation for  
32 the Education Lottery Scholarship Program based on awards of  
33 financial assistance to students enrolled in The University of North  
34 Carolina from the Education Lottery Scholarship Program for the  
35 2017-2018, 2018-2019, and 2019-2020 fiscal years.
- 36          (2) For the CC Reserve, the monies shall consist of the following:
  - 37           a. An amount equal to the amount appropriated to the Community  
38 Colleges System Office for the North Carolina Community College  
39 Grant Program, except for funds set aside for the targeted assistance  
40 program pursuant to G.S. 115D-40.1, for the 2021-2022 fiscal year.
  - 41           b. An amount equal to the proportionate share of the appropriation for  
42 the Education Lottery Scholarship based on awards of financial  
43 assistance to students enrolled in North Carolina community colleges  
44 from the Education Lottery Scholarship Program for the 2017-2018,  
45 2018-2019, and 2019-2020 fiscal years.

46          (c) Monies in the Reserve Fund shall not revert at the end of each fiscal year but shall  
47 remain available until expended for the purposes of this Part.

48          (d) The Authority may use up to one and one-half percent (1.5%) of the funds available  
49 in the Reserve Fund each fiscal year for administrative costs related to the Program. Upon a  
50 determination by the Authority that funds in excess of one percent (1%) are necessary to  
51 administer the Program, including funds necessary for one-time or recurring costs, the Authority



1 shall consult with the President of The University of North Carolina and the President of the  
2 North Carolina Community College System at the same time the consolidated payment schedule  
3 is set pursuant to G.S. 116-209.83. The Authority shall also report the amount of the increase and  
4 the purpose for which the additional funds will be used to the Joint Legislative Education  
5 Oversight Committee and the Fiscal Research Division of the General Assembly within 30 days  
6 of the increase. In no event shall the cost of administering the Program in a fiscal year exceed  
7 one and one-half percent (1.5%) of the funds available in the Reserve Fund."

8 **SECTION 8A.2.(b)** G.S. 116B-7 reads as rewritten:

9 **"§ 116B-7. Distribution of fund.**

10 (a) The income derived from the investment or deposit of the Escheat Fund shall be  
11 distributed annually on or before August 15 to the State Education Assistance Authority for  
12 grants and loans to aid worthy and needy students who are residents of this State and are enrolled  
13 in public institutions of higher education in this State. Such grants and loans shall be made upon  
14 terms, consistent with the provisions of this Chapter, pursuant to which the State Education  
15 Assistance Authority makes grants and loans to other students under G.S. 116-201 to 116-209.23,  
16 Article 23 of Chapter 116 of the General Statutes, policies of the Board of Governors of The  
17 University of North Carolina regarding need-based grants for students of The University of North  
18 Carolina, and policies of the State Board of Community Colleges regarding need-based grants  
19 for students of the community colleges. The Authority shall deposit an amount specified in the  
20 Current Operations Appropriations Act from the Escheat Fund into the Scholarship Reserve Fund  
21 for Public Colleges and Universities pursuant to G.S. 116-209.85 each fiscal year to fund the  
22 North Carolina Need-Based Scholarship for Public Colleges and Universities pursuant to Part 5  
23 of Article 23 of Chapter 116 of the General Statutes.

24 (b) An amount specified in the Current Operations Appropriations Act shall be  
25 transferred annually from the Escheat Fund to the Department of Military and Veterans Affairs  
26 to partially fund the program of Scholarships for Children of War Veterans established by Part 2  
27 of Article 14 of Chapter 143B of the General Statutes. Those funds may be used only for residents  
28 of this State who (i) are worthy and needy as determined by the Department of Military and  
29 Veterans Affairs and (ii) are enrolled in public institutions of higher education of this State."

30 **SECTION 8A.2.(c)** By May 1, 2022, the President of The University of North  
31 Carolina and the President of the North Carolina Community College System shall report to the  
32 Fiscal Research Division, the House Appropriations Education Committee, and the Senate  
33 Appropriations on Education/Higher Education Committee on the following regarding the  
34 consolidation of student financial assistance for constituent institutions of The University of  
35 North Carolina and the community colleges:

- 36 (1) The payment schedule required by G.S. 116-209.83, as enacted by this  
37 section.
- 38 (2) Potential ways to include students with intellectual and developmental  
39 disabilities as eligible for scholarships through the North Carolina  
40 Need-Based Scholarship Program for Public Colleges and Universities or  
41 other student financial assistance recommendations, including grants or other  
42 funding sources for students enrolled in Comprehensive Transition Programs.
- 43 (3) Any recommended legislative changes, including for the North Carolina  
44 Need-Based Scholarship Program for Public Colleges and Universities.

45 **SECTION 8A.2.(d)** By October 15, 2022, the Authority shall transfer any  
46 unexpended balances remaining in the reserves for The University of North Carolina Need-Based  
47 Financial Aid Program, the North Carolina Community College Grant Program, and the  
48 Education Lottery Scholarship to the Scholarship Reserve Fund for Public Colleges and  
49 Universities under G.S. 116-209.85, as enacted by this section.

50 **SECTION 8A.2.(e)** Article 35A of Chapter 115C of the General Statutes is repealed.

51 **SECTION 8A.2.(f)** G.S. 116-209.19A reads as rewritten:

1 **"§ 116-209.19A. Limit semesters eligible for need-based grants and scholarships.**

2 The Authority administers the following need-based grant and scholarship programs: the  
3 ~~Education Lottery Scholarships, North Carolina Community College Grant Program, The~~  
4 ~~University of North Carolina Need-Based Financial Aid Program, North Carolina Need-Based~~  
5 ~~Scholarship for Public Colleges and Universities and Need-Based Scholarships for Students~~  
6 ~~Attending Private Institutions of Higher Education. G.S. 115C-499.2A, 115D-40.2, 116-25.1,~~  
7 ~~G.S. 116-209.82 and 116-281.1~~ G.S. 116-281.1 limit the number of semesters that a student may  
8 receive a grant or scholarship from ~~any of those~~ these programs and also provide the  
9 circumstances in which a waiver to those limits may be granted by the appropriate postsecondary  
10 institution. The Authority shall enforce these limitations in administering these programs so that  
11 unless a waiver is granted by the appropriate postsecondary institution, no student shall receive  
12 a grant or scholarship from any of those programs or any combination of those financial aid  
13 programs while pursuing a degree, diploma, or certificate for more than any of the following time  
14 periods: (i) 10 full-time academic semesters or its equivalent if enrolled part-time or (ii) 12  
15 full-time academic semesters or its equivalent if the student is enrolled in a program officially  
16 designated as a five-year degree program.

17 A postsecondary institution that grants a waiver under ~~G.S. 115C-499.2A, 115D-40.2,~~  
18 ~~116-25.1, G.S. 116-209.82 or 116-281.1~~ G.S. 116-281.1 shall certify the granting of the waiver  
19 in a manner acceptable to the Authority and shall also maintain documentation substantiating the  
20 reason for the waiver."

21 **SECTION 8A.2.(g)** G.S. 115D-40.1 reads as rewritten:

22 **"§ 115D-40.1. Targeted Financial Assistance for Community College Students.Students;**  
23 **participation in federal programs.**

24 (a) ~~Need Based Assistance Program.~~ It is the intent of the General Assembly that the  
25 ~~Community College System make these financial aid funds available to the neediest students~~  
26 ~~who are not eligible for other financial aid programs that fully cover the required educational~~  
27 ~~expenses of these students. The State Board may use some of these funds as short-term loans to~~  
28 ~~students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.~~

29 (b) Targeted Financial Assistance. – ~~Notwithstanding subsection (a) of this section, the~~  
30 ~~Within the funds available, the State Board may allocate up to ten percent (10%) of the funds~~  
31 ~~appropriated for Financial Assistance for Community College Students provide financial~~  
32 ~~assistance to the following students:~~

- 33 (1) Students who enroll in low-enrollment programs that prepare students for  
34 high-demand occupations.
- 35 (2) Students with disabilities who have been referred by the Department of Health  
36 and Human Services, Division of Vocational Rehabilitation, and are enrolled  
37 in a community college.
- 38 (3) Students enrolled in fewer than six credit hours per semester who otherwise  
39 qualify for need-based financial aid programs.

40 (c) ~~Administration of Program.~~ Targeted Financial Assistance. – The State Board shall  
41 adopt rules and policies for the disbursement of the targeted financial assistance provided in  
42 ~~subsections (a) and subsection~~ (b) of this section. Degree, diploma, and certificate students must  
43 complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial  
44 assistance. The State Board may contract with the State Education Assistance Authority for  
45 administration of these targeted financial assistance funds. ~~These funds shall not revert at the end~~  
46 ~~of each fiscal year but shall remain available until expended for need-based financial assistance.~~  
47 ~~The interest earned on the funds provided in subsections (a) and (b) of this section may be used~~  
48 ~~to support the costs of administering the Community College Grant Program. If the interest~~  
49 ~~earnings are not adequate to support the administrative costs, up to one percent (1%) of funds~~  
50 ~~provided in subsection (a) of this section may be used to support the costs of administering the~~  
51 ~~Community College Grant Program.~~

1 (d) Participation in Federal Loan Programs. – All community colleges shall participate  
2 in the William D. Ford Federal Direct Loan Program, unless the board of trustees of an institution  
3 adopts a resolution declining to participate in the Program. The State Board shall ensure that at  
4 least one counselor is available at each college to inform students about federal programs and  
5 funds available to assist community college students, including, but not limited to, Pell Grants,  
6 HOPE and Lifetime Learning Tax Credits, and, for participating colleges, the William D. Ford  
7 Federal Direct Loan Program, and to actively encourage students to utilize these federal programs  
8 and funds. The board of trustees of any institution that has declined to participate in the William  
9 D. Ford Federal Direct Loan Program through the adoption of a resolution may rescind the  
10 resolution and participate in the Program but shall not have the authority to again decline  
11 participation in the Program."

12 **SECTION 8A.2.(h)** G.S. 115D-40.2 is repealed.

13 **SECTION 8A.2.(i)** G.S. 116-25.1 is repealed.

14 **SECTION 8A.2.(j)** Section 10.1 of S.L. 2000-67 is repealed.

15 **SECTION 8A.2.(k)** The nonrecurring funds appropriated to the North Carolina  
16 Community Colleges System Office by this act for the 2021-2022 fiscal year for the Community  
17 College Need-Based Assistance Program shall not revert at the end of the 2021-2022 fiscal year  
18 but shall remain available until the end of the 2022-2023 fiscal year to award scholarships  
19 pursuant to the program in the 2022-2023 academic year.

20 **SECTION 8A.2.(l)** Subsections (a) through (d) of this section become effective  
21 January 1, 2022, and apply to scholarships awarded beginning with the 2023-2024 academic  
22 year. Subsections (e) through (j) of this section become effective July 1, 2023. The remainder of  
23 this section is effective on the date that this act becomes law.  
24

## 25 **EQUITY IN OPPORTUNITY ACT**

26 **SECTION 8A.3.(a)** Opportunity Scholarship Grant Program. –

- 27 (1) Any student who meets the following requirements shall qualify as an eligible  
28 student and shall be eligible to receive a scholarship for the 2021-2022 school  
29 year pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes:  
30 a. Was enrolled in a North Carolina public school or a Department of  
31 Defense Elementary and Secondary School located in North Carolina  
32 for the fall semester of the 2019-2020 school year.  
33 b. Meets the eligibility requirements of G.S. 115C-562.1(3)a1. and b.  
34 c. Submits a scholarship application for the 2021-2022 school year.  
35 d. Enrolls in the nonpublic school either (i) by October 1, 2021, or (ii)  
36 during the 2022 spring semester.  
37 (2) A student who becomes eligible for a scholarship in the 2021-2022 school  
38 year solely due to this subsection shall receive first priority in award of  
39 scholarships in the same manner as those previously awarded scholarships.

40 **SECTION 8A.3.(b)** Notwithstanding G.S. 115C-112.5(4), 115C-112.6(b), or  
41 115C-562.2, for the 2021-2022 school year, a student who is awarded either a Special Education  
42 Scholarship for Children with Disabilities under Part 1H of Article 9 of Chapter 115C of the  
43 General Statutes or a scholarship grant under Part 2A of Article 39 of Chapter 115C of the  
44 General Statutes shall be eligible to enroll part time in a nonpublic school that provides only  
45 half-day programs for students with disabilities and part time in a public school while receiving  
46 the scholarship.

47 **SECTION 8A.3.(c)** G.S. 115C-562.1 reads as rewritten:

### 48 "§ 115C-562.1. Definitions.

49 The following definitions apply in this Part:

- 50 (1) Authority. – The State Education Assistance Authority.

- 1 (2) Division. – The Division of Nonpublic Education, Department of  
2 Administration.
- 3 (3) Eligible students. – A student residing in North Carolina who has not yet  
4 received a high school diploma and who meets all of the following  
5 requirements:
- 6 a. Meets one of the following criteria:
- 7 1. Was a full-time student (i) assigned to and attending a public  
8 school pursuant to G.S. 115C-366 or (ii) enrolled in a  
9 Department of Defense Elementary and Secondary School,  
10 established pursuant to 10 U.S.C. § 2164 and located in North  
11 Carolina, during the spring semester prior to the school year  
12 for which the student is applying.
- 13 2. Received a scholarship grant for the school year prior to the  
14 school year for which the student is applying.
- 15 3. Is entering either kindergarten or the eligible to enter  
16 kindergarten, first grade-grade, or second grade pursuant to  
17 Article 25 of this Chapter. A child who is the age of 4 on or  
18 before April 16 is eligible to attend the following school year  
19 if the principal, or equivalent, of the school in which the child  
20 seeks to enroll finds that the student meets the requirements of  
21 G.S. 115C-364(d) and those findings are submitted to the  
22 Authority with the child's application.
- 23 4. Is a child in foster care as defined in G.S. 131D-10.2(9).
- 24 5. Is a child whose adoption decree was entered not more than  
25 one year prior to submission of the scholarship grant  
26 application.
- 27 6. Is a child whose parent or legal guardian (i) is on full-time duty  
28 status in the active uniformed service of the United States,  
29 including members of the National Guard and Reserve on  
30 active duty orders pursuant to 10 U.S.C. § 12301, et seq., and  
31 10 U.S.C. § 12401, et seq., or (ii) receives an honorable  
32 discharge as an active duty member from the uniformed service  
33 of the United States within 12 months prior to application.
- 34 7. Is a child who meets both of the following:
- 35 I. Was enrolled in a nonpublic school that meets the  
36 requirements of Part 1 and Part 2 of this Article during  
37 the spring semester prior to the school year for which  
38 the student is applying.
- 39 II. Was enrolled for the entire school year immediately  
40 prior to the school year in which the student enrolled in  
41 the nonpublic school in one of the following:
- 42 A. A North Carolina public school.
- 43 B. A Department of Defense Elementary and  
44 Secondary School established pursuant to 10  
45 U.S.C. § 2164 and located in North Carolina.
- 46 a1. Has not enrolled in a postsecondary institution in a matriculated status  
47 eligible for enrollment for 12 hours of academic credit.
- 48 b. Meets one of the following criteria:
- 49 1. Resides in a household with an income level not in excess of  
50 one hundred ~~fifty-seventy-five percent (150%)-(175%)~~ of the  
51 amount required for the student to qualify for the federal free

1 or reduced-price lunch program. The Authority shall not count  
 2 any distribution from the estate of a decedent in calculating the  
 3 income level of the applicant's household for the purposes of  
 4 determining eligibility for a scholarship under this  
 5 ~~sub-subdivision~~.sub-sub-subdivision.

6 2. Is a child in foster care as defined in G.S. 131D-10.2. The  
 7 Authority shall not consider the household income of the foster  
 8 parent, as defined in G.S. 131D-10.2, in determining the  
 9 eligibility of a foster care child.

10 (3c) Full-time student. – A student enrolled exclusively in a nonpublic school for  
 11 elementary or secondary education whose parents have released the local  
 12 school administrative unit the student is eligible to attend under  
 13 G.S. 115C-366 of all obligations to educate the eligible student while the  
 14 eligible student is receiving a scholarship grant under this Part.

15 (4) Local school administrative unit. – A local school administrative unit, charter  
 16 school, or regional school.

17 (5) Nonpublic school. – A school that meets the requirements of Part 1 or Part 2  
 18 of this Article as identified by the Division.

19 (5c) Part-time student. – A student enrolled part time in a public school and part  
 20 time in a nonpublic school.

21 ~~(5a)~~(5e) Reserve. – The Opportunity Scholarship Grant Fund Reserve established  
 22 under G.S. 115C-562.8.

23 (6) Scholarship grants. – Grants awarded annually by the Authority to eligible  
 24 students."

25 **SECTION 8A.3.(d)** G.S. 115C-562.2(b) reads as rewritten:

26 "(b) Scholarship grants awarded to eligible students residing in households with an income  
 27 level not in excess of the amount required for the student to qualify for the federal free or  
 28 reduced-price lunch program shall ~~be for amounts of up to four thousand two hundred dollars~~  
 29 ~~(\$4,200) per year. be, per year per eligible student, in an amount of up to ninety percent (90%)~~  
 30 as a full-time student or up to forty-five percent (45%) as a part-time student of the average State  
 31 per pupil allocation for average daily membership in the prior fiscal year. Scholarship grants  
 32 awarded to eligible students residing in households with an income level in excess of the amount  
 33 required for the student to qualify for the federal free or reduced-price lunch program shall be for  
 34 amounts of not more than ninety percent (90%) of the required tuition and fees as a full-time  
 35 student or forty-five percent (45%) of the required tuition and fees as a part-time student for the  
 36 nonpublic school the eligible child will attend. Tuition and fees for a nonpublic school may  
 37 include tuition and fees for books, transportation, equipment, or other items required by the  
 38 nonpublic school. No scholarship grant shall exceed four thousand two hundred dollars (\$4,200)  
 39 exceed, per year per eligible student, an amount equal to ninety percent (90%) for a full-time  
 40 student or forty-five percent (45%) for a part-time student of the average State per pupil  
 41 allocation for average daily membership in the prior fiscal year, and no scholarship grant shall  
 42 exceed the required tuition and fees for the nonpublic school the eligible student will attend."

43 **SECTION 8A.3.(e)** G.S. 115C-562.2(b1) is repealed.

44 **SECTION 8A.3.(f)** G.S. 115C-562.3 reads as rewritten:

45 "**§ 115C-562.3. Verification of ~~eligibility~~ eligibility; information from other State agencies.**

46 ...

47 (b) Household members of applicants for scholarship grants shall authorize the Authority  
 48 to access information needed for verification efforts held by other State agencies, including the  
 49 Department of Revenue, the Department of Health and Human Services, and the Department of  
 50 Public Instruction. The Department of Public Instruction shall provide the Authority with public

1 school enrollment information to establish eligibility pursuant to G.S. 115C-562.1(3)a., as  
2 needed.

3 (c) By December 1 of each year, the Department of Public Instruction shall provide the  
4 Authority the average State per pupil allocation for that fiscal year to determine the maximum  
5 scholarship amount for eligible students to be awarded in the following fiscal year in accordance  
6 with G.S. 115C-562.2(b)."

7 **SECTION 8A.3.(g)** G.S. 115C-562.8 reads as rewritten:

8 **"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

9 (a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be  
10 administered by the Board of Governors of The University of North Carolina for the purpose of  
11 allocating funds to the Authority for the award of scholarship grants in accordance with this Part.  
12 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the  
13 General Assembly and any interest accrued to it thereon. These funds shall be used to award  
14 scholarship grants to eligible students for the school year that begins in the fiscal year following  
15 the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall  
16 only use monies in the Reserve in accordance with the purposes set forth in this section. Funds  
17 appropriated in a particular fiscal year to be used for the award of scholarships in the following  
18 fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds  
19 were appropriated shall be first used for the purpose set forth in subdivision (1) of subsection (d)  
20 of this section, if applicable. After funds are used for this purpose, any unexpended funds from  
21 the funds appropriated in a particular fiscal year to be used for the award of scholarships in the  
22 following fiscal year shall be carried forward for one fiscal year and may be used for the purposes  
23 set forth in this section. Funds carried forward pursuant to this section that have not been spent  
24 within one fiscal year shall revert to the General Fund.

25 ...

26 (d) Any unexpended funds at the end of a fiscal year from the funds appropriated in a  
27 particular fiscal year to be used for the award of scholarships in the following fiscal year shall be  
28 used as follows:

29 (1) Up to five hundred thousand dollars (\$500,000) may be used by the Authority  
30 to contract with a nonprofit corporation representing parents and families for  
31 outreach and scholarship education and application assistance for parents and  
32 students pursuant to Part 4A of this Article.

33 (2) Any remaining funds shall be carried forward for one fiscal year pursuant to  
34 subsection (a) of this section."

35 **SECTION 8A.3.(h)** Article 39 of Chapter 115C of the General Statutes is amended  
36 by adding a new Part to read:

37 "Part 4A. Information for Parents and Students on Nonpublic School Scholarship Programs.

38 **"§ 115C-567.1. Outreach and assistance for parents and students.**

39 (a) The State Education Assistance Authority, in its administration of scholarship  
40 programs for eligible students pursuant to Part 2A of this Article, Article 41 of this Chapter, and  
41 Part 1H of Article 9 of this Chapter may contract with a nonprofit corporation representing  
42 parents and families for outreach and scholarship education, program promotion, and application  
43 assistance for parents and students. The Authority shall issue a request for proposals in order to  
44 enter into a contract with a nonprofit corporation that meets the following requirements during  
45 the term of the contract:

46 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General  
47 Statutes and comply at all times with the provisions of section 501(c)(3) of the  
48 Internal Revenue Code.

49 (2) Employ sufficient staff who have demonstrated a capacity of direct parent and  
50 family outreach, program promotion, and procedural knowledge to assist

parents through scholarship application processes and provide guidance on the scholarship grant program, including by doing the following:

- a. One-on-one parent and family engagement.
- b. Scholarship education and public awareness.

(3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.

(4) Have no State officer or employee serving on the board of the nonprofit.

(5) Conduct at least quarterly meetings of the board of directors of the nonprofit at the call of its chair.

(b) The terms of the contract between the Authority and a nonprofit corporation shall require that the nonprofit (i) maintain the confidentiality of any information provided by the Authority for parents and students as directed by the Authority and (ii) not disseminate information to third parties without written parental consent. During the term of the contract provided for in this section, the Authority shall include on scholarship applications a statement for parents to indicate nonconsent for sharing information with a nonprofit corporation.

(c) Notwithstanding any other provision of law, during the term of the contract provided for in this section, the Authority may share the name, address, email, and telephone number of the parent of any student applicant, unless the parent indicates that the information should not be shared."

**SECTION 8A.3.(i)** G.S. 115C-562.8(b) reads as rewritten:

"(b) The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds of ~~at least ten million dollars (\$10,000,000) each fiscal year for 10-15 years~~ to the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:

<b>Fiscal Year</b>	<b>Appropriation</b>
...	
2023-2024	<del>\$104,840,000</del> \$120,540,000
2024-2025	<del>\$114,840,000</del> \$135,540,000
2025-2026	<del>\$124,840,000</del> \$150,540,000
2026-2027	<del>\$134,840,000</del> \$165,540,000
<u>2027-2028</u>	<u>\$180,540,000</u>
<u>2028-2029</u>	<u>\$195,540,000</u>
<u>2029-2030</u>	<u>\$210,540,000</u>
<u>2030-2031</u>	<u>\$225,540,000</u>
<u>2031-2032</u>	<u>\$240,540,000</u>

For the ~~2027-2028-2032-2033~~ fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~one hundred forty-four million eight hundred forty thousand dollars (\$144,840,000)~~ two hundred fifty-five million five hundred forty thousand dollars (\$255,540,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year."

**SECTION 8A.3.(j)** G.S. 115C-562.8(c) reads as rewritten:

"(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain ~~the lesser of up to four percent (4%) two and one-half percent (2.5%)~~ of the funds appropriated ~~or one million five hundred thousand dollars (\$1,500,000) each fiscal year~~ for administrative costs associated with the scholarship grant program."

**SECTION 8A.3.(k)** For scholarship grants awarded for under the Personal Education Savings Accounts and the Special Education Scholarship for Children with

1 Disabilities programs, notwithstanding G.S. 115C-112.6(a), (b), or (b1), any rules adopted  
 2 pursuant to G.S. 115C-112.6(d), 115C-592(a) through (b), 115C-594, and any rules adopted  
 3 pursuant to G.S. 115C-597(a), the State Education Assistance Authority may make necessary  
 4 administrative modifications to facilitate the award of scholarship grants for students who:

- 5 (1) Had applied for scholarship funds for the 2021-2022 school year within the  
 6 application deadlines established by the Authority.
- 7 (2) Qualified as an eligible student for the 2021 fall semester.
- 8 (3) Had not been awarded scholarship funds beginning with the fall semester of  
 9 the 2021-2022 school year.

10 **SECTION 8A.3.(I)** Personal Education Student Accounts for Children with  
 11 Disabilities. – Article 41 of Chapter 115C of the General Statutes reads as rewritten:

12 "Article 41.

13 "Personal Education ~~Savings Accounts~~ Student Accounts for Children with Disabilities.

14 "**§ 115C-590. North Carolina Personal Education ~~Savings Account~~ Student Accounts for**  
 15 **Children with Disabilities Program established.**

16 There is established the North Carolina Personal Education ~~Savings~~ Student Accounts for  
 17 Children with Disabilities Program to provide the option for a parent to better meet the individual  
 18 educational needs of the parent's child.

19 "**§ 115C-591. Definitions.**

20 The following definitions apply in this Article:

- 21 (1) Authority. – Defined in G.S. 116-201.
- 22 (2) Division. – The Division of Nonpublic Education, Department of  
 23 Administration.
- 24 (2a) Educational technology. – As defined annually by the Authority, an item,  
 25 piece of equipment, material, product, or system which may be purchased  
 26 commercially off the shelf, modified, or customized and that is used primarily  
 27 for educational purposes for a child with a disability.
- 28 (3) Eligible student. – A student residing in North Carolina who has not yet  
 29 received a high school diploma and who meets all of the following  
 30 requirements:
  - 31 a. Is eligible to attend a North Carolina public school pursuant to  
 32 G.S. 115C-366. Article 25 of this Chapter. A child who is the age of 4  
 33 on or before April 16 is eligible to attend the following school year if  
 34 the principal, or equivalent, of the school in which the child seeks to  
 35 enroll finds that the student meets the requirements of  
 36 G.S. 115C-364(d) and those findings are submitted to the Authority  
 37 with the child's application.
  - 38 b. Has not been enrolled in a postsecondary institution in a matriculated  
 39 status eligible for enrollment for as a full-time student taking at least  
 40 12 hours of academic credit.
  - 41 c. Is a child with a disability, as defined in G.S. 115C-106.3(1),  
 42 including, for example, intellectual disability, hearing impairment,  
 43 speech or language impairment, visual impairment, serious emotional  
 44 disturbance, orthopedic impairment, autism, traumatic brain injury,  
 45 other health impairments, specific learning disability, or disability as  
 46 may be required to be included under IDEA. G.S. 115C-106.3(1).
  - 47 d. Has not been placed in a nonpublic school or facility by a public  
 48 agency at public expense.
- 49 (3a) G.S. 115C-562.5 compliant school. – A Part 1 or 2 nonpublic school that  
 50 consents to comply with the requirements of G.S. 115C-562.5.



- 1 (4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of  
 2 Article 39 of this Chapter, as identified by the Division.  
 3 (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.  
 4 (5a) Part 1 or 2 nonpublic school. – A nonpublic school that meets the requirements  
 5 of Part 1 or Part 2 of Article 39 of this Chapter, as identified by and deemed  
 6 eligible by the Division.  
 7 ~~(5a)(5b) Part-time student. – A child enrolled part time in a public school and part~~  
 8 ~~time in a nonpublic school that exclusively provides services for children with~~  
 9 ~~disabilities, school.~~  
 10 (6) Personal Education Savings Student Account or PESA. – ~~A bank~~ An  
 11 electronic account provided to a parent for the purpose of holding scholarship  
 12 funds awarded by the Authority for an eligible student to be used for  
 13 qualifying education expenses under G.S. 115C-595.

14 **"§ 115C-592. Award of scholarship funds for a personal education savings student account.**

15 (a) Application Selection. – The Authority shall make available no later than February 1  
 16 of each year applications to eligible students for the award of scholarship funds for a personal  
 17 education ~~savings student account~~ to be used for qualifying education expenses to attend a  
 18 nonpublic school. Information about scholarship funds and the application process shall be made  
 19 available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning~~  
 20 ~~March 15, the~~ The Authority shall begin selecting recipients for award scholarships according to  
 21 the following ~~criteria:~~ criteria for applications received by March 1 of each year:

- 22 (1) First priority shall be given to eligible students who were awarded scholarship  
 23 funds for a PESA during the previous school year ~~if those students have~~  
 24 ~~applied by March 1 year.~~  
 25 (2) After funds have been awarded to prior recipients as provided in subdivision  
 26 (1) of this subsection, any remaining funds shall be used to award scholarship  
 27 funds for a PESA for all other eligible students.

28 (b) Scholarship Awards. – ~~Scholarships~~ Except for eligible students who qualify for  
 29 scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each  
 30 year for an amount not to exceed (i) nine thousand dollars (\$9,000) per eligible student for the  
 31 fiscal school year in for which the application is received, ~~except~~ received or (ii) for eligible  
 32 part-time students, who shall be awarded scholarships each year for an amount not to exceed  
 33 students, four thousand five hundred dollars (\$4,500) per eligible student for the fiscal school  
 34 year in for which the application is received. Any funds remaining in an electronic account  
 35 provided under subsection (b2) of this section at the end of a school year for eligible students  
 36 who qualify only under this subsection shall be returned to the Authority.

37 (b1) Scholarship Awards for Students with Certain Disabilities. – An eligible student may  
 38 be awarded scholarship funds in an amount of up to seventeen thousand dollars (\$17,000) for  
 39 each school year only if the student has been determined to have one or more of the following  
 40 disabilities as a primary or secondary disability at the time of application for scholarship funds:

- 41 (1) Autism.  
 42 (2) Hearing impairment.  
 43 (3) Moderate or severe intellectual or developmental disability.  
 44 (4) Multiple, permanent orthopedic impairments.  
 45 (5) Visual impairment.

46 For eligible students who qualify for scholarship funds under this subsection, no more than  
 47 four thousand five hundred dollars (\$4,500) of funds remaining in an electronic account at the  
 48 end of a school year shall be carried forward until expended for each school year upon renewal  
 49 of the account under subsection (b2) of this section. In no event shall the total amount of funds  
 50 carried forward for an eligible student in a personal education student account exceed thirty

1 thousand dollars (\$30,000). Any funds remaining in the electronic account if an agreement is not  
2 renewed under G.S. 115C-595 shall be returned to the Authority.

3 (b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for  
4 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive  
5 the scholarship funds deposited in two equal amounts to a PESA in amounts, one-half in each  
6 quarter-semester of the fiscal-school year. The first deposit of funds to a PESA shall be subject  
7 to the execution of the parental agreement required by G.S. 115C-595. The parent shall then  
8 receive a debit card or an electronic account with the prepaid funds loaded on the card or in the  
9 electronic account at the beginning of the fiscal-school year. After the initial disbursement of  
10 funds, each subsequent, quarterly-semester disbursement of funds shall be subject to the  
11 submission by the parent of an expense report. The expense report shall be submitted  
12 electronically and shall include documentation that the student received an education, as  
13 described in G.S. 115C-595(a)(1), for no less than 35-70 days of the applicable quarter-semester.  
14 The debit card or the electronic account shall be renewed upon the receipt of the parental  
15 agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent fiscal  
16 school years. Any funds remaining on the card or in the electronic account at the end of the fiscal  
17 year may be carried forward to the next fiscal year if the card or electronic account is renewed.  
18 Any funds remaining on the card or in the electronic account if an agreement is not renewed shall  
19 be returned to the Authority.

20 (c) Eligibility for the other scholarship programs is provided for as follows: Eligibility for  
21 Other Scholarship Programs. –

22 (1) An eligible student under this Article may receive, in addition to a PESA, a  
23 scholarship under Part 2A of Article 39 of this Chapter.

24 (2) ~~An eligible student under this Article may receive, in addition to a PESA and~~  
25 ~~a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under~~  
26 ~~the special education scholarship program for children with disabilities~~  
27 ~~pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or~~  
28 ~~more of the following disabilities:~~

29 a. ~~Autism.~~

30 b. ~~Developmental disability.~~

31 c. ~~Hearing impairment.~~

32 d. ~~Moderate or severe intellectual disability.~~

33 e. ~~Multiple, permanent orthopedic impairments.~~

34 f. ~~Visual impairment.~~

35 (d) Applications Not Public Records. – Applications for scholarship funds and personally  
36 identifiable information related to eligible students receiving funds shall not be a public record  
37 under Chapter 132 of the General Statutes. For the purposes of this section, personally  
38 identifiable information means any information directly related to a student or members of a  
39 student's household, including the name, birthdate, address, Social Security number, telephone  
40 number, e-mail address, or any other information or identification number that would provide  
41 information about a specific student or members of a specific student's household.

42 (e) Establishment of Initial Eligibility. – An applicant may demonstrate for initial  
43 eligibility that the applicant is a child with a disability, as required by G.S. 115C-591(3)c., ~~in~~  
44 ~~either of the following ways:~~

45 (1) ~~The by having the child has been assessed by a local education agency and~~  
46 ~~determined the local education agency determining the child to be a child with~~  
47 ~~a disability and with that outcome is verified by the local education agency on~~  
48 ~~a form provided to the Authority.~~

49 (2) ~~The child was initially assessed by a local education agency and determined~~  
50 ~~to be a child with a disability and, following receipt of a scholarship awarded~~  
51 ~~pursuant to Part 1H of Article 9 of this Chapter, was determined to have~~

1 continuing eligibility, as provided in G.S. 115C-112.6(e)(2), by the assessing  
2 psychologist or psychiatrist. Both the initial verification from the local  
3 education agency and the continuing verification by the assessing  
4 psychologist or psychiatrist shall be provided on a form to the Authority.

5 **"§ 115C-593. Student continuing eligibility.**

6 After the initial disbursement of funds, the Authority shall ensure that the student's continuing  
7 eligibility is assessed at least every three years, by one of the following:

- 8 (1) The local education agency. – The local education agency shall assess if the  
9 student continues to be a child with a disability and verify the outcome on a  
10 form to be provided to the Authority.
- 11 (2) A licensed psychologist with a school psychology focus or a psychiatrist. –  
12 The psychologist or psychiatrist shall assess, after review of appropriate  
13 medical and educational records, if the education and related services received  
14 by the student in the nonpublic school setting have improved the child's  
15 educational performance and if the student would continue to benefit from  
16 placement in the nonpublic school setting. The psychologist or psychiatrist  
17 shall verify the outcome of the assessment on a form to be provided to the  
18 Authority.

19 **"§ 115C-594. Verification of ~~eligibility~~; information from other State agencies.**

20 (a) Verification of Information. – The Authority may seek verification of information on  
21 any application for the award of scholarship funds for a personal education ~~savings~~ student  
22 account. ~~The Authority shall select and verify six percent (6%) of applications annually,~~  
23 ~~including those with apparent errors on the face of the application.~~ The Authority shall establish  
24 rules for the verification process. If a household fails to cooperate with verification efforts, the  
25 Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

26 (b) Access to Information. – ~~Household members of applicants~~ Applicants for the award  
27 of scholarship funds for a PESA shall authorize the Authority to access information needed for  
28 verification efforts held by other State agencies, including the Department of Health and Human  
29 Services and the Department of Public Instruction.

30 **"§ 115C-595. Parental agreement; use of funds.**

31 (a) Parental Agreement. – The Authority shall provide the parent of a scholarship  
32 recipient with a written agreement, applicable for each year the eligible student receives  
33 scholarship funds under this Article, to be signed and returned to the Authority prior to receiving  
34 the scholarship funds. The agreement shall be submitted to the Authority electronically. The  
35 parent shall not designate any entity or individual to execute the agreement on the parent's behalf.  
36 A parent or eligible student's failure to comply with this section shall result in a forfeit of  
37 scholarship funds and those funds may be awarded to another eligible student. The parent shall  
38 agree to the following conditions in order to receive scholarship funds under this Article:

- 39 (1) Use at least a portion of the scholarship funds to provide an education to the  
40 eligible student in, at a minimum, the subjects of English language arts,  
41 mathematics, social studies, and science.
- 42 (2) Unless the student is a part-time eligible student, release a local education  
43 agency in which the student is eligible to attend under G.S. 115C-366 of all  
44 obligations to educate the eligible student while the eligible student is  
45 receiving scholarship funds under this Article. A parent of a student, other  
46 than a part-time eligible student, who decides to enroll the student into the  
47 local education agency or other North Carolina public school during the term  
48 of the agreement shall notify the Authority to request a release from the  
49 agreement and shall return any unexpended funds to the Authority.

- 1           (3) Use the scholarship funds deposited into a personal education ~~savings~~-student  
 2           account only for the following qualifying education expenses of the eligible  
 3           student:  
 4           a. Tuition and fees for a ~~nonpublic school that meets the requirements of~~  
 5           ~~Part 1 or Part 2 of Article 39 of this Chapter and is subject to the~~  
 6           ~~requirements of G.S. 115C-562.5.~~ G.S. 115C-562.5 compliant school,  
 7           disbursed as provided in subdivision (1) of subsection (a1) of this  
 8           section.  
 9           b. Textbooks required by a nonpublic school.  
 10          c. Tutoring and teaching services provided by an individual or facility  
 11          accredited by a State, regional, or national accrediting organization.  
 12          d. Curricula.  
 13          e. Fees for nationally standardized norm-referenced achievement tests,  
 14          advanced placement tests, or nationally recognized college entrance  
 15          exams.  
 16          f. Fees charged to the account holder for the management of the PESA.  
 17          g. Fees for services provided by a public school, including individual  
 18          classes and extracurricular programs.  
 19          h. Premiums charged to the account holder for any insurance or surety  
 20          bonds required by the Authority.  
 21          i. Educational therapies from a licensed or accredited practitioner or  
 22          provider.  
 23          j. Educational technology defined by the Authority as approved for use  
 24          pursuant to ~~Part 1H of Article 9 of this Chapter.~~ G.S. 115C-591(2a).  
 25          k. Student transportation, pursuant to a contract with an entity that  
 26          regularly provides student transportation, to and from (i) a provider of  
 27          education or related services or (ii) an education activity.  
 28          l. Transaction or merchant fees charged to the account holder, not to  
 29          exceed two and one-half percent (2.5%) of the cost of the item or  
 30          service.  
 31          (3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding  
 32          sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible  
 33          student may pay tuition to Part 1 or 2 nonpublic schools that are not  
 34          G.S. 115C-562.5 compliant schools with funds other than funds available in  
 35          the personal education student account and then request reimbursement from  
 36          the Authority from scholarship funds if the parent complies with the  
 37          provisions of subdivision (2) of subsection (a1) of this section.  
 38          (4) Not use scholarship funds for any of the following purposes:  
 39          a. Computer hardware or other technological devices not defined by the  
 40          Authority as educational technology approved for use pursuant to ~~Part~~  
 41          ~~1H of Article 9 of this Chapter.~~ G.S. 115C-591(2a).  
 42          b. Consumable educational supplies, including paper, pen, or markers.  
 43          c. Tuition and fees at an institution of higher education, as defined in  
 44          G.S. 116-143.1, or a private postsecondary institution.  
 45          d. Tuition and fees for a nonpublic school that meets the requirements of  
 46          Part 3 of Article 39 of this Chapter.  
 47          (a1) Disbursement of Funds for Tuition. – The method by which the Authority shall  
 48          disburse scholarship funds awarded to eligible students for tuition at a nonpublic school shall be  
 49          based upon whether the nonpublic school is a G.S. 115C-562.5 compliant school. Scholarship  
 50          funds for tuition shall be disbursed as follows:

1           (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two  
2 times each school year, scholarship funds from the personal education student  
3 account for eligible students who attend G.S. 115C-562.5 compliant schools.  
4 The funds shall be remitted to the G.S. 115C-562.5 compliant school for  
5 endorsement by at least one of the student's parents. The parent shall  
6 restrictively endorse the scholarship funds awarded to the eligible student for  
7 deposit into the account of the G.S. 115C-562.5 compliant school to the credit  
8 of the eligible student. The parent shall not designate any entity or individual  
9 associated with the school as the parent's attorney-in-fact to endorse the  
10 scholarship funds. A parent's failure to comply with this subdivision shall  
11 result in forfeiture of the scholarship funds for tuition. Scholarship funds  
12 forfeited for failure to comply with this subdivision shall be returned to the  
13 Authority to be awarded to another student.

14           (2) Reimbursement for tuition. – The parent of an eligible student who enrolls in  
15 a school that is (i) a North Carolina public school other than the public school  
16 to which that student would have been assigned as provided in G.S. 115C-366  
17 or (ii) a Part 1 or 2 nonpublic school that is not a G.S. 115C-562.5 compliant  
18 school may pay tuition directly to the school with funds other than scholarship  
19 funds and request reimbursement with funds available in the personal  
20 education student account under subdivision (3a) of subsection (a) of this  
21 section. However, the Authority shall not reimburse the parent prior to the  
22 midpoint of each semester. A parent may only receive reimbursement for  
23 tuition if the parent provides documentation to the Authority that the student  
24 is enrolled in the school.

25           (b) No Refunds to an Account Holder. – A nonpublic school or a provider of services  
26 purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to  
27 a parent or eligible student in any manner. The parent shall notify the Authority if such a refund  
28 is required.

29           (c) Repealed by Session Laws 2018-5, s. 38.10(m), effective for taxable years beginning  
30 on or after January 1, 2018.

31 **"§ 115C-596. Identification of nonpublic schools and distribution of personal education**  
32 **~~savings-student~~ account information.**

33           (a) List of Nonpublic Schools. – The Division shall provide annually by February 1 to  
34 the Authority a list of all nonpublic schools operating in the State that meet the requirements of  
35 Part 1, 2, or 3 of Article 39 of this Chapter.

36           (b) Information on PESAs to the Division. – The Authority shall provide information  
37 about personal education ~~savings-student~~ accounts to the Division. The Division shall provide  
38 information about PESAs to all qualified nonpublic schools on an annual basis.

39 **"§ 115C-597. Administration.**

40           (a) Rules and Regulations. – The Authority shall establish rules and regulations for the  
41 administration of the program, including the following:

- 42           (1) The administration and awarding of scholarship funds, including a lottery  
43 process for the selection of recipients within the criteria established by  
44 G.S. 115C-592(a), if necessary.
- 45           (2) Requiring a surety bond or insurance to be held by account holders.
- 46           (3) Use of the funds and the reporting of expenditures.
- 47           (4) Monitoring and control of spending scholarship funds deposited in a personal  
48 education savings account.

49           The Authority shall provide recipients of scholarship funds with the annual list of defined  
50 educational technology for which scholarship funds may be used.

1 (b) Contract for Management of PESAs. – The Authority may contract with a private  
2 financial management firm or institution to manage PESAs in accordance with this Article.

3 (c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit  
4 a random sampling of PESAs as needed to ensure compliance with the requirements of this  
5 Article. The Authority may contract with an independent entity to conduct these audits. The  
6 Authority may remove a parent or eligible student from the program and close a personal  
7 education ~~savings-student~~ account for failure to comply with the terms of the parental agreement,  
8 for failure to comply with applicable laws, or because the student is no longer an eligible student.

9 (d) Administration Costs. – Of the funds allocated to the Authority to award scholarship  
10 funds under this Article, the Authority may retain ~~up to two hundred fifty thousand dollars~~  
11 ~~(\$250,000)~~ the lesser of four percent (4%) of the funds appropriated or two million dollars  
12 (\$2,000,000) each fiscal year for administrative costs associated with the program, including  
13 contracting with non-State entities for administration of certain components of the program.

14 **"§ 115C-598. Reporting requirements.**

15 The Authority shall report annually, no later than October 15, to the Joint Legislative  
16 Education Oversight Committee on the following information from the prior school year:

- 17 (1) Total number, grade level, race, ethnicity, and sex of eligible students  
18 receiving scholarship funds.
- 19 (2) Total amount of scholarship funding awarded.
- 20 (3) Number of students previously enrolled in public schools in the prior semester  
21 by the previously attended local education agency.
- 22 (4) Nonpublic schools in which scholarship recipients are enrolled, including  
23 numbers of scholarship recipients at each nonpublic school.
- 24 (5) The number of substantiated cases of fraud by recipients and the number of  
25 parents or students removed from the program for noncompliance with the  
26 provisions of this Article.

27 **"§ 115C-599. Duties of State agencies.**

28 (a) The State Board, as part of its duty to monitor all local education agencies to  
29 determine compliance with this Article and the Individuals with Disabilities Education Act  
30 (IDEA), 20 U.S.C. § 1400, et seq., (2004), as amended, and federal regulations adopted under  
31 that act, as provided in G.S. 115C-107.4, shall ensure that local education agencies do the  
32 following:

- 33 (1) Conduct evaluations requested by a child's parent of suspected children with  
34 disabilities, as defined in G.S. 115C-107.3, in a timely manner as required by  
35 IDEA.
- 36 (2) Provide assessments for continuing eligibility to identified children with  
37 disabilities receiving scholarship funds at the request of the parent to ensure  
38 compliance with G.S. 115C-593.

39 (b) The Authority shall analyze, in conjunction with the Department of Public Instruction,  
40 past trends in scholarship data on an annual basis to ensure that the amount of funds transferred  
41 each fiscal year by the Authority to the Department for reevaluations by local school  
42 administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual  
43 annual cost requirements.

44 **"§ 115C-600. Funds for Personal Education Student Accounts.**

45 The General Assembly finds that due to the continued growth and ongoing need in this State  
46 to provide opportunity for school choice for children with disabilities, it is imperative that the  
47 State provide an increase in funds of at least one million dollars (\$1,000,000) each fiscal year for  
48 10 years for the Personal Education Student Accounts for Children with Disabilities Program.  
49 To that end, there is appropriated from the General Fund to the Board of Governors of The  
50 University of North Carolina the following amounts each fiscal year to be allocated to the  
51 Authority for the Program in accordance with this Article:

	<u>Fiscal Year</u>	<u>Appropriation</u>
1		
2	<u>2023-2024</u>	<u>\$32,643,166</u>
3	<u>2024-2025</u>	<u>\$33,643,166</u>
4	<u>2025-2026</u>	<u>\$34,643,166</u>
5	<u>2026-2027</u>	<u>\$35,643,166</u>
6	<u>2027-2028</u>	<u>\$36,643,166</u>
7	<u>2028-2029</u>	<u>\$37,643,166</u>
8	<u>2029-2030</u>	<u>\$38,643,166</u>
9	<u>2030-2031</u>	<u>\$39,643,166</u>
10	<u>2031-2032</u>	<u>\$40,643,166</u>
11	<u>2032-2033 and each subsequent fiscal year thereafter</u>	<u>\$41,643,166</u>

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

15 **SECTION 8A.3.(m)** It is the intent of the General Assembly to move the Special  
 16 Education Scholarships for Children with Disabilities and the Personal Education Savings  
 17 Account program funding to the Personal Education Student Accounts for Children with  
 18 Disabilities Program, in addition to any other funds appropriated by the General Assembly for  
 19 that Program, so that funds appropriated for scholarships are awarded to students for that school  
 20 year.

21 **SECTION 8A.3.(n)** Notwithstanding G.S. 115C-592, as amended by this section, a  
 22 student who was awarded scholarship funds for a Personal Education Savings Account (PESA)  
 23 pursuant to Article 41 of Chapter 115C of the General Statutes for the 2021-2022 school year or  
 24 a student who received a scholarship pursuant to Part 1H of Article 9 of Chapter 115C of the  
 25 General Statutes for the 2021-2022 school year shall receive priority in the award of scholarship  
 26 funds under G.S. 115C-592 for a personal education student account for the 2022-2023 school  
 27 year if the student applies by March 1, 2022.

28 **SECTION 8A.3.(o)** Part 1H of Article 9 of Chapter 115C of the General Statutes is  
 29 repealed.

30 **SECTION 8A.3.(p)** G.S. 115C-555(4) reads as rewritten:

31 "(4) It receives no funding from the State of North Carolina. For the purposes of  
 32 this Article, scholarship funds awarded pursuant to Part 2A of this ~~Article,~~  
 33 Article or Article 41 of this Chapter, or Part 1H of Article 9 of this Chapter to  
 34 eligible students attending a nonpublic school shall not be considered funding  
 35 from the State of North Carolina."

36 **SECTION 8A.3.(q)** G.S. 115C-567.1(a), as enacted by subsection (h) of this section,  
 37 reads as rewritten:

38 "(a) The State Education Assistance Authority, in its administration of scholarship  
 39 programs for eligible students pursuant to Part 2A of this ~~Article, Article and Article 41 of this~~  
 40 ~~Chapter, and Part 1H of Article 9 of this Chapter~~ may contract with a nonprofit corporation  
 41 representing parents and families, for outreach and scholarship education, program promotion,  
 42 and application assistance for parents and students. The Authority shall issue a request for  
 43 proposals in order to enter into a contract with a nonprofit corporation that meets the following  
 44 requirements during the term of the contract:

- 45 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General  
 46 Statutes and comply at all times with the provisions of section 501(c)(3) of the  
 47 Internal Revenue Code.
- 48 (2) Employ sufficient staff who have demonstrated a capacity of direct parent and  
 49 family outreach, program promotion, procedural knowledge to assist parents  
 50 through scholarship application process and provide guidance on the  
 51 scholarship grant program, including by doing the following:

- 1 a. One-on-one parent and family engagement.  
 2 b. Scholarship education and public awareness.  
 3 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the  
 4 Internal Revenue Code.  
 5 (4) Have no State officer or employee serving on the board of the nonprofit.  
 6 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit  
 7 at the call of its chair."

8 **SECTION 8A.3.(r)** Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of  
 9 S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

10 **SECTION 8A.3.(s)** G.S. 105-153.5(b)(12) reads as rewritten:

11 "(12) The amount deposited during the taxable year to a personal education ~~savings~~  
 12 student account under Article 41 of Chapter 115C of the General Statutes."

13 **SECTION 8A.3.(t)** This section does not affect the rights or liabilities of the State,  
 14 a taxpayer, or another person arising under a statute amended by this section before the effective  
 15 date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued  
 16 under the amended statute before the effective date of its amendment.

17 **SECTION 8A.3.(u)** Notwithstanding G.S. 115C-592(e), as amended by this section,  
 18 and the repeal of Part 1H of Article 9 of Chapter 115C of the General Statutes, effective July 1,  
 19 2022, as provided by this section, for the 2022-2023 school year only, the State Education  
 20 Assistance Authority shall have flexibility in implementing application requirements for the  
 21 Personal Education Student Accounts for Children with Disabilities Program to award  
 22 scholarship funds under that program for the 2022-2023 school year.

23 **SECTION 8A.3.(v)** Subsections (a) and (b) of this section apply to applications and  
 24 awards of scholarship funds for the 2021-2022 school year only. Subsections (c) through (f) of  
 25 this section apply beginning with applications for scholarship funds for the 2022-2023 school  
 26 year. Subsections (g) and (h) of this section are effective June 30, 2021. Subsection (k) of this  
 27 section applies to applications and awards of scholarship funds for the 2021-2022 school year  
 28 only. Subsection (l) of this section applies to applications for scholarship funds beginning with  
 29 the 2022-2023 school year. Subsections (o) through (r) of this section become effective July 1,  
 30 2022. Subsection (s) of this section applies to taxable years beginning on or after January 1, 2022.

### 31 SEAA GOVERNANCE STRUCTURE MODIFICATIONS/BUDGET CODE CHANGES

32 **SECTION 8A.4.(a)** G.S. 116-203 reads as rewritten:

33 **"§ 116-203. Authority created as subdivision of State; appointment, terms and removal of**  
 34 **board of directors; officers; quorum; expenses and compensation of directors.**

35 (a) Authority Created. – There is created and constituted a political subdivision of the  
 36 State to be known as the "State Education Assistance ~~Authority.~~" Authority" (Authority) to be  
 37 housed administratively within The University of North Carolina System Office for  
 38 organizational, staffing, and budgetary purposes. The exercise by the Authority of the powers  
 39 conferred by this Article shall be deemed and held to be the performance of an essential  
 40 governmental ~~function.~~ function in administering a system of financial assistance to qualified  
 41 students of the State. The Authority shall exercise its statutory powers independently from the  
 42 System Office and the Board of Governors of The University of North Carolina.

43 (b) Membership. – The Authority shall be governed by a board of directors consisting of  
 44 nine members, seven of whom shall be appointed ~~by the Governor~~ and two of whom shall be ex  
 45 ~~officio. The members shall be officio~~ as follows:

46 (1) Seven members appointed ~~by the Governor, three of whom~~ according to the  
 47 following:

48 a. The Board of Governors of The University of North Carolina shall  
 49 appoint the following members:  
 50



- 1                                    1. One member who shall have expertise in secondary or higher  
2                                    education, two of whom education.  
3                                    2. One member who shall be a chief financial officer or chief  
4                                    administrative officer from a nonpublic school that enrolls  
5                                    students receiving scholarship funds pursuant to Part 2A of  
6                                    Article 39 of Chapter 115C of the General Statutes.  
7                                    3. One member who shall have expertise in finance, one of whom  
8                                    finance.  
9                                    b. The Governor shall appoint the following members:  
10                                   1. One member who shall have expertise in finance.  
11                                   2. One member who shall have expertise in secondary or higher  
12                                   education.  
13                                   3. One member who shall be a member of the public at large with  
14                                   an interest in higher education, and one of whom education.  
15                                   4. One member who shall be a chief financial officer from a  
16                                   college or university that is a member of North Carolina  
17                                   Independent Colleges and Universities, Inc., appointed upon  
18                                   the recommendation of North Carolina Independent Colleges  
19                                   and Universities, Inc.  
20                                   (2) The chief financial officer of The University of North Carolina shall serve as  
21                                   an ex officio member.  
22                                   (3) The chief financial officer of the North Carolina Community College System  
23                                   shall serve as an ex officio member.  
24                                   (c) ~~Terms. – Members appointed by the Governor pursuant to subdivision (1) of~~  
25                                   ~~subsection (b) of this section shall serve for a term of four years and until their successors are~~  
26                                   ~~appointed and duly qualified. Immediately after appointment, the directors shall enter upon the~~  
27                                   ~~performance of their duties.~~  
28                                   (d) ~~Vacancies. – A vacancy in an appointment made by the Governor shall be filled by~~  
29                                   ~~the Governor appointing authority in the same manner as the original appointment for the~~  
30                                   ~~remainder of the unexpired term.~~  
31                                   (e) ~~Removal. – The Governor appointing authority may remove any member of the board~~  
32                                   ~~of directors appointed by the Governor that authority for misfeasance, malfeasance, or~~  
33                                   ~~nonfeasance.~~  
34                                   (f) ~~Officers. – The board shall annually elect one of its members as chair and another as~~  
35                                   ~~vice chair and shall also elect annually a secretary, or a secretary treasurer, who may or may not~~  
36                                   ~~be a member of the board. vice-chair. The chair, or in the chair's absence, the vice-chair, shall~~  
37                                   ~~preside at all meetings of the board. In the absence of both the chair and vice-chair, the board~~  
38                                   ~~shall appoint a chair pro tempore, who shall preside at such meetings.~~  
39                                   (f1) Executive Director. – The President of The University of North Carolina shall appoint  
40                                   the Executive Director of the Authority, who shall be the Authority's principal executive officer,  
41                                   and the Executive Director shall be responsible to the President. The Executive Director shall  
42                                   serve as secretary to the board of directors.  
43                                   (g) ~~Quorum. – Five directors shall constitute a quorum for the transaction of the business~~  
44                                   ~~of the Authority, and no vacancy in the membership of the board shall impair the right of a~~  
45                                   ~~quorum to exercise all the rights and perform all the duties of the Authority. The favorable vote~~  
46                                   ~~of at least a majority of the members of the board present at any meeting is required for the~~  
47                                   ~~adoption of any resolution or motion or for other official action.~~  
48                                   (h) ~~Expenses. – The members of the board shall receive per diem and allowances as~~  
49                                   ~~provided in G.S. 138-5 and G.S. 138-6. These expenses and compensation shall be paid from~~  
50                                   ~~funds provided under this Article, or as otherwise provided."~~  
51

**SECTION 8A.4.(b)** G.S. 116-204 reads as rewritten:

**"§ 116-204. Powers of Authority.**

The Authority is hereby authorized and empowered:

- (1) To fix and revise from time to time and charge and collect fees for its acts and ~~undertakings;~~undertakings.
- (2) To establish rules and regulations concerning its acts and ~~undertakings;~~undertakings.
- (3) To acquire, hold and dispose of personal property in the exercise of its powers and the performance of its ~~duties;~~duties.
- (4) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this ~~Article;~~Article.
- (5) To employ, ~~in its discretion,~~ upon approval by the President of The University of North Carolina or his or her designee, consultants, attorneys, ~~accountants,~~ and financial experts, ~~superintendents,~~ managers ~~financial professionals,~~ liaison personnel, clerical staff, and ~~such~~ other employees and agents as may be necessary ~~in its judgment,~~ and to fix their compensation ~~to be payable from funds made available to the Authority by law;~~ from any funds made available to the Authority through appropriations by the General Assembly, the availability of receipts, or both.
- (6) To receive and accept from any federal or private agency, corporation, association or person grants to be expended in accomplishing the objectives of the Authority, and to receive and accept from the State, from any municipality, county or other political subdivision thereof and from any other source aid or contributions of either money, property, or other things of value, to be held, used and applied only for the purposes for which such grants and contributions may be ~~made;~~made.
- (7) To sue and to be sued; to have a seal and to alter the same at its pleasure; and to make and from time to time amend and repeal bylaws, rules and regulations not inconsistent with law to carry into effect the powers and purposes of the ~~Authority;~~Authority.
- (8) To do all other acts and things necessary or convenient to carry out the powers expressly granted in this Article; provided, however, that nothing in this Article shall be construed to empower the Authority to engage in the business of banking or insurance.
- (9) To collect loan repayments for loans awarded under the Teaching Fellows Program pursuant to G.S. 115C-363.23A if the loan repayment is outstanding for more than 30 days.
- (10) To collect loan repayments for loans awarded from the Scholarship Loan Fund for Prospective Teachers pursuant to Article 32A of Chapter 115C of the General Statutes if the loan repayment is outstanding for more than 30 days.
- (11) To administer the awarding of scholarship grants to students attending nonpublic schools as provided in Part 2A of Article 39 of Chapter 115C of the General Statutes.
- (12) To administer the coordinated and centralized process for determining residency for tuition and State-funded financial aid purposes that is jointly developed and implemented by The University of North Carolina, the North Carolina Community College System, and the Authority, in consultation with the North Carolina Independent Colleges and Universities.
- (13) To collect loan repayments for scholarship loans awarded under the former Principal Fellows Program pursuant to Article 5C of this Chapter if the loan repayment is outstanding for more than 30 days."

1           **SECTION 8A.4.(c)** G.S. 116-205 reads as rewritten:

2   "**§ 116-205. Title to property; use of State lands; offices.**

3       (a) Title to any property acquired by the Authority shall be taken in the name of the  
4 Authority.

5       (b) The State hereby consents, subject to the approval of the ~~Governor~~ Governor, the  
6 Board of Governors of The University of North Carolina, and Council of State, to the use of any  
7 other lands or property owned by the State, which are deemed by the Authority to be necessary  
8 for its purposes.

9       (c) ~~The~~ Upon approval by The University of North Carolina System Office, the Authority  
10 may establish such offices in ~~state-owned~~ State-owned or rented structures as it deems  
11 appropriate for its purposes."

12           **SECTION 8A.4.(d)** G.S. 116-209.14 reads as rewritten:

13   "**§ 116-209.14. Annual reports.**

14       The Authority shall, following the close of each fiscal year, publish an annual report of its  
15 activities for the preceding year to the ~~Governor~~ Board of Governors of The University of North  
16 Carolina, the Governor, and the General Assembly. Each report shall set forth a complete  
17 operating and financial statement covering the operations of the Authority during the year. The  
18 operations of the Authority shall be subject to the oversight of the State Auditor pursuant to  
19 Article 5A of Chapter 147 of the General Statutes."

20           **SECTION 8A.4.(e)** G.S. 116-209.21 is repealed.

21           **SECTION 8A.4.(f)** Notwithstanding any other provision of law to the contrary, the  
22 Director of the Budget shall, in consultation with The University of North Carolina and the North  
23 Carolina State Education Assistance Authority, make necessary permanent adjustments to The  
24 University of North Carolina's certified budget for the 2021-2022 fiscal year to ensure that State  
25 appropriations for programs administered by the State Education Assistance Authority are clearly  
26 identified in a separate budget code or budget codes from the funds for the programs and for the  
27 support of the operations of The University of North Carolina System Office. The budget code  
28 changes authorized by this section are effective from July 1, 2021, and shall be reflected in the  
29 base budget for the 2023-2025 fiscal biennium.

30           **SECTION 8A.4.(g)** For the board of directors of the State Education Assistance  
31 Authority, subsection (a) of this section applies to the appointment of seats expiring or the  
32 appointment to fill vacancies in seats occurring on or after the date this act becomes law.  
33 Notwithstanding G.S. 116-203, as amended by this act, upon the next vacancies for seats for (i)  
34 a member who has expertise in finance and (ii) a member who has expertise in secondary or  
35 higher education, the Board of Governors of The University of North Carolina shall appoint the  
36 member to fill that vacant seat in accordance with G.S. 116-203(b)(1).

37           **SECTION 8A.4.(h)** Except as otherwise provided, this section is effective the date  
38 this act becomes law.

#### 39   **LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT**

40           **SECTION 8A.5.(a)** Program Established. – Of the funds appropriated in this act to  
41 the Board of Governors of The University of North Carolina to be allocated to the State Education  
42 Assistance Authority from the State Fiscal Recovery Fund, the Authority shall administer the  
43 Longleaf Commitment Grant Program (Program) to award grants to eligible students graduating  
44 from high school at the end of the 2021-2022 school year to cover tuition and fees at a community  
45 college for up to two years. The goal of the Longleaf Commitment Grant Program is to help  
46 students who graduated from a North Carolina high school during the COVID-19 pandemic  
47 recover learning and persist through to degree attainment.

48           **SECTION 8A.5.(b)** Eligible Students. – A student shall be considered an eligible  
49 student to receive a grant under the Program if the student meets all of the following  
50 requirements:  
51

- 1 (1) Graduates from high school during the 2021-2022 school year or receives a  
2 high school equivalency diploma during the 2021-2022 school year.
- 3 (2) Qualifies as a resident for tuition purposes under the criteria set forth in  
4 G.S. 116-143.1 and in accordance with the coordinated and centralized  
5 residency determination process administered by the Authority.
- 6 (3) Completes the Free Application for Federal Student Aid (FAFSA) for the  
7 2022-2023 academic year and, if applicable, renews the FAFSA for the  
8 2023-2024 academic year.
- 9 (4) Has an Expected Family Contribution (EFC) below fifteen thousand dollars  
10 (\$15,000).
- 11 (5) Enrolls in the Fall 2022 semester and maintains enrollment in at least six credit  
12 hours per semester in curriculum courses at a community college.

13 **SECTION 8A.5.(c)** Award Amounts; Administration. – Grants awarded under the  
14 Program shall be for a minimum amount of seven hundred dollars (\$700.00) per eligible student  
15 with a maximum grant of up to two thousand eight hundred dollars (\$2,800) per eligible student  
16 per year for up to two years, which includes cost of tuition and a fee allowance.

17 The Authority may adopt rules for the administration of the Program. The Authority  
18 may use up to one percent (1%) of the funds appropriated for the Program for administrative  
19 costs.

20 **SECTION 8A.5.(d)** Support Services from Community Colleges. – The Community  
21 Colleges System Office shall administer a matching grant program for community colleges to  
22 provide student support services under the Program in accordance with Section 6.11 of this act.

23 **SECTION 8A.5.(e)** Report. – The Authority shall submit an initial report by  
24 September 1, 2023, and a final report by September 1, 2024, to the Joint Legislative Education  
25 Oversight Committee on the implementation of the Program. The report shall contain, for each  
26 academic year, the amount of grant funds disbursed and the number of eligible students receiving  
27 funds.

## 28 **WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM**

29 **SECTION 8A.8.(a)** Scholarship Program Established. – Of the funds appropriated  
30 by this act for the 2021-2022 fiscal year to the Board of Governors of The University of North  
31 Carolina for the Washington Center Internship Scholarship Program, the State Education  
32 Assistance Authority (Authority) shall award scholarship grants to students who are residents of  
33 North Carolina and are enrolled in their second year or higher in a constituent institution of The  
34 University of North Carolina to attend a semester or summer term internship program at The  
35 Washington Center for Internships and Academic Seminars (Washington Center) located in  
36 Washington, D.C. The Authority shall administer the scholarship program pursuant to guidelines  
37 and procedures established by the Authority consistent with its practices for administering  
38 State-funded financial aid. The guidelines and procedures shall include an application process  
39 and schedule, notification and disbursement procedures, standards for reporting, and standards  
40 for return of funds when a student withdraws from the program. A student who meets the  
41 eligibility criteria of the Washington Center to attend a semester or summer term internship  
42 program may apply to the Authority for a grant to cover costs related to the internship program  
43 in an amount of up to seven thousand dollars (\$7,000). The Authority shall award grants to  
44 students in the order in which applications are received.

45 **SECTION 8A.8.(b)** Limitations on Grant Amount. – If a student who is eligible for  
46 a grant pursuant to this section also receives a scholarship or other grant covering the cost of  
47 attendance for the program, then the amount of the State grant shall be reduced by an appropriate  
48 amount determined by the Authority. The Authority shall reduce the amount of the grant so that  
49 the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost  
50 of attendance for the program, including program fees, housing, and incidental costs. The cost of  
51

1 attendance shall be established by the Authority in accordance with information provided to the  
2 Authority by the Washington Center.

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

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

13 **SECTION 8A.8(e)** Reporting. – By March 1, 2023, the Authority, in consultation  
14 with the Washington Center, shall report to the Joint Legislative Education Oversight Committee,  
15 the Senate Appropriations Committee on Education/Higher Education, the House of  
16 Representatives Appropriations Committee on Education, and the Fiscal Research Division on  
17 the implementation of the scholarship program, including the number of participating students  
18 and the amount of awards for each semester or summer term by constituent institution.

19 **SECTION 8A.8(f)** This section applies beginning with the award of scholarship  
20 grants for the 2022 spring academic semester.

## 21 22 **PRIVATE COLLEGES AND UNIVERSITIES/SUPPORT FOR RESPONSES TO THE** 23 **COVID-19 PANDEMIC**

24 **SECTION 8A.9(a)** Of the funds appropriated by this act to the Board of Governors  
25 of The University of North Carolina to be allocated to the State Education Assistance Authority  
26 (Authority) from the State Fiscal Recovery Fund, the Authority shall provide funds to eligible  
27 private postsecondary institutions, as defined in G.S. 116-280(3), by apportioning the funds to  
28 those institutions according to the following:

- 29 (1) The Authority shall first distribute funds to each eligible private  
30 postsecondary institution on the basis of one thousand two hundred fifty  
31 dollars (\$1,250) per student who received a scholarship pursuant to Article 34  
32 of Chapter 116 of the General Statutes in the 2019-2020 academic year,  
33 excluding the following:
- 34 a. Institutions that had fewer than 10 students receive a scholarship  
35 pursuant to Article 34 of Chapter 116 of the General Statutes in the  
36 2019-2020 academic year.
  - 37 b. Four-year institutions that had less than ten percent (10%) of the  
38 degree-seeking undergraduate student population receive a  
39 scholarship pursuant to Article 34 of Chapter 116 of the General  
40 Statutes in the 2019-2020 academic year.
- 41 (2) After the Authority distributes funds to eligible private postsecondary  
42 institutions pursuant to subdivision (1) of this section, the Authority shall  
43 distribute any remaining funds to eligible private postsecondary institutions  
44 that qualified to receive federal funds pursuant to section 314(a)(2) of the  
45 Coronavirus Response and Relief Supplemental Appropriations Act, 2021,  
46 P.L. 116-260, under one of the following programs:
- 47 a. Historically Black Colleges and Universities (HBCUs).
  - 48 b. Minority Serving Institutions (MSIs).
  - 49 c. Strengthening Institutions Program (SIPs).
- 50 Funds under this subdivision shall be distributed to an eligible private  
51 postsecondary institution in an amount proportional to the amount of federal

1 funds the institution qualified for under the programs listed in  
 2 sub-subdivisions a. through c. of this subdivision relative to the total amount  
 3 of federal funds from the programs listed in sub-subdivisions a. through c. of  
 4 this subdivision that were allocated to all of the qualifying eligible private  
 5 postsecondary institutions.

6 **SECTION 8A.9.(b)** In applying the allocation methods set forth in subsection (a) of  
 7 this section, the Authority shall distribute a total amount of funds to eligible private  
 8 postsecondary institutions based on the following estimated schedule, provided funds may be  
 9 subject to adjustment as the Authority deems necessary:

10	<b>Institution</b>	<b>Amount of Funds</b>
11	Barton College	\$774,908
12	Belmont Abbey College	\$571,250
13	Bennett College	\$1,589,942
14	Brevard College	\$417,061
15	Cabarrus College of Health Sciences	\$248,750
16	Campbell University	\$1,788,750
17	Carolinas College of Health Sciences	\$53,750
18	Catawba College	\$762,500
19	Chowan University	\$1,128,408
20	Gardner-Webb University	\$1,269,331
21	Greensboro College	\$613,040
22	Guilford College	\$964,118
23	Johnson & Wales University-Charlotte	\$572,500
24	Johnson C. Smith University	\$7,543,584
25	Lees-McRae College	\$628,102
26	Lenoir-Rhyne University	\$1,314,510
27	Livingstone College	\$6,634,494
28	Louisburg College	\$689,768
29	Mars Hill University	\$899,059
30	Meredith College	\$871,250
31	Methodist University	\$974,428
32	Mid-Atlantic Christian University	\$128,984
33	Montreat College	\$434,448
34	North Carolina Wesleyan College	\$1,745,398
35	Pfeiffer University	\$860,215
36	Queens University of Charlotte	\$590,000
37	Salem College	\$484,246
38	Shaw University	\$6,251,815
39	Southeastern Baptist Theological Seminary	\$165,000
40	St. Andrews University	\$251,250
41	St. Augustine's University	\$4,273,138
42	University of Mount Olive	\$1,699,352
43	Warren Wilson College	\$252,500
44	William Peace University	\$661,799
45	Wingate University	\$1,892,352

46 **SECTION 8A.9.(c)** The funds distributed to eligible private postsecondary  
 47 institutions under this section shall be used to mitigate losses in revenue and to respond to the  
 48 negative impacts of the COVID-19 pandemic for any permissible uses allowed under federal law  
 49 and guidance, including, but not limited to, financial assistance for students, COVID-19 testing,  
 50 cleaning costs, personal protective equipment and any other necessary equipment, and ventilation  
 51 improvements for congregate settings.

1           **SECTION 8A.9.(d)** Notwithstanding subsection (a) of this section, of the funds  
2 appropriated by this act to the Board of Governors of The University of North Carolina to be  
3 allocated to the Authority from the State Fiscal Recovery Fund, the Authority shall provide funds  
4 to High Point University totaling one million dollars (\$1,000,000) to be used consistent with  
5 subsection (c) of this section.

6  
7 **PART IX. HEALTH AND HUMAN SERVICES**

8  
9 **PART IX-A. AGING AND ADULT SERVICES**

10  
11 **STATE-COUNTY SPECIAL ASSISTANCE RATES**

12           **SECTION 9A.1.(a)** For each year of the 2021-2023 fiscal biennium, the maximum  
13 monthly rate for residents in adult care home facilities shall be one thousand one hundred  
14 eighty-two dollars (\$1,182) per month per resident.

15           **SECTION 9A.1.(b)** For each year of the 2021-2023 fiscal biennium, the maximum  
16 monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five  
17 hundred fifteen dollars (\$1,515) per month per resident.

18  
19 **INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS**  
20 **ALLOWANCE**

21           **SECTION 9A.2.(a)** Effective January 1, 2022, the Department of Health and Human  
22 Services, Division of Aging and Adult Services, shall increase the personal needs allowance  
23 under the State-County Special Assistance program from forty-six dollars (\$46.00) per month  
24 per recipient to seventy dollars (\$70.00) per month per recipient.

25           **SECTION 9A.2.(b)** Effective January 1, 2022, and notwithstanding the increase in  
26 the personal needs allowance authorized by subsection (a) of this section or any other provision  
27 of law to the contrary, the following limits are applicable for determining financial eligibility for  
28 State-County Special Assistance:

- 29           (1) The total countable monthly income for individuals residing in adult care  
30 home facilities shall not exceed one thousand two hundred twenty-eight  
31 dollars (\$1,228) per month.  
32           (2) The total countable monthly income for individuals residing in  
33 Alzheimer's/Dementia special care units shall not exceed one thousand five  
34 hundred sixty-one dollars (\$1,561) per month.  
35

36 **REMOVAL OF THE CAP ON THE NUMBER OF ALLOWABLE STATE-COUNTY**  
37 **SPECIAL ASSISTANCE IN-HOME PAYMENTS**

38           **SECTION 9A.3.** G.S. 108A-47.1(a) reads as rewritten:

39           "(a) The Department of Health and Human Services may use funds from the existing  
40 State-County Special Assistance budget to provide Special Assistance payments to eligible  
41 individuals 18 years of age or older in in-home living arrangements. ~~These payments may be~~  
42 ~~made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~ The  
43 standard monthly payment to individuals enrolled in the Special Assistance in-home program  
44 shall be one hundred percent (100%) of the monthly payment the individual would receive if the  
45 individual resided in an adult care home and qualified for Special Assistance, except if a lesser  
46 payment amount is appropriate for the individual as determined by the local case manager. The  
47 Department shall implement Special Assistance in-home eligibility policies and procedures to  
48 assure that in-home program participants are those individuals who need and, but for the in-home  
49 program, would seek placement in an adult care home facility. The Department's policies and  
50 procedures shall include the use of a functional assessment."  
51

1 **STATE-COUNTY SPECIAL ASSISTANCE PROGRAM CHANGES**

2 **SECTION 9A.3A.(a)** It is the intent of the General Assembly to provide greater  
 3 parity among individuals receiving benefits under the State-County Special Assistance Program  
 4 authorized under G.S. 108A-40 regardless if they elect to reside in an adult care home, a special  
 5 care unit, or an in-home living arrangement. To that end, no later than 30 days after the effective  
 6 date of this subsection, the Department of Health and Human Services, Division of Aging and  
 7 Adult Services, shall apply to the federal Social Security Administration (SSA) for approval to  
 8 allow eligible individuals residing in in-home living arrangements to qualify for State-County  
 9 Special Assistance under the Social Security Optional State Supplement Program in the same  
 10 manner as individuals residing in adult care homes or special care units. Additionally, no later  
 11 than 30 days after the effective date of this subsection, the Department of Health and Human  
 12 Services, Division of Health Benefits, shall submit a State Plan amendment to the Centers for  
 13 Medicare and Medicaid Services (CMS) for approval to add Medicaid coverage for individuals  
 14 residing in in-home living arrangements who qualify for State-County Special Assistance under  
 15 the Social Security Optional State Supplement Program. It is the further intent of the General  
 16 Assembly to appropriate sufficient funds in future fiscal years to support annual adjustment of  
 17 the State-County Special Assistance Program payment rates using the federally approved Social  
 18 Security cost-of-living adjustment. This subsection is effective when it becomes law.

19 **SECTION 9A.3A.(b)** Part 3 of Article 2 of Chapter 108A of the General Statutes,  
 20 as amended by Section 9A.3 of this act, reads as rewritten:

21 "Part 3. State-County Special Assistance.

22 **"§ 108A-40. Authorization of State-County Special Assistance Program.**

23 The Department is authorized to establish and supervise a State-County Special Assistance  
 24 Program. ~~This program is to be administered by county~~ County departments of social services  
 25 shall administer this program under rules and regulations of the Social Services Commission.

26 **"§ 108A-41. ~~(See Editor's note)~~ Eligibility.**

27 (a) ~~Assistance shall be granted~~ The Department shall grant assistance under this Part to  
 28 all persons residing in adult care homes—homes, special care units, and in-home living  
 29 arrangements for care found to be essential in accordance with the rules and regulations adopted  
 30 by the Social Services Commission and prescribed by G.S. 108A-42(b). As used in this Part, the  
 31 term "adult care home" includes a supervised living facility for adults with intellectual and  
 32 developmental disabilities licensed under Article 2 of Chapter 122C of the General Statutes.

33 (b) ~~Assistance shall be granted~~ The Department shall grant assistance to any person  
 34 described in subsection (a) of this section who meets all of the following criteria:

35 (1) Meets one of the following:

36 a. Is 65 years of age or older.

37 b. Is between the ages of 18 and 65, and is permanently and totally  
 38 disabled or is legally blind pursuant to G.S. 111-11.

39 (1a) Needs placement in an adult care home or special care unit and either resides  
 40 in an adult care home or special care unit or would seek placement in an adult  
 41 care home or special care unit if not for the State-County Special Assistance  
 42 Program.

43 (2) ~~(Effective until contingency met — see Editor's note)~~ Has insufficient  
 44 income or other resources to provide a reasonable subsistence compatible with  
 45 decency and health as determined by the rules and regulations of the Social  
 46 Services Commission; and Commission. The following income limits are  
 47 applicable for determining financial eligibility for State-County Special  
 48 Assistance:

49 a. The total countable monthly income for individuals residing in adult  
 50 care home facilities or in-home living arrangements without a  
 51 diagnosis of Alzheimer's disease or dementia shall not exceed the basic



1 rate established in subsection (a) of G.S. 108A-42.1 plus a personal  
 2 needs allowance in an amount determined by the General Assembly.

3 b. The total countable monthly income for individuals residing in special  
 4 care units or in-home living arrangements with a diagnosis of  
 5 Alzheimer's disease or dementia shall not exceed the enhanced rate  
 6 established in subsection (b) of G.S. 108A-42.1 plus a personal needs  
 7 allowance in an amount determined by the General Assembly.

8 (2) ~~(For contingent effective date, see Editor's note) Has both (i) income at or~~  
 9 ~~below one hundred percent (100%) of the federal poverty level guidelines~~  
 10 ~~published by the United States Department of Health and Human Services and~~  
 11 ~~(ii) insufficient income or other resources to provide a reasonable subsistence~~  
 12 ~~compatible with decency and health as determined by the rules and regulations~~  
 13 ~~of the Social Services Commission.~~

14 (3) Is one of the following:

- 15 a. A resident of North Carolina for at least 90 days immediately prior to  
 16 receiving this assistance.  
 17 b. Repealed by Session Laws 2014-100, s. 12D.1(c), effective November  
 18 1, 2014.  
 19 c. A person discharged from a State facility who was a patient in the  
 20 facility as a result of an interstate mental health compact that requires  
 21 the State to continue treating the person within the State. As used in  
 22 this sub-subdivision the term State facility is a facility listed under  
 23 G.S. 122C-181.

24 (c) When determining whether a person has insufficient resources to provide a reasonable  
 25 subsistence compatible with decency and health, there shall be excluded from consideration the  
 26 person's primary place of residence and the land on which it is situated, and in addition there  
 27 shall be excluded real property contiguous with the person's primary place of residence in which  
 28 the property tax value is less than twelve thousand dollars (\$12,000).

29 (d) The county shall also have the option of granting assistance to Certain Disabled  
 30 persons as defined in the rules and regulations adopted by the Social Services Commission.  
 31 Nothing in this Part should be interpreted so as to preclude any individual county from operating  
 32 any program of financial assistance using only county funds.

33 ...

34 **"§ 108A-42.1. State-County Special Assistance Program payment rates.**

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

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

47 ...

48 **"§ 108A-47.1. Special Assistance in-home payments.**

49 ~~(a) The Department of Health and Human Services may use funds from the existing~~  
 50 ~~State-County Special Assistance budget to provide Special Assistance payments to eligible~~  
 51 ~~individuals 18 years of age or older in in-home living arrangements. The standard monthly~~

1 payment to individuals enrolled in the Special Assistance in-home program shall be one hundred  
2 percent (100%) of the monthly payment the individual would receive if the individual resided in  
3 an adult care home and qualified for Special Assistance, except if a lesser payment amount is  
4 appropriate for the individual as determined by the local case manager. The Department shall  
5 implement Special Assistance in-home eligibility policies and procedures to assure that in-home  
6 program participants are those individuals who need and, but for the in-home program, would  
7 seek placement in an adult care home facility. The Department's policies and procedures shall  
8 include the use of a functional assessment.

9 (b) All county departments of social services shall participate in the State-County Special  
10 Assistance in-home program by making Special Assistance in-home slots available to individuals  
11 who meet the eligibility requirements established by the Department pursuant to subsection (a)  
12 of this section. By February 15, 2013, the Department shall establish a formula to determine the  
13 need for additional State-County Special Assistance in-home slots for each county. Beginning  
14 July 1, 2014, and each July 1 thereafter, the Department shall review and revise the formula as  
15 necessary.

16 ...."

17 **SECTION 9A.3A.(c)** G.S. 143B-139.5 reads as rewritten:

18 "**§ 143B-139.5. Department of Health and Human Services; adult care State/county share**  
19 **of costs for State-County Special Assistance programs.**

20 State funds available to the Department of Health and Human Services shall pay fifty percent  
21 (50%), and the counties shall pay fifty percent (50%) of the authorized rates for care in adult care  
22 homes including area mental health agency-operated or contracted-group homes, special  
23 care units, and in-home living arrangements. The Department shall use the State's appropriation  
24 to the State-County Special Assistance program for this program, for the State-County Special  
25 Assistance in-home program, program and for rental assistance. Each county shall use county  
26 funds budgeted for the State-County Special Assistance program for this program, for the  
27 State-County Special Assistance in-home program, program and for rental assistance."

28 **SECTION 9A.3A.(d)** Subsections (b), (c), and (e) of this section become effective  
29 on July 1, 2022, or 30 days after the date that all of the following have occurred, whichever is  
30 later:

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

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

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

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

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

15           **SECTION 9A.3A.(f)** Section 9A.1 and Section 9A.2(b) of this act are repealed on  
16 the date subsections (b), (c), and (e) of this section become effective. This subsection is effective  
17 when it becomes law.

18  
19           **AUTHORIZATION FOR LOCAL ENTITIES TO SET REIMBURSEMENT RATES**  
20           **FOR ADULT DAY CARE, ADULT DAY HEALTH, AND ASSOCIATED**  
21           **TRANSPORTATION SERVICES FUNDED BY THE HOME AND COMMUNITY**  
22           **CARE BLOCK GRANT AND THE STATE ADULT DAY CARE FUND**

23           **SECTION 9A.3B.(a)** G.S. 143B-181.1 reads as rewritten:

24           "**§ 143B-181.1. Division of Aging – creation, powers and duties.**

25           (a) There is hereby created within the office of the Secretary of the Department of Health  
26 and Human Services a Division of Aging, which shall have the following functions and duties:

27           ...

- 28           (11) To administer a Home and Community Care Block Grant for older adults,  
29 effective July 1, 1992. The Home and Community Care Block Grant shall be  
30 comprised of applicable Older Americans Act funds, Social Services Block  
31 Grant funding in support of the Respite Care Program (G.S. 143B-181.10),  
32 State funds for home and community care services administered by the  
33 Division of Aging, portions of the State In-Home and Adult Day Care funds  
34 (Chapter 1048, 1981 Session Laws) administered by the Division of Social  
35 Services which support services to older adults, and other funds appropriated  
36 by the General Assembly as part of the Home and Community Care Block  
37 Grant. Funding currently administered by the Division of Social Services to  
38 be included in the block grant will be based on the expenditures for older  
39 adults at a point in time to be mutually determined by the Divisions of Social  
40 Services and Aging. Reimbursement rates for adult day care services, adult  
41 day health services, and associated transportation services paid under the  
42 Home and Community Care Block Grant and the State Adult Day Care Fund  
43 shall be established at the local level. These rates shall reflect geographical  
44 differences, the availability of services, the cost to provide services, and other  
45 local variables. The total amount of Older Americans Act funds to be included  
46 in the Home and Community Care Block Grant and the matching rates for the  
47 block grant shall be established by the Department of Health and Human  
48 Services, Division of Aging. Allocations made to counties in support of older  
49 adults shall not be less than resources made available for the period July 1,  
50 1990, through June 30, 1991, contingent upon availability of current State and  
51 federal funding; and

1 ...  
2 (c) The Secretary of Health and Human Services shall adopt rules to implement this Part  
3 and Title 42, Chapter 35, of the United States Code, entitled Programs for Older Americans."

4 **SECTION 9A.3B.(b)** G.S. 143B-153 reads as rewritten:

5 **"§ 143B-153. Social Services Commission – creation, powers and duties.**

6 There is hereby created the Social Services Commission of the Department of Health and  
7 Human Services with the power and duty to adopt rules and regulations to be followed in the  
8 conduct of the State's social service programs with the power and duty to adopt, amend, and  
9 rescind rules and regulations under and not inconsistent with the laws of the State necessary to  
10 carry out the provisions and purposes of this Article. Provided, however, the Department of  
11 Health and Human Services shall have the power and duty to adopt rules and regulations to be  
12 followed in the conduct of the State's medical assistance program. [The Commission has the  
13 following powers and duties:]

14 ...  
15 (2a) The Social Services Commission shall have the power and duty to establish  
16 standards and adopt rules and regulations:

- 17 a. For social services programs established by federal legislation and by  
18 Article 3 of G.S. Chapter ~~108A~~;108A.
- 19 b. For implementation of Title XX of the Social Security Act, except for  
20 Title XX services provided solely through the Division of Mental  
21 Health, Developmental Disabilities, and Substance Abuse Services, by  
22 promulgating rules and regulations in the following areas:
  - 23 1. Eligibility for all services established under a Comprehensive  
24 Annual Services Plan, as required by federal ~~law~~;law.
  - 25 2. Standards to implement all services established under the  
26 Comprehensive Annual Services ~~Plan~~;Plan.
  - 27 3. Maximum rates of payment for the provision of social  
28 services;services, except there shall be no maximum statewide  
29 reimbursement rate for adult day care services, adult day health  
30 services, and the associated transportation services, as these  
31 reimbursement rates shall be determined at the local level to  
32 allow flexibility in responding to local variables.
  - 33 4. Fees for services to be paid by recipients of social  
34 services;services.
  - 35 5. Designation of certain mandated services, from among the  
36 services established by the Secretary ~~below~~,in accordance  
37 with sub-subdivision c. of this subdivision which shall be  
38 provided in each county of the ~~State~~;andState.
  - 39 6. Title XX services for the blind, after consultation with the  
40 Commission for the Blind.

- 41 c. Provided, that the Secretary is authorized to promulgate all other rules  
42 in at least the following areas:
  - 43 1. Establishment, identification, and definition of all services  
44 offered under the Comprehensive Annual Services ~~Plan~~;Plan.
  - 45 2. Policies governing the allocation, budgeting, and expenditures  
46 of funds administered by the ~~Department~~;Department.
  - 47 3. Contracting for and purchasing ~~services~~;andservices
  - 48 4. Monitoring for effectiveness and compliance with State and  
49 federal law and regulations.

50 ...."

1           **SECTION 9A.3B.(c)** The Department of Health and Human Services, Division of  
2 Aging and Adult Services, Division of Social Services, and the Social Services Commission shall  
3 amend or repeal any rules requiring a maximum statewide reimbursement rate for adult day care  
4 and adult day health services paid under the Home and Community Care Block Grant and the  
5 State Adult Day Care Fund. Rules shall be promulgated to allow the reimbursement rates for  
6 adult day care services, adult day health services, and associated transportation services to be set  
7 by each county lead agency for planning and coordination. The rates shall reflect geographical  
8 differences, the availability of services, the cost to provide services, and other local variables.

9           **SECTION 9A.3B.(d)** This section is effective when it becomes law.

## 10 11 **RAPID REHOUSING FOR INDIVIDUALS AND FAMILIES AT RISK OF** 12 **HOMELESSNESS**

13           **SECTION 9A.4.** Of the funds appropriated in this act from the State Fiscal Recovery  
14 Fund to the Department of Health and Human Services, Division of Aging and Adult Services,  
15 the sum of fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2021-2022 fiscal  
16 year shall be allocated for rapid rehousing services to assist individuals and families at risk of  
17 homelessness due to the COVID-19 public health emergency with obtaining safe housing. The  
18 funds allocated under this section shall remain available until depleted or on the date federal law  
19 requires the funds to be fully expended, whichever is earlier. These funds shall be used to  
20 supplement and not supplant existing funds for homelessness prevention activities and may be  
21 used to provide financial assistance to eligible individuals and families to cover the cost of acute  
22 needs such as the following:

- 23           (1) Security deposits and rental assistance for a period not to exceed 12 months  
24 per individual or family.
- 25           (2) Utility deposits and utility assistance for a period not to exceed 12 months per  
26 individual or family.
- 27           (3) Temporary hotel stays while awaiting more permanent housing.
- 28           (4) Housing navigation services.
- 29           (5) Case management services related to the rapid attainment of safe housing.
- 30           (6) Activities to increase local capacity for housing services and other related  
31 services to prevent homelessness, such as the evidenced-based coordinated  
32 entry system.
- 33           (7) Home improvements and home repairs to support vulnerable seniors age 60  
34 and older to remain in in-home living arrangements rather than congregate  
35 care settings during the COVID-19 public health emergency.

## 36 37 **NUTRITION SERVICES FOR OLDER ADULTS**

38           **SECTION 9A.5.** Of the funds appropriated in this act from the State Fiscal Recovery  
39 Fund to the Department of Health and Human Services, Division of Aging and Adult Services,  
40 the sum of three million five hundred eighty-five thousand dollars (\$3,585,000) in nonrecurring  
41 funds for the 2021-2022 fiscal year shall be used to address food insecurity among older adults  
42 due to the COVID-19 pandemic through the following activities:

- 43           (1) Providing two meals per week or twenty dollars (\$20.00) per week in  
44 groceries to eligible older adults who are frail or functionally impaired.
- 45           (2) Providing two weeks of meals to eligible high-risk older adults after a hospital  
46 discharge.
- 47           (3) Expanding the North Carolina Senior Farmers' Market Nutrition Program  
48 across the State to eligible low-income older adults.

## 49 50 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT** 51

**REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS**

**SECTION 9B.1.** Any non-State entity, as defined in G.S. 143C-1-1, that is a recipient of nonrecurring funds allocated in Part IX of this act as a directed grant shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division as follows:

- (1) By July 1, 2022, on the use of directed grant funds received under Part IX of this act for the 2021-2022 fiscal year.
- (2) By July 1, 2023, on the use of directed grant funds received under Part IX of this act for the 2022-2023 fiscal year.

**FUNDS FOR THE NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST) SYSTEM**

**SECTION 9B.2.(a)** The State Controller shall transfer the sum of thirty-nine million six hundred sixty-three thousand three hundred seventeen dollars (\$39,663,317) in nonrecurring funds for the 2021-2022 fiscal year and the sum of thirty-eight million three hundred fifty-five thousand six hundred forty dollars (\$38,355,640) in nonrecurring funds for the 2022-2023 fiscal year from funds available in the Medicaid Transformation Reserve in the General Fund to the Department of Health and Human Services, Division of Central Management and Support, to be used as follows:

- (1) Twenty-six million three hundred nineteen thousand five hundred dollars (\$26,319,500) in nonrecurring funds for the 2021-2022 fiscal year and twenty-seven million three hundred twenty-two thousand six hundred seventy-five dollars (\$27,322,675) in nonrecurring funds for the 2022-2023 fiscal year shall be used to fund deployment of the child welfare case management component of the NC FAST system, as provided in Section 9I.15 of this act, and to match federal funds to expedite deployment of this functionality.
- (2) Ten million six hundred five thousand nine hundred eighty-eight dollars (\$10,605,988) in nonrecurring funds for the 2021-2022 fiscal year and five million eight hundred seventy-six thousand eight hundred six dollars (\$5,876,806) in nonrecurring funds for the 2022-2023 fiscal year shall be used to match federal funds to expedite development and implementation of the following within the NC FAST system: (i) updates and changes with respect to Medicaid Transformation, (ii) document management, and (iii) independent verification and validation support.
- (3) Two million seven hundred thirty-seven thousand eight hundred twenty-nine dollars (\$2,737,829) in nonrecurring funds for the 2021-2022 fiscal year and five million one hundred fifty-six thousand one hundred fifty-nine dollars (\$5,156,159) in nonrecurring funds for the 2022-2023 fiscal year for infrastructure modernization.

Funds transferred under this subsection are appropriated for the purposes set forth in this subsection.

**SECTION 9B.2.(b)** Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, Division of Central Management and Support, the sum of nineteen million nine hundred ninety-four thousand four hundred forty-seven dollars (\$19,994,447) in recurring funds for the 2021-2022 fiscal year and the sum of nineteen million nine hundred ninety-four thousand four hundred forty-seven dollars (\$19,994,447) in recurring funds for the 2022-2023 fiscal year shall be used for operations and maintenance expenses for the North Carolina Families Accessing Services Through Technology (NC FAST) system.

**SECTION 9B.2.(c)** The Department of Health and Human Services, Division of Central Management and Support, shall report any change in approved federal funding or federal

1 match rates within 30 days after the change to the Joint Legislative Oversight Committee on  
2 Health and Human Services, the Joint Legislative Oversight Committee on Information  
3 Technology, and the Fiscal Research Division.

4 **SECTION 9B.2.(d)** Departmental receipts appropriated in this act in the amount of  
5 seventy-six million nine hundred eighteen thousand seven hundred seventy-eight dollars  
6 (\$76,918,778) for the 2021-2022 fiscal year and in the amount of seventy-five million one  
7 hundred ninety-nine thousand four hundred thirteen dollars (\$75,199,413) for the 2022-2023  
8 fiscal year shall be used for the purposes described in this section.

9  
10 **MEDICAID TRANSFORMATION RESERVE FUNDS FOR INFORMATION**  
11 **TECHNOLOGY DIVISION SUPPORT OF MEDICAID APPLICATIONS**

12 **SECTION 9B.2A.(a)** The State Controller shall transfer the sum of two million  
13 seven hundred thousand dollars (\$2,700,000) in nonrecurring funds for the 2021-2022 fiscal year  
14 and the sum of two million five hundred thousand dollars (\$2,500,000) in nonrecurring funds for  
15 the 2022-2023 fiscal year from funds available in the Medicaid Transformation Reserve in the  
16 General Fund to the Department of Health and Human Services, Division of Central Management  
17 and Support, Information Technology Division, to be used for information technology support  
18 of Medicaid applications. Funds transferred under this subsection are appropriated for the  
19 purposes set forth in this section.

20 **SECTION 9B.2A.(b)** Departmental receipts appropriated in this act in the amount  
21 of two million seven hundred thousand dollars (\$2,700,000) for the 2021-2022 fiscal year and in  
22 the amount of two million five hundred thousand dollars (\$2,500,000) for the 2022-2023 fiscal  
23 year shall be used for the purposes described in subsection (a) of this section.

24  
25 **COMMUNITY HEALTH GRANT PROGRAM**

26 **SECTION 9B.3.(a)** Funds appropriated in this act to the Department of Health and  
27 Human Services, Division of Central Management, Office of Rural Health, for each year of the  
28 2021-2023 fiscal biennium for the Community Health Grant Program shall be used to continue  
29 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L.  
30 2017-57.

31 **SECTION 9B.3.(b)** The Office of Rural Health shall make the final decision about  
32 awarding grants under this Program, but no single grant award shall exceed one hundred fifty  
33 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health  
34 shall consider the availability of other funds for the applicant; the incidence of poverty in the area  
35 served by the applicant or the number of indigent clients served by the applicant; the availability  
36 of, or arrangements for, after-hours care; and collaboration between the applicant and a  
37 community hospital or other safety net organizations.

38 **SECTION 9B.3.(c)** Grant recipients shall not use these funds to do any of the  
39 following:

- 40 (1) Enhance or increase compensation or other benefits of personnel,  
41 administrators, directors, consultants, or any other persons receiving funds for  
42 program administration; provided, however, funds may be used to hire or  
43 retain health care providers. The use of grant funds for this purpose does not  
44 obligate the Department of Health and Human Services to continue to fund  
45 compensation beyond the grant period.
- 46 (2) Supplant existing funds, including federal funds traditionally received by  
47 federally qualified community health centers. However, grant funds may be  
48 used to supplement existing programs that serve the purposes described in  
49 subsection (a) of this section.
- 50 (3) Finance or satisfy any existing debt.

1           **SECTION 9B.3.(d)** The Office of Rural Health may use up to two hundred thousand  
2 dollars (\$200,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium for  
3 administrative purposes.

4           **SECTION 9B.3.(e)** By September 1 of each year, the Office of Rural Health shall  
5 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on  
6 community health grants that includes at least all of the following information:

- 7           (1) The identity and a brief description of each grantee and each program or  
8 service offered by the grantee.
- 9           (2) The amount of funding awarded to each grantee.
- 10          (3) The number of individuals served by each grantee, and for the individuals  
11 served, the types of services provided to each.
- 12          (4) Any other information requested by the Office of Rural Health as necessary  
13 for evaluating the success of the Community Health Grant Program.

14           **SECTION 9B.3.(f)** By February 1, 2022, the Office of Rural Health shall report to  
15 the Joint Legislative Oversight Committee on Health and Human Services on the implementation  
16 status of the following Community Health Grant Program requirements enacted by Section 11A.8  
17 of S.L. 2017-57:

- 18          (1) Establishment of a Primary Care Advisory Committee and that Committee's  
19 development of an objective and equitable process for grading applications  
20 for grants funded under the Community Health Grant Program.
- 21          (2) Development of a standardized method for grant recipients to report objective,  
22 measurable quality health outcomes.

## 23 24 **ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND** 25 **ACCOUNTABILITY**

26           **SECTION 9B.4.(a)** The Office of Program Evaluation Reporting and Accountability  
27 within the Department of Health and Human Services is eliminated.

28           **SECTION 9B.4.(b)** Part 31A of Article 3 of Chapter 143B of the General Statutes  
29 is repealed.

30           **SECTION 9B.4.(c)** G.S. 126-5(c1)(31) is repealed.

## 31 32 **VETERANS HEALTH CARE PILOT PROGRAM**

33           **SECTION 9B.5.(a)** Pilot Program. – Of the funds appropriated in this act to the  
34 Department of Health and Human Services, Division of Central Management and Support, Office  
35 of Rural Health, the sum of four hundred thousand dollars (\$400,000) in nonrecurring funds for  
36 the 2021-2022 fiscal year and the sum of three hundred fifty thousand dollars (\$350,000) in  
37 nonrecurring funds for the 2022-2023 fiscal year shall be used to support the development and  
38 implementation of a two-year pilot program to provide health care services to veterans. The  
39 Department of Health and Human Services and the Department of Military and Veterans Affairs,  
40 in coordination with Community Care of North Carolina and Maxim Healthcare Services, shall  
41 develop and implement the pilot program in Cumberland County. The pilot program shall consist  
42 of the following initiatives:

- 43          (1) A health care initiative to provide to veterans increased access to health care  
44 resources through the care coordination efforts of community health workers.
- 45          (2) A workforce initiative to recruit and train unemployed and underemployed  
46 veterans as community health workers for the health care initiative described  
47 in subdivision (1) of this subsection.

48           **SECTION 9B.5.(b)** Administrative Costs. – No more than fifteen percent (15%) of  
49 the funds allocated for the purposes of this section shall be used for administrative purposes.

50           **SECTION 9B.5.(c)** Termination. – The pilot program authorized by this section shall  
51 terminate on June 30, 2023.



1           **SECTION 9B.5.(d)** Evaluation. – By February 1, 2024, the Department of Health  
2 and Human Services shall conduct and submit to the Joint Legislative Oversight Committee on  
3 Health and Human Services a comprehensive evaluation of the pilot program authorized by this  
4 section. The comprehensive evaluation shall include at least all of the following:

- 5           (1) A detailed breakdown of expenditures for the pilot program.
- 6           (2) The specific ways in which the health care initiative provided to veterans  
7 increased access to health care resources.
- 8           (3) The total number of unemployed and underemployed veterans who were  
9 recruited and trained as community health workers under the pilot program's  
10 workforce initiative.

11  
12 **FUNDS FOR NC DENTAL SOCIETY FOUNDATION'S MISSIONS OF MERCY**  
13 **DENTAL CLINICS**

14           **SECTION 9B.6.** Funds appropriated in this act to the Department of Health and  
15 Human Services, Division of Central Management and Support, Office of Rural Health, for  
16 allocation to the NC Dental Society Foundation for its Missions of Mercy dental clinics shall not  
17 be spent for any purpose other than to provide direct services to patients and to purchase  
18 necessary dental supplies. None of these funds may be spent for administrative purposes.

19  
20 **FUNDS FOR LOCAL START DENTAL, INC.**

21           **SECTION 9B.7.** Funds appropriated in this act to the Department of Health and  
22 Human Services, Division of Central Management and Support, Office of Rural Health, for  
23 allocation to the nonprofit corporation known as Local Start Dental, Inc., shall not be spent for  
24 any purpose other than to (i) provide direct services to patients and (ii) purchase necessary dental  
25 supplies, necessary dental equipment, or a combination of these. None of these funds may be  
26 spent for administrative purposes.

27  
28 **FUNDS FOR THE STATEWIDE TELEPSYCHIATRY PROGRAM**

29           **SECTION 9B.8.(a)** Of the funds appropriated in this act from the State Fiscal  
30 Recovery Fund to the Department of Health and Human Services, Division of Central  
31 Management and Support, Office of Rural Health, the sum of one million five hundred thousand  
32 dollars (\$1,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a  
33 grant to the East Carolina University Center for Telepsychiatry and e-Behavioral Health for the  
34 statewide telepsychiatry program established under G.S. 143B-139.4B, known as NC-STeP.  
35 These grant funds shall be used to respond to the COVID-19 public health emergency by  
36 providing virtual psychiatric assessments and consultations to patients utilizing telepsychiatry,  
37 as defined in G.S. 143B-139.4B.

38           **SECTION 9B.8.(b)** By July 1, 2022, the East Carolina University Center for  
39 Telepsychiatry and e-Behavioral Health shall report to the Joint Legislative Oversight Committee  
40 on Health and Human Services and the Fiscal Research Division on the use of the grant funds  
41 allocated by subsection (a) of this section.

42  
43 **VIRTUAL BEHAVIORAL HEALTH SERVICES GRANT PROGRAM**

44           **SECTION 9B.8A.(a)** Of the funds appropriated in this act from the State Fiscal  
45 Recovery Fund to the Department of Health and Human Services, Division of Central  
46 Management and Support, Office of Rural Health, the sum of ten million dollars (\$10,000,000)  
47 in nonrecurring funds for the 2021-2022 fiscal year shall be used to award competitive grants to  
48 hospitals to fund expanded telepsychiatry capabilities to respond to the COVID-19 public health  
49 emergency by allowing patients being served in primary care settings to access hospital-based  
50 virtual psychiatric assessments and consultations. At a minimum, the expanded telepsychiatry  
51 capabilities must facilitate patient access to hospital-based virtual telepsychiatry services from a

1 primary care provider's office, from home, or from another nonhospital setting. The Office of  
2 Rural Health shall establish the procedures and criteria for awarding grants under this section and  
3 make the final decision about grant awards, subject to the following limitations:

- 4 (1) The size of a single grant award may not exceed one million five hundred  
5 thousand dollars (\$1,500,000).
- 6 (2) An applicant may not receive more than one grant.
- 7 (3) In awarding grants under this section, the Department shall select applicants  
8 located in multiple geographic areas of the State.

9 **SECTION 9B.8A.(b)** By May 1, 2022, the Department of Health and Human  
10 Services shall announce the recipients of the competitive grant awards authorized under  
11 subsection (a) of this section and report to the Joint Legislative Oversight Committee on Health  
12 and Human Services on the following:

- 13 (1) The amount awarded to each grantee.
- 14 (2) The anticipated number of persons to be served by each grantee.
- 15 (3) The geographic area to be served as a result of each grantee's expanded  
16 telepsychiatry services.

17  
18 **SCHOOL-BASED VIRTUAL CARE PILOT PROGRAM TO ADDRESS HEALTH**  
19 **DISPARITIES IN HISTORICALLY UNDERSERVED AREAS**  
20 **DISPROPORTIONATELY IMPACTED BY THE COVID-19 PUBLIC HEALTH**  
21 **EMERGENCY**

22 **SECTION 9B.8B.** Of the funds appropriated in this act from the State Fiscal  
23 Recovery Fund to the Department of Health and Human Services, Division of Central  
24 Management and Support, Office of Rural Health, the sum of one million dollars (\$1,000,000)  
25 in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to  
26 Atrium Health, Inc., a nonprofit corporation. Atrium Health, Inc., shall use these funds to support  
27 the development and implementation of a school-based virtual care pilot program to address  
28 health disparities in historically underserved areas disproportionately impacted by the COVID-19  
29 public health emergency. The pilot program shall utilize telehealth services to facilitate student  
30 access to health care services and resources that improve health outcomes through the care  
31 coordination efforts of local providers. The funds allocated under this section shall be distributed  
32 equally among 10 participating pilot program sites. The pilot program sites shall be located at  
33 four elementary schools in Anson County and six elementary schools in Forsyth County where  
34 at least ninety percent (90%) of the students are eligible for free or reduced lunch.

35  
36 **FUNDS FOR THE CREATION OF A CONTINUING MEDICAL EDUCATION**  
37 **PROGRAM ON PANS/PANDAS**

38 **SECTION 9B.8C.** Of the funds appropriated in this act to the Department of Health  
39 and Human Services, Division of Central Management and Support, the sum of one million five  
40 hundred thousand dollars (\$1,500,000) in nonrecurring funds shall be allocated as a directed grant  
41 to the North Carolina Medical Society, a nonprofit corporation. The North Carolina Medical  
42 Society shall use these funds to award a grant to the Foundation for Children with Neuroimmune  
43 Disorders for the creation of a continuing medical education program for North Carolina  
44 physicians on Pediatric Acute-Onset Neuropsychiatric Syndrome (PANS) and Pediatric  
45 Autoimmune Neuropsychiatric Disorders Associated with Streptococcal Infections (PANDAS).  
46 The program shall include the following components:

- 47 (1) A PANS/PANDAS awareness campaign for North Carolina physicians.
- 48 (2) The provision of continuing medical education classes within the  
49 PANS/PANDAS program for North Carolina physicians, at no charge.
- 50 (3) Development of a North Carolina PANS/PANDAS fellowship program.

**COMPETITIVE GRANT/NONPROFIT ORGANIZATIONS**

**SECTION 9B.9.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for each year of the 2021-2023 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit organizations:

- (1) The sum of ten million six hundred fifty-three thousand nine hundred eleven dollars (\$10,653,911) in recurring funds for each year of the 2021-2023 fiscal biennium.
- (2) The sum of seven hundred thousand dollars (\$700,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium to assist with funding for purposes described in subdivision (e)(4) of this section.
- (3) The sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars (\$4,774,525) for each year of the 2021-2023 fiscal biennium appropriated in Section 9L.1 of this act in Social Services Block Grant funds.
- (4) The sum of one million six hundred thousand dollars (\$1,600,000) for each year of the 2021-2023 fiscal biennium appropriated in Section 9L.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds.

**SECTION 9B.9.(b)** The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

- (1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis. The Department shall require nonprofits to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.
- (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of the total amount of the grant award.
- (3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.
- (4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:
  - a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.
  - b. A system of residential supports for those afflicted with substance abuse addiction.
  - c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.
  - d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.
  - e. A food distribution system for needy individuals.
  - f. The provision and coordination of services for the homeless.
  - g. The provision of services for individuals aging out of foster care.
  - h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.
  - i. The provision of services and screening for blindness.
  - j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.

- 1 k. The provision of direct services for amyotrophic lateral sclerosis  
2 (ALS) and those diagnosed with the disease.  
3 l. A comprehensive smoking prevention and cessation program that  
4 screens and treats tobacco use in pregnant women and postpartum  
5 mothers.  
6 m. A program providing short-term or long-term residential substance  
7 abuse services. For purposes of this sub-subdivision, "long-term"  
8 means a minimum of 12 months.  
9 n. A program that provides year-round sports training and athletic  
10 competition for children and adults with disabilities.

11 It is the intent of the General Assembly that annually the Secretary evaluate  
12 and prioritize the categories of health and wellness initiatives described under  
13 this subdivision to determine the best use of these funds in making grant  
14 awards, exclusive of direct allocations made by the General Assembly.

- 15 (5) A process that ensures that funds received by the Department to implement  
16 the plan supplement and do not supplant existing funds for health and wellness  
17 programs and initiatives.  
18 (6) A process that allows grants to be awarded to nonprofits for up to two years.  
19 (7) A requirement that initial disbursement of the grants be awarded no later than  
20 30 days after certification of the State budget for the respective fiscal year.  
21 (8) A requirement that nonprofits awarded grants use no more than fifteen percent  
22 (15%) of their total proposed expenditures for administrative costs, unless  
23 otherwise required by law.

24 **SECTION 9B.9.(c)** No later than July 1 of each year, as applicable, the Secretary  
25 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
26 recipients for the respective grant period pursuant to the amounts designated under subsection  
27 (a) of this section. After awards have been granted, by September 1 of each year, the Secretary  
28 shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services  
29 on the grant awards that includes at least all of the following:

- 30 (1) The identity and a brief description of each grantee and each program or  
31 initiative offered by the grantee.  
32 (2) The amount of funding awarded to each grantee.  
33 (3) The number of persons served by each grantee, broken down by program or  
34 initiative.

35 **SECTION 9B.9.(d)** No later than December 1 of each fiscal year, each nonprofit  
36 organization receiving funding pursuant to this section in the respective fiscal year shall submit  
37 to the Division of Central Management and Support a written report of all activities funded by  
38 State appropriations. The report shall include the following information about the fiscal year  
39 preceding the year in which the report is due:

- 40 (1) The entity's mission, purpose, and governance structure.  
41 (2) A description of the types of programs, services, and activities funded by State  
42 appropriations.  
43 (3) Statistical and demographical information on the number of persons served by  
44 these programs, services, and activities, including the counties in which  
45 services are provided.  
46 (4) Outcome measures that demonstrate the impact and effectiveness of the  
47 programs, services, and activities.  
48 (5) A detailed program budget and list of expenditures, including all positions  
49 funded, matching expenditures, and funding sources.

50 **SECTION 9B.9.(e)** For the 2021-2023 fiscal biennium only, from the funds  
51 identified in subsection (a) of this section, the Department shall make the following allocations,

1 provided that each nonprofit organization receiving funds pursuant to this subsection shall be  
2 required to seek future funding through the competitive grants process in accordance with  
3 subsection (b) of this section:

- 4 (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of  
5 the 2021-2023 fiscal biennium to provide grants to Big Brothers Big Sisters.
- 6 (2) The sum of one million six hundred twenty-five thousand dollars (\$1,625,000)  
7 for each year of the 2021-2023 fiscal biennium and one million six hundred  
8 thousand dollars (\$1,600,000) appropriated in Section 9L.1(a) of this act in  
9 Substance Abuse Prevention and Treatment Block Grant funds in each year  
10 of the 2021-2023 fiscal biennium to Triangle Residential Options for  
11 Substance Abusers, Inc., (TROSAs) for the purpose of assisting individuals  
12 with substance abuse addiction.
- 13 (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in  
14 each year of the 2021-2023 fiscal biennium to provide grants to Boys & Girls  
15 Clubs across the State to implement (i) programs that improve the motivation,  
16 performance, and self-esteem of youth and (ii) other initiatives that would be  
17 expected to reduce gang participation, school dropout, and teen pregnancy  
18 rates.
- 19 (4) The sum of two hundred fifty thousand dollars (\$250,000) in each year of the  
20 2021-2023 fiscal biennium to Cross Trail Outfitters for purposes of promoting  
21 wellness and physical activity for youth 7 to 20 years of age.
- 22 (5) The sum of two hundred fifty thousand dollars (\$250,000) in each year of the  
23 2021-2023 fiscal biennium to the North Carolina Senior Games for purposes  
24 of promoting health and education for North Carolinians 50 years of age and  
25 better.
- 26 (6) The sum of two hundred fifty thousand dollars (\$250,000) in each year of the  
27 2021-2023 fiscal biennium to Special Olympics North Carolina to promote  
28 training and athletic competition for children and adults with intellectual  
29 disabilities.

## 31 **PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**

### 32 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR-RATED** 33 **FACILITIES**

34 **SECTION 9C.1.(a)** Eligibility. – The Department of Health and Human Services,  
35 Division of Child Development and Early Education, shall continue implementing the  
36 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4  
37 years of age on or before August 31 of the program year. In determining eligibility, the Division  
38 shall establish income eligibility requirements for the program not to exceed seventy-five percent  
39 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have  
40 family incomes in excess of seventy-five percent (75%) of median income if those children have  
41 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the  
42 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the  
43 United States, including the North Carolina National Guard, State military forces, or a reserve  
44 component of the Armed Forces who was ordered to active duty by the proper authority within  
45 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the  
46 Armed Forces of the United States, including the North Carolina National Guard, State military  
47 forces, or a reserve component of the Armed Forces who was injured or killed while serving on  
48 active duty. Eligibility determinations for NC Pre-K participants may continue through local  
49 education agencies and local North Carolina Partnership for Children, Inc., partnerships.  
50

1 Other than developmental disabilities or other chronic health issues, the Division shall  
 2 not consider the health of a child as a factor in determining eligibility for participation in the NC  
 3 Pre-K program.

4 **SECTION 9C.1.(b)** Multiyear Contracts. – The Division of Child Development and  
 5 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed  
 6 private child care centers providing NC Pre-K classrooms.

7 **SECTION 9C.1.(c)** Building Standards. – Notwithstanding G.S. 110-91(4), private  
 8 child care facilities and public schools operating NC Pre-K classrooms shall meet the building  
 9 standards for preschool students as provided in G.S. 115C-521.1.

10 **SECTION 9C.1.(d)** Programmatic Standards. – Except as provided in subsection (c)  
 11 of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies  
 12 prescribed by the Division of Child Development and Early Education regarding programmatic  
 13 standards and classroom requirements.

14 **SECTION 9C.1.(e)** NC Pre-K Committees. – Local NC Pre-K committees shall use  
 15 the standard decision-making process developed by the Division of Child Development and Early  
 16 Education in awarding NC Pre-K classroom slots and student selection.

17 **SECTION 9C.1.(f)** Reporting. – The Division of Child Development and Early  
 18 Education shall submit an annual report no later than March 15 of each year to the Joint  
 19 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and  
 20 Management, and the Fiscal Research Division. The report shall include the following:

- 21 (1) The number of children participating in the NC Pre-K program by county.
- 22 (2) The number of children participating in the NC Pre-K program who have  
 23 never been served in other early education programs such as child care, public  
 24 or private preschool, Head Start, Early Head Start, or early intervention  
 25 programs.
- 26 (3) The expected NC Pre-K expenditures for the programs and the source of the  
 27 local contributions.
- 28 (4) The results of an annual evaluation of the NC Pre-K program.

29 **SECTION 9C.1.(g)** Audits. – The administration of the NC Pre-K program by local  
 30 partnerships shall be subject to the financial and compliance audits authorized under  
 31 G.S. 143B-168.14(b).

32  
 33 **RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS**

34 **SECTION 9C.3.** Of the funds appropriated in this act to the Department of Health  
 35 and Human Services, Division of Child Development and Early Education, funds shall be  
 36 allocated to raise the base reimbursement rates for child care centers participating in the North  
 37 Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over 2020-2021 fiscal year  
 38 rates for the 2021-2022 fiscal year and by an additional two percent (2%) over the 2021-2022  
 39 rates for the 2022-2023 fiscal year. It is the intent of the General Assembly that funds allocated  
 40 pursuant to this section be used to increase the salaries of teachers working in child care centers  
 41 as a means to address disparities in teacher salaries among teachers working in child care centers  
 42 versus those working in public schools or Head Start centers.

43  
 44 **CHILD CARE SUBSIDY RATES**

45 **SECTION 9C.4.(a)** The maximum gross annual income for initial eligibility,  
 46 adjusted annually, for subsidized child care services shall be determined based on a percentage  
 47 of the federal poverty level as follows:

48 <b>AGE</b>	<b>INCOME PERCENTAGE LEVEL</b>
49 0 – 5	200%
50 6 – 12	133%

1 The eligibility for any child with special needs, including a child who is 13 years of  
2 age or older, shall be two hundred percent (200%) of the federal poverty level.

3 **SECTION 9C.4.(b)** Fees for families who are required to share in the cost of care  
4 are established based on ten percent (10%) of gross family income. When care is received at the  
5 blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment.  
6 Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

7 **SECTION 9C.4.(c)** Payments for the purchase of child care services for low-income  
8 children shall be in accordance with the following requirements:

- 9 (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106  
10 and licensed child care centers and homes that meet the minimum licensing  
11 standards that are participating in the subsidized child care program shall be  
12 paid the one-star county market rate or the rate they charge privately paying  
13 parents, whichever is lower, unless prohibited by subsection (f) of this section.
- 14 (2) Licensed child care centers and homes with two or more stars shall receive the  
15 market rate for that rated license level for that age group or the rate they charge  
16 privately paying parents, whichever is lower, unless prohibited by subsection  
17 (g) of this section.
- 18 (3) No payments shall be made for transportation services charged by child care  
19 facilities.
- 20 (4) Payments for subsidized child care services for postsecondary education shall  
21 be limited to a maximum of 20 months of enrollment. This shall not be  
22 determined before a family's annual recertification period.
- 23 (5) The Department of Health and Human Services shall implement necessary  
24 rule changes to restructure services, including, but not limited to, targeting  
25 benefits to employment.

26 **SECTION 9C.4.(d)** Provisions of payment rates for child care providers in counties  
27 that do not have at least 50 children in each age group for center-based and home-based care are  
28 as follows:

- 29 (1) Except as applicable in subdivision (2) of this subsection, payment rates shall  
30 be set at the statewide or regional market rate for licensed child care centers  
31 and homes.
- 32 (2) If it can be demonstrated that the application of the statewide or regional  
33 market rate to a county with fewer than 50 children in each age group is lower  
34 than the county market rate and would inhibit the ability of the county to  
35 purchase child care for low-income children, then the county market rate may  
36 be applied.

37 **SECTION 9C.4.(e)** A market rate shall be calculated for child care centers and  
38 homes at each rated license level for each county and for each age group or age category of  
39 enrollees and shall be representative of fees charged to parents for each age group of enrollees  
40 within the county. The Division of Child Development and Early Education shall also calculate  
41 a statewide rate and regional market rate for each rated license level for each age category.

42 **SECTION 9C.4.(f)** The Division of Child Development and Early Education shall  
43 continue implementing policies that improve the quality of child care for subsidized children,  
44 including a policy in which child care subsidies are paid, to the extent possible, for child care in  
45 the higher quality centers and homes only. The Division shall define higher quality, and subsidy  
46 funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate  
47 number of four- and five-star-rated facilities, the Division shall continue a transition period that  
48 allows the facilities to continue to receive subsidy funds while the facilities work on the increased  
49 star ratings. The Division may allow exemptions in counties where there is an inadequate number  
50 of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

1           **SECTION 9C.4.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the  
2 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program  
3 that provides for the purchase of care in child care facilities for minor children of needy families.  
4 Except as authorized by subsection (f) of this section, no separate licensing requirements shall  
5 be used to select facilities to participate. In addition, child care facilities shall be required to meet  
6 any additional applicable requirements of federal law or regulations. Child care arrangements  
7 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall  
8 meet the requirements established by other State law and by the Social Services Commission.

9           County departments of social services or other local contracting agencies shall not  
10 use a provider's failure to comply with requirements in addition to those specified in this  
11 subsection as a condition for reducing the provider's subsidized child care rate.

12           **SECTION 9C.4.(h)** Payment for subsidized child care services provided with  
13 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations  
14 and policies issued by the Division of Child Development and Early Education for the subsidized  
15 child care program.

16           **SECTION 9C.4.(i)** Noncitizen families who reside in this State legally shall be  
17 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions  
18 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for  
19 child care subsidies only if at least one of the following conditions is met:

- 20           (1) The child for whom a child care subsidy is sought is receiving child protective  
21 services or foster care services.
- 22           (2) The child for whom a child care subsidy is sought is developmentally delayed  
23 or at risk of being developmentally delayed.
- 24           (3) The child for whom a child care subsidy is sought is a citizen of the United  
25 States.

26           **SECTION 9C.4.(j)** The Department of Health and Human Services, Division of  
27 Child Development and Early Education, shall require all county departments of social services  
28 to include on any forms used to determine eligibility for child care subsidy whether the family  
29 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

30           **SECTION 9C.4.(k)** Department of Defense–certified child care facilities licensed  
31 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that  
32 provides for the purchase of care in child care facilities for minor children in needy families,  
33 provided that funds allocated from the State-subsidized child care program to Department of  
34 Defense–certified child care facilities shall supplement and not supplant funds allocated in  
35 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose  
36 Department of Defense–certified child care facilities and who are eligible to receive subsidized  
37 child care shall be as set forth in this section.

#### 38 39 **CHILD CARE ALLOCATION FORMULA**

40           **SECTION 9C.5.(a)** The Department of Health and Human Services, Division of  
41 Child Development and Early Education (Division), shall allocate child care subsidy voucher  
42 funds to pay the costs of necessary child care for minor children of needy families. The  
43 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation  
44 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy  
45 allocation. The Department of Health and Human Services shall use the following method when  
46 allocating federal and State child care funds, not including the aggregate mandatory thirty percent  
47 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 48           (1) Funds shall be allocated to a county based upon the projected cost of serving  
49 children under age 11 in families with all parents working who earn less than  
50 the applicable federal poverty level percentage set forth in Section 9C.4(a) of  
51 this act.



- 1 (2) The Division may withhold up to two percent (2%) of available funds from  
2 the allocation formula for (i) preventing termination of services throughout  
3 the fiscal year and (ii) repayment of any federal funds identified by counties  
4 as overpayments, including overpayments due to fraud. The Division shall  
5 allocate to counties any funds withheld before the end of the fiscal year when  
6 the Division determines the funds are not needed for the purposes described  
7 in this subdivision. The Division shall submit a report to the Joint Legislative  
8 Oversight Committee on Health and Human Services and the Fiscal Research  
9 Division, which report shall include each of the following:
- 10 a. The amount of funds used for preventing termination of services and  
11 the repayment of any federal funds.
  - 12 b. The date the remaining funds were distributed to counties.
  - 13 c. As a result of funds withheld under this subdivision and after funds  
14 have been distributed, any counties that did not receive at least the  
15 amount the counties received the previous year and the amount by  
16 which funds were decreased.

17 The Division shall submit a report in each year of the 2021-2023 fiscal  
18 biennium 30 days after the funds withheld pursuant to this subdivision are  
19 distributed but no later than April 1 of each respective year.

- 20 (3) The Division shall set aside four percent (4%) of child care subsidy allocations  
21 for vulnerable populations, which include a child identified as having special  
22 needs and a child whose application for assistance indicates that the child and  
23 the child's family is experiencing homelessness or is in a temporary living  
24 situation. A child identified by this subdivision shall be given priority for  
25 receiving services until such time as set-aside allocations for vulnerable  
26 populations are exhausted.

27 **SECTION 9C.5.(b)** The Division may reallocate unused child care subsidy voucher  
28 funds in order to meet the child care needs of low-income families. Any reallocation of funds  
29 shall be based upon the expenditures of all child care subsidy voucher funding, including North  
30 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service  
31 levels within the funds allocated to the counties. A county with a spending coefficient over one  
32 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation  
33 before receiving any reallocated funds.

34 **SECTION 9C.5.(c)** When implementing the formula under subsection (a) of this  
35 section, the Division shall include the market rate increase in the formula process rather than  
36 calculating the increases outside of the formula process. Additionally, the Department shall do  
37 the following:

- 38 (1) Deem a county's initial allocation as the county's expenditure in the previous  
39 fiscal year or a prorated share of the county's previous fiscal year expenditures  
40 if sufficient funds are not available.
- 41 (2) Effective immediately following the next new decennial census data release,  
42 implement (i) one-third of the change in a county's allocation in the year  
43 following the data release, (ii) an additional one-third of the change in a  
44 county's allocation beginning two years after the initial change under this  
45 subdivision, and (iii) the final one-third change in a county's allocation  
46 beginning the following two years thereafter.

## 47 SMART START INITIATIVES

48 **SECTION 9C.6.(a)** Policies. – The North Carolina Partnership for Children, Inc.,  
49 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s  
50 mission of improving child care quality in North Carolina for children from birth to 5 years of  
51

1 age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child  
2 care facilities with (i) improving quality, including helping one-, two-, and three-star-rated  
3 facilities increase their star ratings, and (ii) implementing prekindergarten programs. State  
4 funding for local partnerships shall also be used for evidence-based or evidence-informed  
5 programs for children from birth to 5 years of age that do the following:

- 6 (1) Increase children's literacy.
- 7 (2) Increase the parents' ability to raise healthy, successful children.
- 8 (3) Improve children's health.
- 9 (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

10 **SECTION 9C.6.(b)** Administration. – Administrative costs shall be equivalent to,  
11 on an average statewide basis for all local partnerships, not more than eight percent (8%) of the  
12 total statewide allocation to all local partnerships. For purposes of this subsection, administrative  
13 costs shall include costs associated with partnership oversight, business and financial  
14 management, general accounting, human resources, budgeting, purchasing, contracting, and  
15 information systems management. The North Carolina Partnership for Children, Inc., shall  
16 continue using a single statewide contract management system that incorporates features of the  
17 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local  
18 partnerships are required to participate in the contract management system and, directed by the  
19 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with  
20 other local partnerships to increase efficiency and effectiveness.

21 **SECTION 9C.6.(c)** Salaries. – The salary schedule developed and implemented by  
22 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds  
23 that may be used for the salary of the Executive Director of the North Carolina Partnership for  
24 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for  
25 Children, Inc., shall base the schedule on the following criteria:

- 26 (1) The population of the area serviced by a local partnership.
- 27 (2) The amount of State funds administered.
- 28 (3) The amount of total funds administered.
- 29 (4) The professional experience of the individual to be compensated.
- 30 (5) Any other relevant factors pertaining to salary, as determined by the North  
31 Carolina Partnership for Children, Inc.

32 The salary schedule shall be used only to determine the maximum amount of State  
33 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit  
34 a local partnership from using non-State funds to supplement an individual's salary in excess of  
35 the amount set by the salary schedule established under this subsection.

36 **SECTION 9C.6.(d)** Match Requirements. – The North Carolina Partnership for  
37 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred  
38 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2021-2023  
39 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local  
40 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent  
41 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total  
42 match requirement of nineteen percent (19%) for each year of the 2021-2023 fiscal biennium.  
43 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of  
44 the required match for a fiscal year in order to meet the match requirement of the succeeding  
45 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match  
46 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the  
47 match requirement of this subsection. Volunteer services that qualify as professional services  
48 shall be valued at the fair market value of those services. All other volunteer service hours shall  
49 be valued at the statewide average wage rate as calculated from data compiled by the Division of  
50 Employment Security of the Department of Commerce in the Employment and Wages in North  
51 Carolina Annual Report for the most recent period for which data are available. Expenses,

1 including both those paid by cash and in-kind contributions, incurred by other participating  
2 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local  
3 partnerships also may be considered resources available to meet the required private match. In  
4 order to qualify to meet the required private match, the expenses shall:

- 5 (1) Be verifiable from the contractor's records.
- 6 (2) If in-kind, other than volunteer services, be quantifiable in accordance with  
7 generally accepted accounting principles for nonprofit organizations.
- 8 (3) Not include expenses funded by State funds.
- 9 (4) Be supplemental to and not supplant preexisting resources for related program  
10 activities.
- 11 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and  
12 be necessary and reasonable for the proper and efficient accomplishment of  
13 the Program's objectives.
- 14 (6) Be otherwise allowable under federal or State law.
- 15 (7) Be required and described in the contractual agreements approved by the  
16 North Carolina Partnership for Children, Inc., or the local partnership.
- 17 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local  
18 partnership by the contractor in the same manner as reimbursable expenses.

19 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the  
20 2021-2023 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the  
21 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be  
22 responsible for compiling information on the private cash and in-kind contributions into a report,  
23 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows  
24 verification by the Department of Revenue. The same match requirements shall apply to any  
25 expansion funds appropriated by the General Assembly.

26 **SECTION 9C.6.(e) Bidding.** – The North Carolina Partnership for Children, Inc.,  
27 and all local partnerships shall use competitive bidding practices in contracting for goods and  
28 services on contract amounts as follows:

- 29 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified  
30 by a written policy as developed by the Board of Directors of the North  
31 Carolina Partnership for Children, Inc.
- 32 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen  
33 thousand dollars (\$15,000), three written quotes.
- 34 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than forty  
35 thousand dollars (\$40,000), a request for proposal process.
- 36 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for  
37 proposal process and advertising in a major newspaper.

38 **SECTION 9C.6.(f) Allocations.** – The North Carolina Partnership for Children, Inc.,  
39 shall not reduce the allocation for counties with less than 35,000 in population below the  
40 2012-2013 funding level.

41 **SECTION 9C.6.(g) Performance-Based Evaluation.** – The Department of Health  
42 and Human Services shall continue to implement the performance-based evaluation system.

43 **SECTION 9C.6.(h) Expenditure Restrictions.** – Except as provided in subsection (i)  
44 of this section, the Department of Health and Human Services and the North Carolina Partnership  
45 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and  
46 Development Initiatives for the 2021-2023 fiscal biennium shall be administered and distributed  
47 in the following manner:

- 48 (1) Capital expenditures are prohibited for the 2021-2023 fiscal biennium. For the  
49 purposes of this section, "capital expenditures" means expenditures for capital  
50 improvements as defined in G.S. 143C-1-1(d)(5).

- 1 (2) Expenditures of State funds for advertising and promotional activities are  
2 prohibited for the 2021-2023 fiscal biennium.

3 For the 2021-2023 fiscal biennium, local partnerships shall not spend any State funds  
4 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend  
5 any private funds the local partnerships receive on those activities.

6 **SECTION 9C.6.(i)** Notwithstanding subsection (h) of this section, the North  
7 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of  
8 State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall  
9 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds  
10 for fundraising. The report shall include the following:

- 11 (1) The amount of funds expended on fundraising.  
12 (2) Any return on fundraising investments.  
13 (3) Any other information deemed relevant.  
14

#### 15 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION** 16 **LIBRARY**

17 **SECTION 9C.7.(a)** A portion of the funds allocated in this act to the North Carolina  
18 Partnership for Children, Inc., from the Department of Health and Human Services, shall  
19 continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy  
20 program that mails age-appropriate books on a monthly basis to children registered for the  
21 program.

22 **SECTION 9C.7.(b)** The North Carolina Partnership for Children, Inc., may use up  
23 to one percent (1%) of the funds for statewide program management and up to one percent (1%)  
24 of the funds for program evaluation. Funds allocated under this section shall not be subject to  
25 administrative costs requirements under Section 9C.6(b) of this act, nor shall these funds be  
26 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care  
27 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under  
28 Section 9C.6(d) of this act.  
29

#### 30 **FLEXIBILITY IN USE OF ADDITIONAL SMART START FUNDS/EXEMPTION** 31 **FROM CERTAIN REQUIREMENTS**

32 **SECTION 9C.8.** Additional recurring funds allocated in this act to the North  
33 Carolina Partnership for Children, Inc., (Smart Start) from the Department of Health and Human  
34 Services, Division of Child Development and Early Education, for each year of the 2021-2023  
35 fiscal biennium may be used for any of Smart Start's programs and are not subject to the  
36 administrative cost requirements under Section 9C.6(b) of this act, child care services funding  
37 requirements under G.S. 143B-168.15(b), child care subsidy expansion requirements under  
38 G.S. 143B-168.15(g), or match requirements under Section 9C.6(d) of this act.  
39

#### 40 **GRANTS FOR CHILD CARE FACILITIES AND NC PRE-K CLASSROOMS/ARPA** 41 **FUNDS**

42 **SECTION 9C.9.** Of the funds appropriated in this act from the State Fiscal Recovery  
43 Fund to the Department of Health and Human Services, Division of Child Development and  
44 Early Education (Division), the sum of twenty million dollars (\$20,000,000) in nonrecurring  
45 funds shall be used to provide grants for child care facilities and North Carolina prekindergarten  
46 (NC Pre-K) classrooms in response to the COVID-19 pandemic, particularly those located in  
47 child care deserts and low-performing and high-poverty districts. The Division shall award grants  
48 under this section pursuant to criteria established by the Division in accordance with federal law  
49 and guidance. These grants shall be one-time awards to assist with new or expanded high-quality  
50 child care initiatives as follows:

- 1 (1) Start-up costs associated with establishing a new NC Pre-K classroom or child  
2 care facility.
- 3 (2) Quality improvements for existing NC Pre-K classrooms or child care  
4 facilities that increase the classroom or facility's capacity or upgrade its star  
5 rating.
- 6 (3) Capital improvements or renovations, including adding or upgrading outdoor  
7 play and learning environments, or increasing a facility's total capacity.  
8

## 9 **PART IX-D. HEALTH BENEFITS**

### 10 **CONTINUE MEDICAID ANNUAL REPORT**

11 **SECTION 9D.1.** The Department of Health and Human Services, Division of Health  
12 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and  
13 accompanying tables. DHB shall publish the report and tables on its website no later than  
14 December 31 following each State fiscal year.  
15

### 16 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

17 **SECTION 9D.3.** The Department of Health and Human Services, Division of Health  
18 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for  
19 services, medical equipment, supplies, and appliances by implementation of volume purchase  
20 plans, single source procurement, or other contracting processes in order to improve cost  
21 containment.  
22

### 23 **DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM** 24 **MODIFICATIONS**

25 **SECTION 9D.4.** Except for statutory changes or where otherwise specified, the  
26 Department of Health and Human Services shall not be required to maintain, after June 30, 2023,  
27 any modifications to the Medicaid and NC Health Choice programs required by this Subpart.  
28

### 29 **ADMINISTRATIVE HEARINGS FUNDING**

30 **SECTION 9D.5.** Of the funds appropriated in this act to the Department of Health  
31 and Human Services, Division of Health Benefits, for administrative contracts and interagency  
32 transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one  
33 million dollars (\$1,000,000) for the 2021-2022 fiscal year and the sum of one million dollars  
34 (\$1,000,000) for the 2022-2023 fiscal year to the Office of Administrative Hearings (OAH).  
35 These funds shall be allocated by OAH for mediation services provided for Medicaid applicant  
36 and recipient appeals and to contract for other services necessary to conduct the appeals process.  
37 OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services  
38 provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals  
39 process. The MOA will facilitate DHHS's ability to draw down federal Medicaid funds to support  
40 this administrative function. Upon receipt of invoices from OAH for covered services rendered  
41 in accordance with the MOA, DHHS shall transfer the federal share of Medicaid funds drawn  
42 down for this purpose.  
43

### 44 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

45 **SECTION 9D.6.(a)** The Department of Health and Human Services, Division of  
46 Health Benefits, receivables reserved at the end of the 2021-2022 and 2022-2023 fiscal years  
47 shall, when received, be accounted for as nontax revenue for each of those fiscal years. The  
48 treatment under this section of any revenue derived from federal programs shall be in accordance  
49 with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.  
50

1           **SECTION 9D.6.(b)** For the 2021-2022 fiscal year, the Department of Health and  
 2 Human Services shall deposit from its revenues one hundred forty-six million seven hundred five  
 3 thousand five hundred eighty-four dollars (\$146,705,584) with the Department of State Treasurer  
 4 to be accounted for as nontax revenue. For the 2022-2023 fiscal year, the Department of Health  
 5 and Human Services shall deposit from its revenues one hundred fifty-three million eight hundred  
 6 five thousand five hundred eighty-four dollars (\$153,805,584) with the Department of State  
 7 Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of  
 8 advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources  
 9 from State-owned and State-operated hospitals that are used to provide indigent and nonindigent  
 10 care services. The return from State-owned and State-operated hospitals to the Department of  
 11 Health and Human Services shall be made from nonfederal resources in the following manner:

- 12           (1) The University of North Carolina Hospitals at Chapel Hill shall make the  
 13 following deposits:  
 14           a. For the 2021-2022 fiscal year, the amount of thirty-one million three  
 15 hundred five thousand five hundred eighty-four dollars (\$31,305,584).  
 16           b. For the 2022-2023 fiscal year, the amount of thirty-one million three  
 17 hundred five thousand five hundred eighty-four dollars (\$31,305,584).
- 18           (2) All State-owned and State-operated hospitals, other than the University of  
 19 North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care  
 20 shall annually deposit an amount equal to the amount of the payments from  
 21 the Department of Health and Human Services, Division of Health Benefits,  
 22 for uncompensated care.

23  
 24 **LME/MCO INTERGOVERNMENTAL TRANSFERS**

25           **SECTION 9D.7.(a)** The local management entities/managed care organizations  
 26 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human  
 27 Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million  
 28 twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2021-2022 fiscal year  
 29 and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen  
 30 dollars (\$18,028,217) for the 2022-2023 fiscal year. The due date and frequency of the  
 31 intergovernmental transfer required by this section shall be determined by DHB. The amount of  
 32 the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal  
 33 year shall be as follows:

	<b>2021-2022</b>	<b>2022-2023</b>
34 Alliance Behavioral Healthcare	\$2,858,418	\$2,856,834
35 Cardinal Innovations Healthcare	\$4,751,262	\$4,645,652
36 Eastpointe	\$1,664,172	\$1,663,249
37 Partners Health Management	\$2,637,754	\$2,749,261
38 Sandhills Center	\$1,879,510	\$1,878,469
39 Trillium Health Resources	\$2,656,332	\$2,654,860
40 Vaya Health	\$1,580,769	\$1,579,892

41           **SECTION 9D.7.(b)** In the event that a county other than Cabarrus County or Union  
 42 County disengages from an LME/MCO and realigns with another LME/MCO during the  
 43 2021-2023 fiscal biennium, DHB shall have the authority to reallocate the amount of the  
 44 intergovernmental transfer that each affected LME/MCO is required to make under subsection  
 45 (a) of this section, taking into consideration the change in catchment area and covered population,  
 46 provided that the aggregate amount of the transfers received from all LME/MCOs in each year  
 47 of the fiscal biennium is achieved.  
 48  
 49

50 **DSH RECEIPTS FOR USE BY THE MEDICAID PROGRAM**

1           **SECTION 9D.8.** Of the federal disproportionate share adjustment receipts arising  
2 from certified public expenditures for the 2021-2022 fiscal year and the 2022-2023 fiscal year,  
3 forty-three million dollars (\$43,000,000) in each fiscal year shall not be deposited into the  
4 Hospital Uncompensated Care Fund under G.S. 143C-9-9 but rather shall be available to the  
5 Department of Health and Human Services, Division of Health Benefits, to be used for the  
6 Medicaid program.

#### 8           **CREATION OF THE HCBS FUND**

9           **SECTION 9D.8A.(a)** The HCBS Fund is established as a nonreverting special fund  
10 in the Department of Health and Human Services, Division of Health Benefits (DHB). The HCBS  
11 Fund shall consist of the savings realized by DHB as a result of federal receipts arising from the  
12 enhanced federal medical assistance percentage (FMAP) for home and community-based  
13 services (HCBS) available to the State under section 9817(a) of the American Rescue Plan Act  
14 of 2021, P.L. 117-2 (ARPA). Upon receipt by DHB of those federal receipts arising from the  
15 enhanced FMAP for HCBS, DHB is directed to deposit the savings associated with those receipts  
16 into the HCBS Fund.

17           **SECTION 9D.8A.(b)** DHHS shall utilize the HCBS Fund established under  
18 subsection (a) of this section to fund the following:

- 19           (1) Additional slots for Medicaid home and community-based waiver programs,  
20 including the increase in the CAP/DA waiver slots required under Section  
21 9D.11 of this act and the increase in the North Carolina Innovations waiver  
22 slots required under Section 9D.12 of this act.
- 23           (2) Medicaid HCBS provider rate increases to be used to increase direct care  
24 worker wages as required under Section 9D.15A of this act.
- 25           (3) The increase to the private duty nursing Medicaid rate required under Section  
26 9D.15B of this act.
- 27           (4) To the extent directed by Section 9A.3A(e) of this act, expenses related to the  
28 State-County Special Assistance program.
- 29           (5) Medicaid home and community-based services that support beneficiaries with  
30 mental illness in transitioning from institutions under the Transitions to  
31 Community Living Initiative (TCLI).
- 32           (6) Any other project to enhance, expand, or strengthen HCBS, in accordance  
33 with section 9817 of ARPA, so long as that project would not (i) result in  
34 recurring State funding or (ii) need to be accounted for in any future annual  
35 rebase of the NC Medicaid program upon implementation.

36           To the extent that any funds are utilized by DHHS under this section, the funds are  
37 appropriated for the purpose set forth in this section.

38           **SECTION 9D.8A.(c)** DHB shall ensure that a minimum of ninety-seven million six  
39 hundred thousand dollars (\$97,600,000) is remaining in the HCBS Fund at the end of the  
40 2021-2023 fiscal biennium for use by DHB in the 2023-2025 fiscal biennium for activities  
41 authorized under this section.

42           **SECTION 9D.8A.(d)** This section expires June 30, 2025.

#### 43           **WAIVE MEDICAID PROVIDER ENROLLMENT AND REVALIDATION FEES**

44           **SECTION 9D.9.(a)** Notwithstanding G.S. 108C-2.1, providers revalidating  
45 enrollment or enrolling in the North Carolina Medicaid program or the NC Health Choice  
46 program shall not be charged the fee of one hundred dollars (\$100.00) above the federally  
47 required fee for the enrollment or revalidation. Providers shall continue to be required to timely  
48 submit all other required application and enrollment or revalidation materials.

49           **SECTION 9D.9.(b)** Of the funds appropriated in this act to the Department of Health  
50 and Human Services, Division of Health Benefits, the sum of one million six hundred thousand  
51

1 dollars (\$1,600,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of two  
2 million six hundred fifty thousand dollars (\$2,650,000) in nonrecurring funds for the 2022-2023  
3 fiscal year shall be used to pay administrative costs related to Medicaid and NC Health Choice  
4 provider enrollment and revalidation.

5 **SECTION 9D.9.(c)** Subsection (a) of this section is effective when it becomes law  
6 and applies to enrollment applications or revalidations occurring on and after that date.

7 **SECTION 9D.9.(d)** Subsection (a) of this section expires June 30, 2023.

## 8 9 **COPAYMENTS FOR MEDICAID SERVICES**

10 **SECTION 9D.10.(a)** Beginning July 1, 2022, the copayments for Medicaid services  
11 shall be increased to four dollars (\$4.00). This section does not apply to services provided under  
12 sections 1905(a)(1) through 1905(a)(5) and under section 1905(a)(7) of the Social Security Act  
13 or to recipients prohibited by federal law from cost-sharing requirements.

14 **SECTION 9D.10.(b)** The Department of Health and Human Services, Division of  
15 Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare  
16 and Medicaid Services to implement this section.

## 17 18 **EXPAND COMMUNITY ALTERNATIVES PROGRAM FOR DISABLED ADULTS** 19 **(CAP/DA) WAIVER SLOTS**

20 **SECTION 9D.11.** The Department of Health and Human Services, Division of  
21 Health Benefits, shall increase the number of Community Alternatives Program for Disabled  
22 Adults (CAP/DA) waiver slots. A minimum of 114 slots shall be made available as soon as  
23 practicable, but no later than June 30, 2022.

## 24 25 **EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

26 **SECTION 9D.12.(a)** The Department of Health and Human Services, Division of  
27 Health Benefits (DHB), shall amend the North Carolina Innovations waiver to increase the  
28 number of slots by 1,000 in the following manner:

- 29 (1) Three hundred twenty slots to be made available no later than March 1, 2022,  
30 and to be distributed using the allocation formula currently in place as of the  
31 effective date of this section.
- 32 (2) Eighty slots to be distributed in accordance with subsection (b) of this section  
33 and to be made available no later than March 1, 2022, unless the distribution  
34 method in subsection (b) of this section requires approval by the Centers for  
35 Medicare and Medicaid Services (CMS). If CMS approval is required, then  
36 the following shall apply:
  - 37 a. These slots shall be made available March 1, 2022, or the date that  
38 CMS grants or denies approval, whichever is later.
  - 39 b. If CMS does not approve the distribution method in subsection (b) of  
40 this section, then these slots shall be distributed using the allocation  
41 formula currently in place as of the effective date of this section.
  - 42 c. If CMS has not made any determination by June 1, 2022, then these  
43 slots shall be distributed using the allocation formula currently in place  
44 as of the effective date of this section on that date.
- 45 (3) Four hundred eighty slots to be made available no later than July 1, 2022, and  
46 to be distributed using the allocation formula currently in place as of the  
47 effective date of this section.
- 48 (4) One hundred twenty slots to be distributed in accordance with subsection (b)  
49 of this section and to be made available no later than July 1, 2022, unless the  
50 distribution method in subsection (b) of this section requires approval by CMS



1 not previously granted under subdivision (2) of this subsection. If CMS  
2 approval not previously granted is required, then the following shall apply:

- 3 a. These slots shall be made available July 1, 2022, or the date that CMS  
4 grants or denies approval, whichever is later.  
5 b. If CMS does not approve the distribution method in subsection (b) of  
6 this section, then these slots shall be distributed using the allocation  
7 formula currently in place as of the effective date of this section.  
8 c. If CMS has not made any determination by October 1, 2022, then these  
9 slots shall be distributed using the allocation formula currently in place  
10 as of the effective date of this section on that date.

11 **SECTION 9D.12.(b)** DHB shall distribute the slots identified under subdivisions (2)  
12 and (4) of subsection (a) of this section to the local management entities/managed care  
13 organizations (LME/MCOs) based on a per capita basis calculated as the number of slots  
14 multiplied by the population in each LME/MCO's catchment area divided by the population of  
15 the State. Once distributed to each LME/MCO, the additional slots shall be made available to the  
16 counties on a per capita basis calculated as the number of slots multiplied by the population of  
17 the county divided by the population in the LME/MCO's catchment area. Within each county,  
18 the slots shall be filled on a first-come, first-served basis determined by the length of time an  
19 individual has been on the waiting list.

20 **SECTION 9D.12.(c)** In order to serve the maximum possible number of individuals  
21 that are on the State's registry of unmet needs (registry) in the future, DHB is authorized to pursue  
22 any amendment or change to the current North Carolina Innovations waiver or any additional  
23 1915(c) waivers. This includes pursuing a tiered waiver system in which individuals on the  
24 registry with lower acuity needs are still served at an appropriate level but in a tier with a lower  
25 spending cap than the one allowed by the current waiver. In designing these changes, DHB shall  
26 make every effort to allow for a seamless transition between tiers, or between waivers, for  
27 individuals whose level of need increases or decreases. DHB shall provide flexibility for  
28 LME/MCOs to determine how best to distribute funding in order to serve a greater number of  
29 individuals on the registry. Notwithstanding subsection (a) of this section, DHB is authorized to  
30 utilize any funds currently attributed to the North Carolina Innovations waiver on any waiver  
31 under this subsection approved by CMS, so long as the number of individuals served is increased.

32 **SECTION 9D.12.(d)** This section is effective when it becomes law.  
33

#### 34 **PLAN FOR ADEQUATE PROVIDER SUPPLY FOR SERVICES PROVIDED** 35 **THROUGH THE INNOVATIONS WAIVER**

36 **SECTION 9D.12A.** The Department of Health and Human Services, Division of  
37 Health Benefits (DHB), shall begin to plan for additional North Carolina Innovations waiver slots  
38 that could be added in the future. No later than March 1, 2022, DHB shall submit a report to the  
39 Joint Legislative Oversight Committee on Medicaid and NC Health Choice that outlines the plans  
40 for adding a minimum of 1,000 waiver slots in the 2023-2025 fiscal biennium and that contains  
41 recommendations for ensuring that there would be adequate health care providers to support the  
42 needs of the additional individuals served under the waiver should the number of slots be  
43 increased in the future.  
44

#### 45 **CONTINUE MEDICAID COVERAGE FOR PREGNANT WOMEN FOR TWELVE** 46 **MONTHS POSTPARTUM**

47 **SECTION 9D.13.(a)** G.S. 108A-54.3A(10) reads as rewritten:

48 "(10) Pregnant women with incomes equal to or less than one hundred ninety-six  
49 percent (196%) of the federal poverty guidelines. ~~Coverage for pregnant~~  
50 ~~women eligible under this subdivision include only services related to~~  
51 ~~pregnancy and to other conditions determined by the Department as~~

1 ~~conditions that may complicate pregnancy.~~ Pregnant women shall remain  
2 eligible for coverage for 12 months postpartum."

3 **SECTION 9D.13.(b)** This section becomes effective April 1, 2022.

4 **SECTION 9D.13.(c)** This section shall expire March 31, 2027.

5  
6 **MODERNIZED HOSPITAL ASSESSMENTS ADDITIONAL COMPONENTS AND**  
7 **TECHNICAL CORRECTIONS**

8 **SECTION 9D.13A.(a)** G.S. 108A-145.3, as enacted by Section 2 of S.L. 2021-61,  
9 is amended by adding a new subdivision to read:

10 "(12a) Medicare Economic Index. – The index published by the Medicare Economic  
11 Index Technical Advisory Panel established by the Secretary of the United  
12 States Department of Health and Human Services, under the authority in 42  
13 U.S.C. § 217a, and in effect on March 1 of the previous State fiscal year."

14 **SECTION 9D.13A.(b)** G.S. 108A-146.5, as enacted by Section 2 of S.L. 2021-61,  
15 reads as rewritten:

16 "**§ 108A-146.5. Aggregate assessment collection amount.**

17 The aggregate assessment collection amount is an amount of money that is calculated by  
18 adding ~~(i) the managed care component under G.S. 108A-146.7, (ii) the fee for service~~  
19 ~~component under G.S. 108A-146.9, (iii) the GME component under G.S. 108A-146.11, and (iv)~~  
20 ~~one-fourth of the State's annual Medicaid payment, and then subtracting the intergovernmental~~  
21 ~~transfer adjustment component under G.S. 108A-146.13.~~ subtracting the intergovernmental  
22 transfer adjustment component under G.S. 108A-146.13 from the sum of all of the following:

- 23 (1) One-fourth of the State's annual Medicaid payment.
- 24 (2) The managed care component under G.S. 108A-146.7.
- 25 (3) The fee-for-service component under G.S. 108A-146.9.
- 26 (4) The GME component under G.S. 108A-146.11.
- 27 (5) Beginning April 1, 2022, and ending March 31, 2027, the postpartum  
28 coverage component under G.S. 108A-146.12.
- 29 (6) Beginning April 1, 2024, the home and community-based services component  
30 under G.S. 108A-146.12A."

31 **SECTION 9D.13A.(c)** Part 2 of Article 7B of Chapter 108A of the General Statutes,  
32 as enacted by Section 2 of S.L. 2021-61, is amended by adding the following new sections to  
33 read:

34 "**§ 108A-146.12. Postpartum coverage component.**

35 The postpartum coverage component is twelve million five hundred thousand dollars  
36 (\$12,500,000) for each quarter of the 2021-2022 State fiscal year. For each subsequent State  
37 fiscal year, the postpartum coverage component shall be increased over the prior year's quarterly  
38 amount by the Medicare Economic Index.

39 "**§ 108A-146.12A. Home and community-based services component.**

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

44 **SECTION 9D.13A.(d)** G.S. 108A-146.13, as enacted by Section 2 of S.L. 2021-61,  
45 reads as rewritten:

46 "**§ 108A-146.13. Intergovernmental transfer adjustment component.**

47 (a) The intergovernmental transfer adjustment component is ~~forty million nine hundred~~  
48 ~~forty seven thousand six hundred thirty three dollars (\$40,947,633)~~ for each quarter of the  
49 ~~2021-2022 State fiscal year. For each subsequent State fiscal year, the intergovernmental transfer~~  
50 ~~adjustment component shall be increased over the prior year's quarterly payment by the market~~  
51 ~~basket percentage.~~ the sum of all of the following subcomponents:

(1) The historical subcomponent is forty-one million two hundred twenty-seven thousand three hundred twenty-one dollars (\$41,227,321) for each quarter of the 2021-2022 State fiscal year. For each subsequent State fiscal year, the historical subcomponent shall be increased over the prior year's quarterly amount by the market basket percentage.

(2) The postpartum subcomponent applies to the assessments under this Part only during the period of April 1, 2022, through March 31, 2027, and is two million nine hundred sixty-two thousand five hundred dollars (\$2,962,500) for each quarter of the 2021-2022 State fiscal year. For each subsequent State fiscal year, the postpartum subcomponent shall be increased over the prior year's quarterly amount by the Medicare Economic Index.

(3) The home and community-based services subcomponent applies to the assessments under this Part beginning April 1, 2024, and is eight million four hundred thirteen thousand five hundred dollars (\$8,413,500) for each quarter of the 2023-2024 State fiscal year. For each subsequent State fiscal year, the home and community-based services subcomponent shall be increased over the prior year's quarterly amount by the Medicare Economic Index.

...."

**SECTION 9D.13A.(e)** Notwithstanding G.S. 108A-146.12A and G.S. 108A-146.13(3), for the assessment quarter that begins on April 1, 2024, the home and community-based services component is forty million three hundred fifty thousand dollars (\$40,350,000) and the home and community-based services subcomponent is nine million five hundred sixty-three thousand dollars (\$9,563,000).

**SECTION 9D.13A.(f)** It is the intent of the General Assembly to consult with stakeholders and the Division of Health Benefits of the Department of Health and Human Services prior to its 2022 Regular Session in order to consider any necessary refinements to the postpartum coverage subcomponent and the home and community-based services component of the modernized hospital assessments enacted by this section.

**SECTION 9D.13A.(g)** G.S. 108A-145.3(19), as enacted by Section 2 of S.L. 2021-61, reads as rewritten:

"(19) Private hospital historical assessment share. – ~~Eighty and eight hundredths percent (80.08%),~~ Eighty and twenty-five hundredths percent (80.25%), expressed as a decimal."

**SECTION 9D.13A.(h)** G.S. 108A-145.3(21), as enacted by Section 2 of S.L. 2021-61, reads as rewritten:

"(21) Public hospital historical assessment share. – ~~Nineteen and ninety-two hundredths percent (19.92%),~~ Nineteen and seventy-five hundredths percent (19.75%), expressed as a decimal."

**SECTION 9D.13A.(i)** This section becomes effective January 1, 2022, and applies to modernized hospital assessments imposed under Part 2 of Article 7A of Chapter 108A of the General Statutes on or after that date.

## **ALLOW A PARENT TO RETAIN MEDICAID ELIGIBILITY WHILE A CHILD IS TEMPORARILY SERVED BY THE FOSTER CARE SYSTEM**

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

"**SECTION 9A.** Eligibility for Parents of Children in Foster Care. – DHHS is ~~authorized~~ directed to seek approval from CMS through either the 1115 waiver required by subdivision (1) of Section 5 of this act or another federal authority to allow ~~parents a parent~~ to retain Medicaid eligibility ~~while their child is being served temporarily by the foster care program.~~ It is the intent of the General Assembly to expand Medicaid eligibility to cover this population upon

1 ~~implementation of the 1115 waiver, if CMS approves this coverage in the waiver when (i) the~~  
2 ~~parent has lost custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes,~~  
3 ~~(ii) the child is being served temporarily by the foster care system, regardless of the type of~~  
4 ~~out-of-home placement, and (iii) the parent is making reasonable efforts to comply with a~~  
5 ~~court-ordered plan of reunification, as determined by DHHS."~~

6 **SECTION 9D.14.(b)** G.S. 108A-54.3A is amended by adding a new subdivision to  
7 read:

8 "(2a) A parent who has qualified under subdivisions (1) and (2) of this section shall  
9 retain eligibility for Medicaid under this section so long as all of the following  
10 criteria are met:

11 a. The parent has lost legal custody of a child pursuant to Subchapter I  
12 of Chapter 7B of the General Statutes.

13 b. A child of the parent is temporarily in the legal custody of  
14 State-sponsored foster care or temporarily receiving foster care  
15 assistance under Title IV-E of the Social Security Act.

16 c. The parent is making reasonable efforts to comply with a  
17 court-ordered plan of reunification, as determined by the Department.

18 d. The parent continues to meet the family income requirements under  
19 subdivision (1) or (2) of this section."

20 **SECTION 9D.14.(c)** Subsection (b) of this section is effective upon the approval by  
21 the Centers for Medicare and Medicaid Services (CMS) of the request submitted in accordance  
22 with Section 9A of S.L. 2015-245, as amended by Section 2(e1) of S.L. 2016-121 and subsection  
23 (a) of this section, and on the effective date of the coverage allowed by CMS. The Secretary of  
24 the Department of Health and Human Services shall notify the Revisor of Statutes of the effective  
25 date allowed by CMS upon receipt of this approval. If the approval is not granted by CMS prior  
26 to June 30, 2023, then this section shall expire on that date.

## 27 **INCREASE RATES TO ICFS FOR DIRECT CARE WORKER WAGE INCREASES**

28 **SECTION 9D.15.(a)** It is the intent of the General Assembly to assist in increasing  
29 the hourly wages of direct care workers in this State to a minimum of fifteen dollars (\$15.00) per  
30 hour. To that end, the Department of Health and Human Services, Division of Health Benefits  
31 (DHB), shall provide a rate increase to intermediate care facilities for individuals with intellectual  
32 disabilities (ICF/IIDs), including ICF/IID-level group homes, enrolled in the Medicaid or NC  
33 Health Choice program. This rate increase shall be effective on the date approved by the Centers  
34 for Medicare and Medicaid Services. Any provider receiving a rate increase under this section  
35 shall be required to use at least eighty percent (80%) of the funding that results from that rate  
36 increase to increase the rate of pay paid to its direct care employees. This wage increase shall be  
37 provided in addition to the rate of pay each employee was receiving as of October 1, 2021. DHB  
38 shall determine the amount of the rate increase under this section and the definition of direct care  
39 worker to be applied.

40 **SECTION 9D.15.(b)** Upon implementation of the rate increase under subsection (a)  
41 of this section, DHB shall adjust the per member per month (PMPM) capitation amount paid to  
42 local management entities/managed care organizations (LME/MCOs) and to prepaid health plans  
43 (PHPs), as defined under G.S. 108D-1. These capitation rate adjustments shall include amounts  
44 sufficient to implement the same rate increase for providers paid by the LME/MCO or PHP as  
45 paid to providers under the Medicaid fee-for-service program, and all LME/MCOs and PHPs  
46 shall be required to implement that rate increase. Providers receiving a rate increase under this  
47 section shall be subject to the requirements of this section whether paid by an LME/MCO, PHP,  
48 or DHB.

49 **SECTION 9D.15.(c)** Prior to receiving the rate increase under this section, all  
50 ICF/IID providers shall attest and provide verification to DHB, or to the relevant LME/MCO or  
51

1 PHP, that at least eighty percent (80%) of the funding that results from that rate increase is being  
2 used to increase the rate of pay paid to its direct care employees. DHB shall set the standards for  
3 documentation that shall be required as verification that the provider used the rate increase in the  
4 manner required by this section, and LME/MCOs and PHPs shall use these same standards at a  
5 minimum. DHB, LME/MCOs, and PHPs may require verifiable methods of accounting, such as  
6 payroll-based journals. Providers receiving a rate increase under this section shall keep  
7 documentation of the use of that rate increase and make the documentation available upon request  
8 by DHB or by the relevant LME/MCO or PHP.

9 **SECTION 9D.15.(d)** In addition to other allowable reasons for recoupment of funds,  
10 DHB may recoup part or all of the funds related to the rate increase received by a provider  
11 pursuant to this section if DHB determines that the provider did not use at least eighty percent  
12 (80%) of the funding that results from that rate increase to increase the rate of pay paid to its  
13 direct care employees.

14 **SECTION 9D.15.(e)** This section is effective when it becomes law.

### 15 16 **INCREASE RATES TO HCBS PROVIDERS TO INCREASE DIRECT CARE WORKER** 17 **WAGES**

18 **SECTION 9D.15A.(a)** It is the intent of the General Assembly to assist in increasing  
19 the hourly wages of direct care workers in this State to a minimum of fifteen dollars (\$15.00) per  
20 hour. To that end, the Department of Health and Human Services, Division of Health Benefits  
21 (DHB), shall provide a rate increase to home and community-based providers enrolled in the  
22 Medicaid or NC Health Choice program.

23 This rate increase shall be effective on the date approved by the Centers for Medicare  
24 and Medicaid Services. DHB shall determine (i) the amount of the rate increase under this  
25 section, (ii) the manner in which each provider is required to utilize that increased rate and to  
26 demonstrate compliance with those requirements, and (iii) the definition of direct care worker to  
27 be applied.

28 **SECTION 9D.15A.(b)** To the fullest extent possible, DHB shall use federal receipts  
29 arising from the enhanced federal medical assistance percentage (FMAP) for home and  
30 community-based services (HCBS) available to the State under section 9817(a) of the American  
31 Rescue Plan Act of 2021, P.L. 117-2, (ARP) to fund the provider rate increases required by this  
32 section.

33 **SECTION 9D.15A.(c)** Any increase in rates under this section to providers of private  
34 duty nursing services shall be in addition to the legislative rate increase required under Section  
35 9D.15B of this act.

36 **SECTION 9D.15A.(d)** This section is effective when it becomes law.

### 37 38 **INCREASE PRIVATE DUTY NURSING RATES**

39 **SECTION 9D.15B.** Beginning January 1, 2022, the Department of Health and  
40 Human Services, Division of Health Benefits, shall increase to eleven dollars and twenty-five  
41 cents (\$11.25) per 15 minutes the rate paid for private duty nursing services pursuant to Medicaid  
42 Clinical Coverage Policies 3G-1: Private Duty Nursing for Beneficiaries Age 21 and Older and  
43 3G-2: Private Duty Nursing for Beneficiaries Under 21 Years of Age.

### 44 45 **STUDY DIRECT CARE WORKERS SERVING INDIVIDUALS IN THE** 46 **INNOVATIONS WAIVER PROGRAM AND DEVELOP A PLAN FOR ANY** 47 **RECOMMENDED INCREASE IN THOSE WORKERS' WAGES**

48 **SECTION 9D.15C.** No later than March 1, 2022, and annually thereafter for the  
49 next five years, the Department of Health and Human Services, Division of Health Benefits  
50 (DHB), shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC  
51 Health Choice that contains all of the following information regarding direct care workers who

1 serve Medicaid beneficiaries receiving services through the North Carolina Innovations waiver  
2 program:

- 3 (1) Statewide data on the number of these licensed and non-licensed direct care  
4 workers by worker classification.
- 5 (2) Identification of providers that employ these direct care workers.
- 6 (3) The weekly average number of hours worked by individuals serving in these  
7 positions.
- 8 (4) The average and range of wages paid to these workers.
- 9 (5) The average length of employment of these workers by any one provider.
- 10 (6) An assessment of whether the wages of licensed direct care workers,  
11 non-licensed direct care workers, or both need to be increased. If DHB  
12 determines that there is a need for an increase in wages, then DHB shall  
13 develop a plan, or update to a previously submitted plan as applicable, for such  
14 increase.

## 15 16 **USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID** 17 **TRANSFORMATION NEEDS**

18 **SECTION 9D.16.(a)** Claims Run Out. – Funds from the Medicaid Transformation  
19 Fund may be transferred to the Department of Health and Human Services, Division of Health  
20 Benefits (DHB), for the 2021-2023 fiscal biennium, as needed, for the purpose of paying claims  
21 related to services billed under the fee-for-service payment model for recipients who are being,  
22 or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be  
23 transferred to DHB as the need to pay claims run out arises and need not be transferred in one  
24 lump sum. To the extent that any funds are transferred under this subsection, the funds are  
25 appropriated for the purpose set forth in this subsection.

26 **SECTION 9D.16.(b)** Non-Claims Run Out Medicaid Transformation Needs. –  
27 Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one  
28 hundred thirty-three million seventy-eight thousand dollars (\$133,078,000) in nonrecurring  
29 funds for the 2021-2022 fiscal year and the sum of one hundred nineteen million four thousand  
30 dollars (\$119,004,000) in nonrecurring funds for the 2022-2023 fiscal year from the Medicaid  
31 Transformation Fund may be transferred to DHB for the sole purpose of providing the State share  
32 for qualifying needs directly related to Medicaid transformation, as required by S.L. 2015-245,  
33 as amended. Funds may be transferred to DHB as qualifying needs arise during the 2021-2023  
34 fiscal biennium and need not be transferred in one lump sum.

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

- 37 (1) Program design.
- 38 (2) Beneficiary and provider experience.
- 39 (3) Information technology upgrades, operations, and maintenance.
- 40 (4) Data management tools.
- 41 (5) Program integrity.
- 42 (6) Quality review.
- 43 (7) Actuarial rate setting functions.
- 44 (8) Technical and operational integration.
- 45 (9) BH IDD tailored plan health homes.
- 46 (10) Legal fees.
- 47 (11) Expenses related to the Enhanced Case Management and Other Services Pilot  
48 Program, commonly referred to as the "Healthy Opportunities Pilots."

49 **SECTION 9D.16.(c)** Requests for Transfer of Funds for Qualifying Need. – A  
50 request by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made  
51 to OSBM and shall include the amount requested and the specific qualifying need for which the

1 funds are to be used. None of the funds identified in subsection (b) of this section shall be  
2 transferred to DHB until OSBM verifies the following information:

- 3 (1) The amount requested is to be used for a qualifying need in the 2021-2023  
4 fiscal biennium.
- 5 (2) The amount requested provides a State share that will not result in total  
6 requirements that exceed eight hundred million dollars (\$800,000,000) in  
7 nonrecurring funds for the 2021-2023 fiscal biennium.

8 **SECTION 9D.16.(d)** Federal Fund Receipts. – Any federal funds received in any  
9 fiscal year by DHB that represent a return of State share already expended on a qualifying need  
10 related to the funds received by DHB under this section shall be deposited into the Medicaid  
11 Transformation Fund.

### 12 13 **CHOICE IN ACCREDITATION FOR LME/MCOS OPERATING BH IDD TAILORED** 14 **PLANS**

15 **SECTION 9D.17.(a)** During the initial four-year contract term for Medicaid BH  
16 IDD tailored plans, as defined under G.S. 108D-1, the Department of Health and Human  
17 Services, Division of Health Benefits (DHB), shall not require, by contract or otherwise, any  
18 local management entity/managed care organization (LME/MCO) to be accredited by any one  
19 specific accreditation organization. DHB shall require each LME/MCO awarded a BH IDD  
20 tailored plan contract to be accredited by a nationally recognized accreditation organization that  
21 has been selected by the LME/MCO and approved by DHB. DHB shall create a process by which  
22 DHB approves the accreditation organization selected by the LME/MCO.

23 **SECTION 9D.17.(b)** No accreditation organization shall be approved by DHB for  
24 use by an LME/MCO under this section unless the accreditation organization meets, at a  
25 minimum, all of the following criteria:

- 26 (1) Prior experience conducting accreditation reviews for managed care  
27 organizations in at least five other states within the United States or in at least  
28 two regions that correspond to the areas covered by the regional office  
29 locations of the United States Department of Health and Human Services.
- 30 (2) A review program that includes, at a minimum, standards for the following  
31 aspects of operation of the LME/MCO:
  - 32 a. Quality assurance.
  - 33 b. Provider credentialing.
  - 34 c. Utilization review.
  - 35 d. Enrollee rights and responsibilities.
  - 36 e. Medical records.
  - 37 f. Governance of the LME/MCO.
  - 38 g. Preventative health services.
- 39 (3) Development of accreditation standards that include input from the medical,  
40 managed care organization, and health care consumer communities.
- 41 (4) Reviews of, and updates to, the standards listed under subdivision (3) of this  
42 subsection at regular intervals not exceeding two years.
- 43 (5) An internal quality assurance program that ensures the quality and continuity  
44 of its review program.
- 45 (6) No current involvement in the operation of the LME/MCO or the delivery of  
46 health services to any of its enrollees.
- 47 (7) No contract or consultations with the LME/MCO within the prior two years  
48 for any services other than accreditation.

49 **SECTION 9D.17.(c)** All accreditation organizations approved for use by an  
50 LME/MCO under this section shall be required to submit their standards for accreditation to DHB  
51 every three years to maintain approval for use by the LME/MCO.

**EVALUATE DHB NEEDS IN MANAGED CARE ENVIRONMENT**

**SECTION 9D.18.(a)** Evaluation. – The Department of Health and Human Services, Division of Health Benefits (DHB), shall conduct a two-part evaluation of the current staffing and administrative functions for the Medicaid and NC Health Choice programs and how those staffing needs and administrative functions will change as the Medicaid and NC Health Choice programs move further into a managed care service delivery environment. In conducting this evaluation, DHB shall do all of the following:

- (1) Identify the changing administrative needs and required staff based upon the introduction of capitated contracts for standard benefit plans and BH IDD tailored benefit plans.
- (2) Determine whether any administrative or staffing functions are duplicative of any functions carried out through vendor contracts, by local management entities/managed care organizations (LME/MCOs), or prepaid health plans (PHPs).

**SECTION 9D.18.(b)** Initial Report. – No later than March 1, 2022, DHB shall report to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division on the evaluation required by subsection (a) of this section as it pertains to the implementation of capitated contracts for standard benefit plans for PHPs. The report shall include planned staffing and administrative changes, including any changes to contractual agreements with vendors, to align more appropriately with a managed care delivery environment for the Medicaid and NC Health Choice programs. The report shall also include a detailed time line for making changes within DHB as managed care continues.

**SECTION 9D.18.(c)** Final Report. – No later than March 1, 2024, DHB shall report to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division on the evaluation required by subsection (a) of this section as it pertains to the implementation of capitated contracts for standard benefit plans operated by PHPs and the implementation of BH IDD tailored plans. The report shall include the staffing and administrative changes that have been made since the initial report required under subsection (b) of this section. The report shall also include any additional planned staffing and administrative changes and any planned changes to contractual agreements with vendors to continue to align DHB's functions more appropriately with a managed care delivery environment for the Medicaid and NC Health Choice programs. The report shall also include an updated detailed time line for making these changes within DHB, as well as an assessment of whether the goals of the time line submitted in the initial report were met.

**REIMBURSE DME PRESCRIBED BY PODIATRISTS**

**SECTION 9D.19.** No later than January 1, 2022, the Department of Health and Human Services, Division of Health Benefits, shall update the following Medicaid clinical coverage policies to provide Medicaid and NC Health Choice coverage for orthotic devices, prosthetic devices, and other durable medical equipment when there is a documented medical necessity for the equipment and the equipment is prescribed by a beneficiary's treating podiatrist acting within that podiatrist's scope of practice:

- (1) Clinical Coverage Policy 5A-1: Physical Rehabilitation Equipment and Supplies.
- (2) Clinical Coverage Policy 5B: Orthotics and Prosthetics.

**PHPS/REIMBURSEMENT OF PRESCRIPTION DRUGS AT PHARMACIST'S COST**

**SECTION 9D.19A.(a)** Notwithstanding G.S. 108D-65(6)b., for the prepaid health plan capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the reimbursement for the ingredient cost for prescription drugs and the prescription drug dispensing



1 fee shall be set at one hundred percent (100%) of the Medicaid fee-for-service reimbursement,  
2 pursuant to the Centers for Medicare and Medicaid Services' National Drug Acquisition Cost and  
3 the cost of the dispensing study conducted on behalf of the North Carolina Department of Health  
4 and Human Services, Division of Health Benefits.

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

## 8 **CHARTER SCHOOLS MEDICAID REIMBURSEMENT**

9 **SECTION 9D.21.** G.S. 115C-218.105 is amended by adding a new subsection to  
10 read:

11 "(g) Notwithstanding G.S. 115C-218.15(b) and solely with respect to the North Carolina  
12 Medicaid program, a charter school that is approved by the State as a public school pursuant to  
13 this Article shall be deemed a local government entity that is responsible, or assumes  
14 responsibility, either directly or indirectly through an agency or other political subdivision, for  
15 the payment of the nonfederal share for reimbursable medical services, if any, provided by the  
16 charter school. The nonfederal share shall consist exclusively of public funds. For purposes of  
17 this subsection, "reimbursable medical services" means services, including administrative  
18 activities related to those services, that are medically necessary and for which federal payment is  
19 available under the North Carolina Medicaid Program established under Part 6 of Article 2 of  
20 Chapter 108A of the General Statutes. For the purposes of this subsection, "nonfederal share"  
21 means the share of expenditures for the reimbursable medical services that draws down federal  
22 financial participation."

## 24 **REQUIRE LME/MCOS TO PAY FOR BEHAVIORAL HEALTH SERVICES** 25 **PROVIDED TO BENEFICIARIES AWAITING HOSPITAL DISCHARGE**

26 **SECTION 9D.22.(a)** Intent. – It is the intent of the General Assembly to provide  
27 funding to hospitals for behavioral health services provided to Medicaid beneficiaries while those  
28 beneficiaries await discharge to a more appropriate setting.

29 **SECTION 9D.22.(b)** Criteria for Coverage. – The Department of Health and Human  
30 Services, Division of Health Benefits (DHB), is directed to develop a clinical coverage policy,  
31 or amend an existing clinical coverage policy as applicable, assign a CPT code, and develop  
32 billing instructions for Medicaid coverage of the services described in subsection (c) of this  
33 section provided to a beneficiary who meets all of the following criteria:

- 34 (1) The beneficiary no longer meets criteria for observation under Section  
35 3.2.1(b) of Medicaid Clinical Coverage Policy 2A-1: Acute Inpatient Hospital  
36 Services.
- 37 (2) The beneficiary is not currently receiving inpatient behavioral health services  
38 covered under Medicaid Clinical Coverage Policy 8B: Inpatient Behavioral  
39 Health Services.
- 40 (3) A physician, physician assistant, or nurse practitioner has determined that one  
41 of the following actions is appropriate for the beneficiary:
  - 42 a. Admission to an inpatient psychiatric or behavioral health facility.
  - 43 b. Admission to a facility, other than an inpatient facility, for care for  
44 psychiatric or behavioral health needs, such as a group home.
  - 45 c. Arrangement for community-based services or supports without which  
46 the beneficiary cannot be safely discharged to the beneficiary's home  
47 due to the beneficiary's psychiatric or behavioral health needs.
- 48 (4) The beneficiary has been in the care of the hospital for a minimum of 30  
49 continuous hours.

50 **SECTION 9D.22.(c)** Services Covered. – The clinical coverage policy developed in  
51 accordance with this section shall provide Medicaid coverage of the following services in an

1 acute care hospital setting when medically necessary and ordered by a physician or other  
2 appropriate provider:

- 3 (1) Treatment, including assessment and medication management, of both  
4 psychiatric and behavioral health conditions and physical health conditions.
- 5 (2) Crisis stabilization and support.
- 6 (3) Ongoing monitoring of a beneficiary's medical status and medical clearance.
- 7 (4) Nursing services and support.
- 8 (5) Reasonable and appropriate efforts to maintain patient safety.
- 9 (6) Provision of community resource information and psychoeducation, including  
10 connections to the relevant local management entity/managed care  
11 organization (LME/MCO).
- 12 (7) Development of a safety plan, including any revisions to that plan.
- 13 (8) Coordination with the beneficiary or the beneficiary's legal representative and  
14 the LME/MCO to establish a safe discharge plan or transfer plan.

15 Services developed in accordance with this subsection shall be considered outpatient  
16 services. Other ancillary services, such as laboratory services, imaging, and prescription drugs,  
17 shall continue to be billed as separate and additional services not included as part of this new  
18 Medicaid coverage. Notwithstanding G.S. 108D-35, any new services developed in accordance  
19 with this subsection shall be limited to beneficiaries enrolled in NC Medicaid Direct or in a BH  
20 IDD tailored plan, as defined in G.S. 108D-1.

21 **SECTION 9D.22.(d)** Reimbursement for Beneficiaries Enrolled in NC Medicaid  
22 Direct. – Services covered under the Medicaid clinical coverage policy developed in accordance  
23 with subsection (b) of this section and provided to beneficiaries enrolled in NC Medicaid  
24 Direct who are not also enrolled with an LME/MCO shall be reimbursed at a fee-for-service rate  
25 determined by DHB.

26 **SECTION 9D.22.(e)** Reimbursement for Beneficiaries Enrolled in an LME/MCO or  
27 a BH IDD Tailored Plan. – Services covered under the Medicaid clinical coverage policy  
28 developed in accordance with subsection (b) of this section shall be covered by LME/MCOs,  
29 including LME/MCOs operating BH IDD tailored plans. If a beneficiary who is an enrollee of  
30 an LME/MCO or a BH IDD tailored plan receives these services, then the applicable LME/MCO  
31 shall be responsible for making the reimbursement payment to the hospital billing for the  
32 services. The reimbursement amount shall be determined through negotiations between each  
33 hospital and LME/MCO. If an LME/MCO and any hospital are unable to negotiate a  
34 reimbursement amount for these services, then the reimbursement rate shall be the most prevalent  
35 semiprivate room rate at the applicable hospital.

36 **SECTION 9D.22.(f)** CMS Approval. – The Department of Health and Human  
37 Services, Division of Health Benefits, shall submit to the Centers for Medicare and Medicaid  
38 Services (CMS) any State Plan amendments necessary to establish the new Medicaid coverage  
39 required by this section. The new Medicaid covered services and rates shall be implemented July  
40 1, 2022. If approval from CMS is not granted by July 1, 2022, DHB shall retroactively implement  
41 services and rates upon approval from CMS to July 1, 2022. The new Medicaid covered services  
42 and rates shall only be implemented to the extent allowable by CMS.

43 **SECTION 9D.22.(g)** Capitation Rates. – It is the intent of the General Assembly  
44 that there will be no increase in the capitation rates paid to LME/MCOs for any services  
45 developed under this section. If an increase in capitation rates paid to LME/MCOs is necessary  
46 to maintain the actuarial soundness of those paid capitation rates, then DHB shall increase the  
47 capitation rates by the minimum amount necessary for federal approval of the rates.

48 **SECTION 9D.22.(h)** Effective Date. – This section is effective when it becomes  
49 law.

50  
51 **PART IX-E. HEALTH SERVICE REGULATION**

**ACCESS TO PATIENT DATA UNDER THE MEDICAL CARE DATA ACT**

**SECTION 9E.3.(a)** Article 11A of Chapter 131E of the General Statutes is amended by adding a new section to read:

**"§ 131E-214.5. Department's duty to provide limited access to patient data.**

**(a)** The Department of Health and Human Services (Department) shall make available, at no charge and in a manner and format of its choosing, to any person or organization under contract with the Department to provide medical care quality improvement services, the minimum necessary data components of compiled patient data prepared for release or dissemination by a statewide data processor to the State Health Director pursuant to G.S. 131E-214.4(a)(7). The minimum necessary data components of compiled patient data shall be determined by the Department and are subject to any restrictions by the data owner. As used in this section, "medical care quality improvement services" means evaluation of medical quality of healthcare performance.

**(b)** Any person or organization that receives patient data pursuant to this section is subject to the following requirements and limitations:

- (1)** Is prohibited from using the patient data for any purpose other than to fulfill its performance under the terms of the contract with the Department.
- (2)** Shall maintain the confidentiality of the data.
- (3)** Shall not retain the data beyond the term of its contract with the Department."

**SECTION 9E.3.(b)** This section is effective when it becomes law.

**MODIFICATION OF CERTIFICATE OF NEED EXEMPTION FOR LEGACY MEDICAL CARE FACILITIES**

**SECTION 9E.4.** G.S. 131E-184(h) reads as rewritten:

**(h)** The Department must exempt from certificate of need review the acquisition or reopening of a Legacy Medical Care Facility. The person seeking to operate a Legacy Medical Care Facility shall give the Department written notice of all of the following:

- (1)** Its intention to acquire or reopen a Legacy Medical Care Facility within the same county and the same service area as the facility that ceased continuous operations. If the Legacy Medical Care Facility will become operational in a new location within the same county and the same service area as the facility that ceased continuous operations, then the person responsible for giving the written notice required by this section shall notify the Department, as soon as reasonably practicable and prior to becoming operational, of the new location of the Legacy Medical Care Facility. For purposes of this subdivision, "service area" means the service area identified in the North Carolina State Medical Facilities Plan in effect at the time the written notice required by this section is given to the Department.
- (2)** That the facility will be operational within 36 months of the notice.

The Department shall extend the time by which a facility must be operational in order to be exempt from certificate of need review under this subsection by an additional 36-month period if the person seeking to reopen or acquire the Legacy Medical Care Facility gives the Department written notice of extension within 36 months of the original notice of intent to acquire or reopen the Legacy Medical Care Facility. The written notice of extension must notify the Department (i) that the person has undertaken all reasonable efforts to make the facility operational within 36 months of the notice of intent, (ii) that, despite these reasonable efforts, the person does not anticipate the facility will be operational within that time, and (iii) of its intention that the facility will be operational within 36 months of the notice of extension.

A person seeking to operate a Legacy Medical Care Facility located in a development tier one or tier two area, as defined in G.S. 143B-437.08, may request an additional extension of time

1 by which the facility must be operational in order to be exempt from certificate of need review  
2 under this subsection by providing an additional written notice of extension to the Department,  
3 delivered prior to the conclusion of the original 36-month extension period, affirming that the  
4 person has entered into a contract for the acquisition or reopening of the Legacy Medical Care  
5 Facility and that, pursuant to the terms of the contract, the facility will commence operations  
6 within 36 months of the conclusion of the original notice of extension. Upon receipt of this notice,  
7 the Department shall grant an extension of the time by which the facility must be operational that  
8 is sufficient to permit the acquisition or reopening of the Legacy Medical Care Facility as  
9 provided in the contract."

## 10 11 **TEMPORARY CERTIFICATE OF NEED EXEMPTION**

12 **SECTION 9E.4A.(a)** Notwithstanding G.S. 131E-184, or any provision of law to  
13 the contrary, the Department of Health and Human Services (Department) shall exempt from  
14 certificate of need review a new general acute hospital to be constructed in a county if the  
15 Department receives prior written notice from the entity proposing the new hospital, which notice  
16 (i) includes an explanation of why the new hospital is required and (ii) shows that the county  
17 where the new hospital will be located meets the requirements of subsection (b) of this section.

18 **SECTION 9E.4A.(b)** The exemption established by subsection (a) of this section  
19 applies only to construction and operation of a general acute care hospital to be located in any  
20 county that meets all of the following criteria:

- 21 (1) The county has a total population between 40,000 and 50,000, and a total land  
22 area under 460 square miles, according to the most recent federal decennial  
23 census.
- 24 (2) The county contains a portion of a city that is located in more than one county.
- 25 (3) The county is located along the State's border with another state.

26 **SECTION 9E.4A.(c)** This section is effective 30 days after this act becomes law,  
27 and expires December 31, 2024.

## 28 29 **ADULT CARE HOME ACCREDITATION PILOT PROGRAM**

30 **SECTION 9E.6.(a)** Definitions. – As used in this section, the following terms have  
31 the following meanings:

- 32 (1) Control group member. – A pilot ACH that (i) is selected to participate in the  
33 pilot program and (ii) has agreed to provide data to evaluate the effectiveness  
34 of the pilot program without participating in the accreditation process.
- 35 (2) Department. – The North Carolina Department of Health and Human  
36 Services.
- 37 (3) NCALA. – The North Carolina Assisted Living Association, a nonprofit  
38 corporation.
- 39 (4) NCSLA. – The North Carolina Senior Living Association, a nonprofit  
40 corporation.
- 41 (5) Pilot ACH. – A licensed adult care home selected to participate in the pilot  
42 program.
- 43 (6) Pilot program. – The two-year pilot program authorized by subsection (b) of  
44 this section for the purpose of comparing the impact of accreditation and  
45 licensure approaches on care and resident health and other outcomes.
- 46 (7) Pilot Program Accrediting Body. – The Accreditation Commission for Health  
47 Care, a nonprofit accreditation organization.
- 48 (8) Program participant. – A pilot ACH that (i) is selected to participate in the  
49 pilot program and (ii) has agreed to provide data to evaluate the effectiveness  
50 of the pilot program and to participate in the accreditation process.

1 (9) Sheps Center. – The Program on Aging, Disability, and Long-Term Care  
2 within the Cecil G. Sheps Center for Health Services Research located at the  
3 University of North Carolina at Chapel Hill.

4 (10) Stakeholder Advisory Group. – The advisory group appointed under  
5 subsection (c) of this section.

6 **SECTION 9E.6.(b)** Pilot Program. – The Sheps Center shall oversee the  
7 administration of a two-year pilot program to be conducted by the Pilot Program Accrediting  
8 Body and the Sheps Center to evaluate the effectiveness of an accreditation process for adult care  
9 homes that would deem adult care homes eligible for ongoing licensure and exempt accredited  
10 adult care homes from routine inspections if they meet required standards and requirements. The  
11 goal of the pilot program is to study the effectiveness of accreditation through an evaluation of  
12 quality outcome measures to be developed by the Sheps Center for the purpose of determining  
13 whether accreditation achieves compliance with licensure requirements and improves or  
14 maintains quality of care compared with a control group. In conducting the pilot program, the  
15 Sheps Center shall collaborate with the Pilot Program Accrediting Body, the Department, the  
16 NCSLA, the NCALA, the Stakeholder Advisory Group appointed under subsection (c) of this  
17 section, and any other qualified entity or State agency that may be of assistance in accomplishing  
18 the objectives of the pilot program.

19 **SECTION 9E.6.(c)** Stakeholder Advisory Group. – The Department shall appoint a  
20 Stakeholder Advisory Group representing other interested parties not already involved in the  
21 pilot program authorized by subsection (b) of this section, which shall be composed of, at  
22 minimum, at least one member representing Friends of Residents in Long Term Care, the North  
23 Carolina Ombudsman Association, AARP North Carolina, directors of county departments of  
24 social services, and the Department. The Sheps Center shall keep the Stakeholder Advisory  
25 Group informed of the progress of study design and operation of the pilot program and shall offer  
26 the Stakeholder Advisory Group an opportunity to periodically offer recommendations on study  
27 design, pilot program operation, and ultimate implementation of the accreditation process for  
28 program participants.

29 **SECTION 9E.6.(d)** Pilot Accrediting Body Reporting. – As a condition of  
30 participating in the pilot program authorized by this section, the Pilot Program Accrediting Body  
31 must agree to submit the following reports to the Sheps Center:

32 (1) Monthly survey schedules which document the surveys that were completed  
33 for the previous month and those scheduled for the current and the following  
34 month.

35 (2) Documentation of surveys for the preceding month, including documentation  
36 of investigations, noncompliance, correction of noncompliance, and survey  
37 outcomes.

38 (3) Facility notification letters for all accreditation program actions and any  
39 follow-up communication associated with those facility notification letters.

40 **SECTION 9E.6.(e)** Adult Care Home Accreditation Grant Program. – As part of the  
41 pilot program, the NCSLA and the NCALA, in consultation with the Sheps Center, the Pilot  
42 Program Accrediting Body, and the Stakeholder Advisory Group, shall jointly establish and  
43 operate a grant program that provides grant awards to a maximum of 150 Pilot ACHs located in  
44 this State to cover the cost of accreditation for up to 75 Pilot ACHs and the cost of serving as a  
45 control group member and providing outcome data for up to 75 Pilot ACHs. The Sheps Center  
46 shall establish, in consultation with the Pilot Program Accrediting Body, the NCSLA, the  
47 NCALA, and the Stakeholder Advisory Group, criteria to be utilized for selecting adult care  
48 homes to participate in the adult care home accreditation grant program authorized by this  
49 section. The established criteria must ensure that a diverse group of Pilot ACHs are selected to  
50 participate as control group members or program participants in the grant program. Pilot ACHs  
51 shall not use their grant awards for any purpose other than to contract with the Pilot Program

1 Accrediting Body or otherwise defray the expenses of serving as either a program participant or  
2 control group member of the pilot program.

3 **SECTION 9E.6.(f)** Selection of Participating Pilot ACHs. – No later than 120 days  
4 after the effective date of this section, the Sheps Center, NCSLA, and NCALA shall develop a  
5 methodology for selecting program participants and control group members for the pilot  
6 program. The methodology must ensure that program participants and control group members  
7 selected for the pilot program represent diverse payor sources, star ratings, and related  
8 characteristics and must ensure that the number of program participants and the number of control  
9 group members are equivalent.

10 **SECTION 9E.6.(g)** Pilot ACH Reports. – No later than 150 days after the effective  
11 date of this section, the Sheps Center, NCSLA, and NCALA shall develop a standardized  
12 methodology for the collection of information from the program participants and control group  
13 members of the pilot program for the purpose of comparing and contrasting the quality of care  
14 and the outcomes in accredited and nonaccredited facilities. As a condition of participating in the  
15 pilot program authorized by this section, the pilot ACHs must agree to follow this standardized  
16 methodology for (i) collecting information about the residents and the facility and (ii) quarterly  
17 reporting that information to the Sheps Center. The Sheps Center shall maintain the original data  
18 provided by facilities for data verification purposes. The quarterly reports shall include, but not  
19 be limited to, the following categories and types of information in the format prescribed by the  
20 Sheps Center:

- 21 (1) Function, specifically falls with injury.
- 22 (2) Health, specifically emergency department visits, hospitalization, and flu  
23 immunization.
- 24 (3) Cognition, specifically discharge due to behaviors.
- 25 (4) Quality of dying, specifically hospice use.
- 26 (5) Quality of life, specifically resident satisfaction and family satisfaction  
27 reported annually.
- 28 (6) Staffing, specifically turnover and satisfaction (satisfaction reported  
29 annually).

30 **SECTION 9E.6.(h)** Evaluation of Quality Outcome Measures. – Using quality  
31 outcome measures established by the Sheps Center, the Sheps Center shall compare outcomes  
32 between the program participants and control group members for a period of two years from the  
33 onset of the pilot program. The Pilot Program Accrediting Body, program participants, and  
34 control group members shall cooperate with the Sheps Center in its efforts to gather and report  
35 data necessary to measure and compare care and resident outcomes as required by this subsection.  
36 The Sheps Center shall submit the following reports to the Joint Legislative Oversight Committee  
37 on Health and Human Services, the Department, and to the Stakeholder Advisory Group:

- 38 (1) On or before April 30, 2023, an interim report on its findings and  
39 determinations with respect to the comparisons conducted in accordance with  
40 this subsection.
- 41 (2) On or before July 31, 2024, a final report on its findings and determinations  
42 with respect to the comparisons conducted in accordance with this subsection.

43 **SECTION 9E.6.(i)** Evaluation of Pilot Program. – The pilot program shall terminate  
44 no later than August 1, 2024. No later than 90 days after the submission of its final report under  
45 subdivision (h)(2) of this section, the Sheps Center shall conduct and submit to the Joint  
46 Legislative Oversight Committee on Health and Human Services and the Department an  
47 evaluation of the effectiveness of the pilot program for a licensure accreditation process for adult  
48 care homes that could inform future changes to the licensure process and requirements. The  
49 evaluation shall include, but not be limited to, an assessment of the following information from  
50 the pilot program:

- 1 (1) A determination by the Sheps Center that a sufficient number of pilot ACHs  
2 and control group member AHCs participated and provided data over a  
3 sufficient period of time to enable a reliable evaluation of the pilot program.
- 4 (2) The determination of the Sheps Center on the impact accreditation has on  
5 adult care home resident outcomes, or whether it demonstrably improves or at  
6 least maintains resident outcomes, based on the quality measures established  
7 by the Sheps Center.
- 8 (3) The completion of unannounced surveys by the Pilot Program Accrediting  
9 Body within 12 months from the prior accreditation effective date.
- 10 (4) The timely notification to surveyed facilities of identified deficiencies with  
11 the accreditation program's standards.
- 12 (5) The monitoring of the correction of identified deficiencies at the facility with  
13 the program standards of the pilot accrediting body.
- 14 (6) Other relevant factors identified during the pilot program.

15 **SECTION 9E.6.(j)** Of the funds appropriated in this act to the Department of Health  
16 and Human Services, the sum of one million five hundred thousand dollars (\$1,500,000) in  
17 nonrecurring funds for the 2021-2022 fiscal year shall be allocated to the NCSLA and the  
18 NCALA. The NCSLA and the NCALA shall use these funds to jointly administer the grant  
19 program authorized by subsection (e) of this section. Up to ten percent (10%) of these allocated  
20 funds may be used for administrative costs incurred by NCSLA and NCALA in administering  
21 the grant program component of the pilot program.

22 **SECTION 9E.6.(k)** Of the funds appropriated in this act to the Department of Health  
23 and Human Services, one million five hundred thousand dollars (\$1,500,000) in nonrecurring  
24 funds for the 2021-2022 fiscal year shall be transferred to the Board of Governors of The  
25 University of North Carolina System to be allocated to the University of North Carolina at Chapel  
26 Hill for the Program on Aging, Disability, and Long-Term Care within the Cecil G. Sheps Center  
27 for Health Services Research to cover the cost of participation in the pilot program authorized by  
28 subsection (b) of this section. These funds shall be expended over the period beginning with the  
29 effective date of the pilot program and ending with the submission to the Joint Legislative  
30 Oversight Committee on Health and Human Services and the Department of an evaluation of the  
31 effectiveness of this pilot program for a licensure accreditation process for adult care homes that  
32 could inform future changes to the licensure process and requirements. The Sheps Center shall  
33 use these funds to do the following:

- 34 (1) To develop a recommended list of criteria, data collection, and methodology  
35 necessary for measuring care and resident outcomes in adult care homes.  
36 These criteria shall relate to, at a minimum, the following:
  - 37 a. Function, specifically falls with injury.
  - 38 b. Health, specifically emergency department visits, hospitalization, and  
39 flu immunization.
  - 40 c. Cognition, specifically discharge due to behaviors.
  - 41 d. Quality of dying, specifically hospice use.
  - 42 e. Quality of life, specifically resident satisfaction and family satisfaction  
43 reported annually.
  - 44 f. Staffing, specifically turnover and satisfaction (satisfaction reported  
45 annually).
- 46 (2) To solicit the program participants, obtain the relevant data, validate select  
47 data, enter and clean the data, and generate reports.
- 48 (3) To ensure pilot ACHs compile the information related to quality outcome  
49 measures in a standardized manner, obtain that information, and compare the  
50 quality outcome measures prescribed by the Sheps Center in program  
51 participants and control group members. The methodology used in

- 1 comparison of quality outcome measures shall be substantially similar to the  
 2 methodology used in the Centers for Medicare and Medicaid Services'  
 3 Nursing Home Compare Quality Measures Technical Specifications,  
 4 specifically utilizing comparisons based upon per 1,000 resident days.  
 5 (4) To prepare the reports required by subsections (h) and (i) of this section.  
 6

## 7 ADULT CARE HOME INFECTION PREVENTION REQUIREMENTS

8 SECTION 9E.7.(a) G.S. 131D-4.4A reads as rewritten:

### 9 "§ 131D-4.4A. Adult care home infection prevention requirements.

10 (a) As used in this section, "adult care home staff" means any employee of an adult care  
 11 home involved in direct resident care.

12 (b) In order to prevent transmission of ~~HIV, hepatitis B, hepatitis C, and other bloodborne~~  
 13 ~~pathogens, infectious diseases,~~ each adult care home shall do all of the ~~following, beginning~~  
 14 ~~January 1, 2012:~~ following:

15 (1) Implement a written infection prevention and control policy consistent with  
 16 the federal Centers for Disease Control and Prevention guidelines accepted  
 17 national standards on infection control that addresses at least all of control,  
 18 which shall be maintained in the facility and accessible to staff working at the  
 19 facility. The policy shall address the following:

- 20 a. Proper disposal of single-use equipment used to puncture skin, mucous  
 21 membranes, and other tissues, and proper disinfection of reusable  
 22 ~~patient-resident~~ care items that are used for multiple residents.  
 23 b. Sanitation of rooms and equipment, including cleaning procedures,  
 24 agents, and schedules.  
 25 c. Accessibility of infection control devices and supplies.  
 26 d. Blood and bodily fluid precautions.  
 27 e. Procedures to be followed when adult care home staff is exposed to  
 28 blood or other body fluids of another person in a manner that poses a  
 29 significant risk of transmission of HIV, hepatitis B, hepatitis C, or  
 30 other bloodborne pathogens.  
 31 f. Procedures to prohibit adult care home staff with exudative lesions or  
 32 weeping dermatitis from engaging in direct resident care that involves  
 33 the potential for contact between the resident, equipment, or devices  
 34 and the lesion or dermatitis until the condition resolves.  
 35 g. Standard and transmission-based precautions, including the following:  
 36 1. Respiratory hygiene and cough etiquette.  
 37 2. Environmental cleaning and disinfection.  
 38 3. Reprocessing and disinfection of reusable resident devices.  
 39 4. Hand hygiene.  
 40 5. Accessibility and proper use of personal protective equipment.  
 41 6. Types of transmission-based precautions and when each type  
 42 is indicated, including contact precautions, droplet  
 43 precautions, and airborne precautions.  
 44 h. When and how to report to the local health department a suspected or  
 45 confirmed, reportable communicable disease case or condition, or a  
 46 communicable disease outbreak.  
 47 i. Measures the facility should consider for specific types of  
 48 communicable disease outbreaks in order to prevent the spread of  
 49 illness, such as:  
 50 1. Isolating infected residents.  
 51 2. Limiting or stopping group activities and communal dining.



- 1                                   3.     Limiting or restricting outside visitation to the facility.  
 2                                   4.     Screening staff, residents, and visitors for signs of illness.  
 3                                   5.     Using source control as tolerated by the residents.  
 4                                   j.     Strategies for addressing potential staffing issues and ensuring  
 5   adequate staffing is available to meet the needs of the residents during  
 6   a communicable disease outbreak.  
 7                                   (2)   Require and monitor compliance with the facility's infection prevention and  
 8   control policy.  
 9                                   (3)   Update the infection prevention and control policy as necessary to prevent the  
 10                                       ~~transmission of HIV, hepatitis B, hepatitis C, and other bloodborne~~  
 11                                       ~~pathogens.~~maintain consistency with the guidelines included in the course  
 12                                       developed by the Department pursuant to G.S. 131D-4.5C.  
 13                                   (4)   Designate one on-site staff member for each noncontiguous facility who is  
 14   knowledgeable about the federal Centers for Disease Control and Prevention  
 15   guidelines on infection control to direct the facility's infection control  
 16   activities and ensure that all adult care staff is trained in the facility's written  
 17   infection prevention and control policy. Beginning October 1, 2013, any  
 18   policy developed pursuant to subdivision (b)(1) of this section within 30 days  
 19   after hire and annually thereafter. Any nonsupervisory staff member  
 20   designated to direct the facility's infection control activities shall complete the  
 21   infection control course developed by the Department pursuant to  
 22   G.S. 131D-4.5C.  
 23                                   (5)   When a communicable disease outbreak has been identified at a facility or  
 24   there is an emerging infectious disease threat, the facility shall ensure  
 25   implementation of the facility's infection control and prevention policy  
 26   developed pursuant to subdivision (b)(1) of this section and related policies  
 27   and procedures; provided, however, that if guidance or directives specific to a  
 28   communicable disease outbreak or emerging infectious disease threat have  
 29   been issued in writing by the Department or local health department, the  
 30   Department's or local health department's specific guidance or directives shall  
 31   be implemented by the facility."

32                                   **SECTION 9E.7.(b)** This section becomes effective January 1, 2022.

33  
 34                                   **PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE**  
 35   **ABUSE SERVICES**

36  
 37                                   **USE OF OPIOID SETTLEMENT FUNDS**

38                                   **SECTION 9F.1.(a)** The Opioid Abatement Reserve (Reserve) is established in the  
 39                                   General Fund to maintain funds received by the State as a beneficiary of the final consent  
 40                                   judgment resolving the case, *State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v.*  
 41                                   *McKinsey and Company, Inc.*, in the General Court of Justice, Superior Court Division, Wake  
 42                                   County and any other funds received by the State as a result of a settlement, as defined in  
 43                                   G.S. 114-2.4A, relating to claims regarding the manufacturing, marketing, distribution,  
 44                                   dispensing, or sale of opioids.

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

49                                   The Opioid Abatement Fund (Fund) is created in the Department of Health and  
 50                                   Human Services (Department) as a special fund consisting of all interest and investment earnings  
 51                                   received on monies in the Fund. The State Controller shall transfer from the Reserve to the Fund

1 the sum of fifteen million seven hundred thirty-five thousand four hundred ninety-six dollars  
2 (\$15,735,496) for the 2021-2022 fiscal year and the sum of eight hundred twelve thousand two  
3 hundred fifty dollars (\$812,250) for the 2022-2023 fiscal year. These funds are appropriated to  
4 the Department to be used and allocated as set forth in subsection (b) of this section.

5 **SECTION 9F.1.(b)** During the 2021-2023 fiscal biennium, the funds appropriated  
6 by subsection (a) of this section shall be used to respond to the negative impacts of the opioid  
7 epidemic within the State of North Carolina, as follows:

- 8 (1) To expand employment and transportation supports through innovative pilot  
9 programs in industries in North Carolina that suffered the greatest job losses  
10 during the COVID-19 pandemic and are most relied upon by individuals  
11 recovering from opioid use disorders to reenter the workforce, such as the food  
12 service industry, the hotel and lodging industry, and the entertainment  
13 industry. These funds may be used to support all of the following:
  - 14 a. Employment support services for individuals in recovery from opioid  
15 use disorder, such as job application support and placement with  
16 partnering employers, with emphasis on supporting innovative pilot  
17 programs to develop a more robust workforce in rural areas of the  
18 State.
  - 19 b. Training and development funding to encourage a consortium of  
20 public and private employers, workforce development boards, and  
21 vocational services providers to develop workplace recovery friendly  
22 ecosystems.
  - 23 c. Transportation support services to enable individuals recovering from  
24 opioid use disorder to travel to their places of treatment and their  
25 places of employment.
- 26 (2) To support individuals with opioid use disorder who are involved in the  
27 criminal justice system through programs and initiatives designed to  
28 accomplish any one or more of the following:
  - 29 a. Establishment or expansion of existing prearrest and postarrest  
30 diversion programs. This includes prearrest diversion, postarrest  
31 diversion, and court-based diversion through treatment or recovery  
32 courts.
  - 33 b. Establishment, expansion, or sustainment of medication-assisted  
34 treatment programs that provide to individuals who are incarcerated  
35 any medication approved by the United States Food and Drug  
36 Administration for opioid use disorder. Programs authorized under  
37 this sub-subdivision that are funded in whole or in part by the Opioid  
38 Abatement Fund shall be made available to individuals who were  
39 already participating in a medication-assisted treatment program prior  
40 to being incarcerated, as well as to individuals who initiate  
41 medication-assisted treatment during their incarceration to address an  
42 opioid use disorder.
  - 43 c. Creation or expansion of reentry programs to connect individuals  
44 exiting incarceration with harm reduction, treatment, and recovery  
45 supports.
- 46 (3) To expand evidence-based treatment supports and to improve connections to  
47 care, especially for individuals hospitalized for overdose who are uninsured  
48 or underinsured, through the following activities or initiatives:
  - 49 a. Evidence-based addiction treatment, including medication-assisted  
50 treatment provided by inpatient or outpatient opioid treatment  
51 programs.

- 1 b. Expanded access to cost-effective, low-cost, or no-cost  
2 medication-assisted treatment in community-based settings.
- 3 c. Expanded care management services, including the use of peer support  
4 specialists and care navigators in local health departments, detention  
5 facilities, local departments of social services, and community-based  
6 settings. Any funding provided pursuant to this sub-subdivision shall  
7 be used to provide care management services involving outreach to,  
8 engagement with, and coordination for individuals to assist them with  
9 accessing opioid use disorder treatment.
- 10 (4) To develop evidence-based supportive housing services, such as Housing  
11 First, that are inclusive of individuals with substance use disorders. Qualifying  
12 services that may be funded under this subdivision include the following:
- 13 a. Providing a move-in deposit, rental or utility assistance, or all of these  
14 for individuals with substance use disorders who are in recovery or  
15 transitioning from residential treatment or incarceration.
- 16 b. Providing community training sessions on tenancy rights and  
17 responsibilities.
- 18 c. Establishing relationships with landlords to encourage the elimination  
19 of preconditions for housing and to reduce potential incidences of  
20 evictions due to substance misuse.
- 21 d. Providing other housing-related supports such as tents, sleeping bags,  
22 or other supplies for outdoor living.
- 23 e. Funding or otherwise supporting recovery supported housing that  
24 accepts individuals who are utilizing any medication approved by the  
25 United States Food and Drug Administration for the treatment of  
26 opioid use disorder.

## 27 28 **CONTRACT TO IMPLEMENT ELECTRONIC HEALTH RECORDS AT STATE** 29 **PSYCHIATRIC HOSPITALS**

30 **SECTION 9F.2.** By six months after the effective date of this section, the  
31 Department of Health and Human Services, in coordination with the Department of Information  
32 Technology, is directed to execute a contract that provides for the following:

- 33 (1) Within 18 months after contract execution, full implementation of a standard,  
34 uniform platform for electronic health records that most closely resembles the  
35 electronic health records platform utilized by The University of North  
36 Carolina System within each of the State psychiatric hospitals under the  
37 jurisdiction of the Secretary of the Department of Health and Human Services  
38 pursuant to G.S. 122C-181.
- 39 (2) Training of the State's psychiatric hospitals' staff on the use of the electronic  
40 health records system.

## 41 42 **SINGLE-STREAM FUNDING FOR DMH/DD/SAS COMMUNITY SERVICES**

43 **SECTION 9F.3.(a)** For the purpose of mitigating cash flow problems that many  
44 local management entities/managed care organizations (LME/MCOs) experience at the  
45 beginning of each fiscal year relative to single-stream funding, the Department of Health and  
46 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
47 Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base  
48 budget allocation at the beginning of the fiscal year and subtract the amount of that distribution  
49 from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year  
50 after July, DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh

1 of the amount of each LME/MCO's single-stream allocation that remains after subtracting the  
2 amount of the distribution that was made to the LME/MCO in July of the fiscal year.

3 **SECTION 9F.3.(b)** During each year of the 2021-2023 fiscal biennium,  
4 DMH/DD/SAS shall ensure that LME/MCOs fund, in total, at least ninety percent (90%) of the  
5 level of single-stream services provided across the State during the 2014-2015 fiscal year. No  
6 LME/MCO shall reduce funding for (i) home and community-based services or (ii) services paid  
7 for with single-stream funding that support the 2012 settlement agreement entered into between  
8 the United States Department of Justice and the State of North Carolina to ensure that the State  
9 will willingly meet the requirements of the Americans with Disabilities Act of 1990, section 504  
10 of the Rehabilitation Act of 1973, and the United States Supreme Court decision in *Olmstead v.*  
11 *L.C.*, 527 U.S. 581 (1999). This subsection shall not be construed to require an LME/MCO to  
12 authorize or maintain the same level of services for any specific individual whose services were  
13 paid for with single-stream funding. This subsection shall not be construed to create a private  
14 right of action for any person or entity against the State of North Carolina or the Department of  
15 Health and Human Services or any of its divisions, agents, or contractors and shall not be used  
16 as authority in any contested case brought pursuant to Chapter 108C of the General Statutes or  
17 Chapter 108D of the General Statutes.

18 **SECTION 9F.3.(c)** If, on or after June 1, 2021, the Office of State Budget and  
19 Management (OSBM) certifies a Medicaid and NC Health Choice budget surplus and sufficient  
20 cash in Budget Code 14445 to meet total obligations for the 2020-2021 fiscal year, then the  
21 Department of Health and Human Services, Division of Health Benefits (DHB), shall transfer to  
22 the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars  
23 (\$30,000,000), whichever is less, to be used for single-stream funding.

24 **SECTION 9F.3.(d)** If, on or after June 1, 2022, OSBM certifies a Medicaid and NC  
25 Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations  
26 for the 2021-2022 fiscal year, then DHB shall transfer to DMH/DD/SAS funds not to exceed the  
27 amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less.

28 **SECTION 9F.3.(e)** If, on or after June 1, 2023, OSBM certifies a Medicaid and NC  
29 Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations  
30 for the 2022-2023 fiscal year, then DHB shall transfer to DMH/DD/SAS funds not to exceed the  
31 amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less.

32 **SECTION 9F.3.(f)** Subsection (c) of this section is retroactively effective on June  
33 30, 2021.

### 34 35 **ADDICTION TREATMENT FUNDS**

36 **SECTION 9F.3A.** Of the funds appropriated to the Department of Health and  
37 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
38 Services (DMH/DD/SAS), the sum of five hundred thousand dollars (\$500,000) in nonrecurring  
39 funds for the 2021-2022 fiscal year shall be allocated to Partners Health Management, a local  
40 management entity/managed care organization (LME/MCO), to be used to address the needs of  
41 individuals in Surry County that have a substance use disorder or are otherwise struggling with  
42 addiction.

### 43 44 **LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

45 **SECTION 9F.4.(a)** Use of Funds. – Funds appropriated in this act to the Department  
46 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
47 Substance Abuse Services, shall continue to be used for the purchase of local inpatient psychiatric  
48 beds or bed days. The Department of Health and Human Services (DHHS) shall continue to  
49 implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds  
50 or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds  
51 or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of

1 payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall  
2 not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In  
3 addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated  
4 to LME/MCOs for community-based mental health, developmental disabilities, and substance  
5 abuse services may be used to purchase additional local inpatient psychiatric beds or bed days.

6 **SECTION 9F.4.(b)** Distribution and Management of Beds or Bed Days. – DHHS  
7 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance  
8 with this section are utilized solely for individuals who are medically indigent, except that DHHS  
9 may use up to ten percent (10%) of the funds appropriated in this act to the Department of Health  
10 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
11 Abuse Services, for the purchase of local inpatient psychiatric beds or bed days to pay for  
12 facility-based crisis services and nonhospital detoxification services for individuals in need of  
13 these services, regardless of whether the individuals are medically indigent. For the purposes of  
14 this subsection, "medically indigent" shall mean uninsured persons who (i) are financially unable  
15 to obtain private insurance coverage, as determined by DHHS, and (ii) are not eligible for  
16 government-funded health coverage such as Medicare or Medicaid.

17 In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or  
18 bed days purchased in accordance with this section are distributed across the State and according  
19 to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with  
20 higher acuity levels are distributed across the State and according to greatest need based on  
21 hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local  
22 hospitals for the management of these beds or bed days. DHHS shall work to ensure that these  
23 contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and  
24 control these local inpatient psychiatric beds or bed days, including the determination of the  
25 specific local hospital or State psychiatric hospital to which an individual should be admitted  
26 pursuant to an involuntary commitment order.

27 **SECTION 9F.4.(c)** Funds to be Held in Statewide Reserve. – Funds appropriated in  
28 this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be  
29 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,  
30 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the  
31 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims  
32 for payment to DHHS within 15 working days after receipt of a clean claim from the hospital  
33 and shall pay the hospital within 30 working days after receipt of payment from DHHS.

34 **SECTION 9F.4.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If  
35 DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for  
36 which it has responsibility, as evidenced by beds or bed days in the local hospital not being  
37 utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the  
38 LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may  
39 contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other  
40 provision of law to the contrary, may pay the hospital directly.

41 **SECTION 9F.4.(e)** Reporting by LME/MCOs. – LME/MCOs shall be required to  
42 report to DHHS regarding the utilization of these beds or bed days.

43 **SECTION 9F.4.(f)** Reporting by DHHS. – By no later than December 1, 2022, and  
44 by no later than December 1, 2023, DHHS shall report to the Joint Legislative Oversight  
45 Committee on Health and Human Services and the Fiscal Research Division on all of the  
46 following:

- 47 (1) A uniform system for beds or bed days purchased during the preceding fiscal  
48 year from (i) existing State appropriations and (ii) local funds.
- 49 (2) An explanation of the process used by DHHS to ensure that, except as  
50 otherwise provided in subsection (a) of this section, local inpatient psychiatric  
51 beds or bed days purchased in accordance with this section are utilized solely

1 for individuals who are medically indigent, along with the number of  
2 medically indigent individuals served by the purchase of these beds or bed  
3 days.

4 (3) The amount of funds used to pay for facility-based crisis services, along with  
5 the number of individuals who received these services and the outcomes for  
6 each individual.

7 (4) The amount of funds used to pay for nonhospital detoxification services, along  
8 with the number of individuals who received these services and the outcomes  
9 for each individual.

10 (5) Other DHHS initiatives funded by State appropriations to reduce State  
11 psychiatric hospital use.

## 12 13 **FUNDS FOR OVERDOSE MEDICATIONS**

14 **SECTION 9F.5.** Of the funds appropriated in this act to the Department of Health  
15 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
16 Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds for each  
17 fiscal year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists, as  
18 defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

19 (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of  
20 the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to  
21 be distributed at no charge to the North Carolina Harm Reduction Coalition  
22 to serve individuals at risk of experiencing an opioid-related drug overdose or  
23 to the friends and family members of an at-risk individual.

24 (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of the  
25 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to be  
26 distributed at no charge to North Carolina law enforcement agencies.

## 27 28 **YOUTH TOBACCO ENFORCEMENT FUNDING**

29 **SECTION 9F.6.** Of the funds appropriated in this act to the Department of Health  
30 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
31 Abuse Services, the sum of three hundred thousand dollars (\$300,000) in recurring funds for each  
32 year of the 2021-2023 fiscal biennium shall be transferred to the Alcohol Law Enforcement  
33 Division of the Department of Public Safety. The Alcohol Law Enforcement Division shall  
34 allocate these funds for the performance of statewide compliance checks to enforce G.S. 14-313,  
35 the State's youth tobacco access law.

## 36 37 **RESUME FUNDING FOR THE ADULT AND PEDIATRIC TRAUMATIC BRAIN 38 INJURY PILOT PROGRAM**

39 **SECTION 9F.7.(a)** The Department of Health and Human Services, Division of  
40 Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS),  
41 shall resume the adult and pediatric traumatic brain injury pilot program (TBI pilot program)  
42 authorized under Section 11F.9 of S.L. 2017-57, as amended by Section 3.3 of S.L. 2017-212.

43 **SECTION 9F.7.(b)** Of the funds appropriated to DMH/DD/SAS in this act, the sum  
44 of six hundred thousand dollars (\$600,000) in nonrecurring funds for the 2021-2022 fiscal year  
45 to be used to pay the contracted vendor for currently unfunded costs accrued by that vendor's  
46 continuation of the TBI pilot program during the 2019-2021 biennium. Of the funds appropriated  
47 to DMH/DD/SAS in this act, the sum of three hundred thousand dollars (\$300,000) in  
48 nonrecurring funds for the 2021-2022 fiscal year and three hundred thousand dollars (\$300,000)  
49 in nonrecurring funds for the 2022-2023 fiscal year shall be used for the TBI pilot program.

50 **SECTION 9F.7.(c)** No later than April 1, 2022, DMH/DD/SAS shall submit a report  
51 on the TBI pilot program to the Joint Legislative Oversight Committee on Health and Human

1 Services and the Fiscal Research Division. At a minimum, the report shall include all of the  
2 following:

- 3 (1) The number and outcome of patients served at each program site, broken down  
4 by patient age and county of origin.
- 5 (2) A breakdown of expenditures at each program site by type of service.
- 6 (3) An estimate of the cost to expand the program incrementally and statewide.
- 7 (4) An estimate of any potential savings of State funds associated with expansion  
8 of the program.
- 9 (5) If expansion of the TBI pilot program is recommended, a time line and plan  
10 for expanding the program.

### 11 12 **INCREASE FUNDING FOR TRAUMATIC BRAIN INJURY SERVICES**

13 **SECTION 9F.7A.** Of the funds appropriated in this act to the Department of Health  
14 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
15 Abuse Services, for traumatic brain injury (TBI) services, the sum of three million nine hundred  
16 seventy-three thousand eighty-six dollars (\$3,973,086) in recurring funds for each year of the  
17 2021-2023 fiscal biennium shall be used exclusively to support TBI services as follows:

- 18 (1) The sum of five hundred fifty-nine thousand two hundred eighteen dollars  
19 (\$559,218) in recurring funds for each year of the fiscal biennium shall be  
20 used to fund contracts with the Brain Injury Association of North Carolina,  
21 Carolinas Rehabilitation, or appropriate service providers to assist families in  
22 accessing the continuum of care and to provide educational programs on brain  
23 injury prevention, intervention, and care.
- 24 (2) The sum of three million four hundred thirteen thousand eight hundred  
25 sixty-eight dollars (\$3,413,868) in recurring funds for each year of the fiscal  
26 biennium shall be used to provide TBI services and supports established by  
27 the Division of Mental Health, Developmental Disabilities, and Substance  
28 Abuse Services in its operating processes, including residential services, day  
29 programs, transportation, respite services, and home modification, to  
30 individuals with TBI statewide.

### 31 32 **FUNDS FOR STUDENT ATHLETE CONCUSSION AND TRAUMATIC BRAIN** 33 **INJURY PREVENTION AND CARE**

34 **SECTION 9F.8.** Of the funds appropriated in this act to the Department of Health  
35 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
36 Abuse Services, one hundred thousand dollars (\$100,000) in nonrecurring funds for the  
37 2021-2022 fiscal year and one hundred thousand dollars (\$100,000) in nonrecurring funds for  
38 the 2022-2023 fiscal year shall be allocated to Mt. Olive Family Medicine Center, Inc., a  
39 nonprofit corporation, to be used to support its Concussion Clinic and provide concussion  
40 education, baseline testing, and postconcussion assessment and care to schools and adolescent  
41 athletes in eastern North Carolina.

### 42 43 **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR NEW LICENSED** 44 **INPATIENT BEHAVIORAL HEALTH BEDS**

45 **SECTION 9F.9.(a)** Funds for the Purchase of Additional Beds. – It is the intent of  
46 the General Assembly to increase inpatient behavioral health bed capacity in rural areas of the  
47 State with the highest need. To that end, of the funds appropriated in this act from the Dorothea  
48 Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health  
49 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
50 Abuse Services, the sum of four million two hundred sixty-one thousand four hundred forty-four  
51 dollars (\$4,261,444) in nonrecurring funds for the 2021-2022 fiscal year shall be used to pay for

1 any renovation or building costs associated with (i) the construction of new licensed inpatient  
2 behavioral health beds, (ii) the conversion of existing inpatient acute care beds into licensed  
3 inpatient behavioral health beds, or (iii) a combination of these options as follows:

- 4 (1) One million four hundred twenty thousand four hundred eighty-one dollars  
5 (\$1,420,481) in nonrecurring funds shall be used to pay for the construction  
6 of new licensed inpatient behavioral health beds at Good Hope Hospital in  
7 Harnett County.
- 8 (2) One million four hundred twenty thousand four hundred eighty-one dollars  
9 (\$1,420,481) in nonrecurring funds shall be used to create a new behavioral  
10 health unit in Betsy Johnson Hospital, a part of Harnett County Health  
11 Systems, in Dunn, North Carolina. A minimum of 12 of the beds in the new  
12 unit shall be reserved for children under the age of 18.
- 13 (3) One million four hundred twenty thousand four hundred eighty-two dollars  
14 (\$1,420,482) in nonrecurring funds shall be used to construct new licensed  
15 inpatient behavioral beds by Johnston Health Enterprises, Inc., in Johnston  
16 County.

17 **SECTION 9F.9.(b)** Certificate of Need Exemption for Certain Facilities. –  
18 Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General  
19 Statutes, or any other provision of law to the contrary, each facility that receives funds allocated  
20 under subsection (a) of this section is exempt from certificate of need review for the  
21 establishment or expansion of behavioral health services at the facility at which the constructed  
22 or converted beds will be brought into operation, including any combination of the following:

- 23 (1) The establishment or expansion of outpatient therapy services or substance  
24 use disorder treatment services, or both.
- 25 (2) The replacement or relocation of a behavioral health facility, defined as a  
26 psychiatric facility, a facility-based crisis center, or any facility that is  
27 primarily engaged in providing services for the diagnosis and treatment of  
28 behavioral health issues.
- 29 (3) Changes in inpatient behavioral health bed capacity.

30 **SECTION 9F.9.(c)** Applicability of Licensure Laws. – The establishment or  
31 expansion of behavioral health services, including any of the items described in subdivisions (1)  
32 through (3) of subsection (b) of this section, are subject to existing licensure laws and  
33 requirements.

## 34 **DOROTHEA DIX HOSPITAL PROPERTY FUNDS REMAIN AVAILABLE FOR** 35 **PROJECTS**

36 **SECTION 9F.10.** Any funds allocated under Section 12F.4 of S.L. 2016-94, Section  
37 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of S.L. 2018-5, or Section 9F.9 of this act  
38 to the Department of Health and Human Services, Division of Mental Health, Developmental  
39 Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund that  
40 are not expended or encumbered as of June 30, 2022, shall remain in the Dorothea Dix Hospital  
41 Property Fund until those funds are expended or encumbered for the purposes specified under  
42 Section 12F.4 of S.L. 2016-94, Section 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of  
43 S.L. 2018-5, and Section 9F.9 of this act, as applicable.  
44  
45

## 46 **BEHAVIORAL HEALTH URGENT CARE PILOT PROGRAM**

47 **SECTION 9F.11.(a)** BHUC Pilot Program. – Of the funds appropriated in this act  
48 to the Department of Health and Human Services, Division of Mental Health, Developmental  
49 Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of one million five  
50 hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2021-2022 fiscal year and  
51 the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the



1 2022-2023 fiscal year shall be allocated to Recovery Innovations, Inc., a nonprofit corporation,  
 2 for the Dix Crisis Intervention Center (Dix Crisis Center) in Onslow County to be used for a  
 3 behavioral health urgent care (BHUC) pilot program. The purpose of the BHUC pilot program  
 4 is to serve individuals experiencing a mental health crisis episode anticipated to require a length  
 5 of stay not to exceed 23 hours, while ensuring continuity of care for individuals who ultimately  
 6 require a longer length of stay to fully address the crisis episode. The BHUC pilot program period  
 7 shall end June 30, 2023.

8 **SECTION 9F.11.(b) Service Definition.** – Dix Crisis Center and Trillium Health  
 9 Resources shall act in good faith to continue their contractual relationship. Trillium Health  
 10 Resources, the local management entity/managed care organization (LME/MCO) for Onslow  
 11 County, shall develop, and seek approval from the Department of Health and Human Services,  
 12 Division of Health Benefits (DHB), for, a Medicaid "in lieu of" or other alternative service  
 13 definition to ensure that services received by individuals under the BHUC pilot program are  
 14 eligible to be reimbursed through the North Carolina Medicaid program. The State-funded  
 15 behavioral health urgent care service definition shall be used as a model for the Medicaid service  
 16 definition.

17 **SECTION 9F.11.(c) Standard Benefit Plan Coverage.** – Effective upon approval and  
 18 on the date determined by DHB of the "in lieu of" or other alternative Medicaid service definition  
 19 required by subsection (b) of this section, G.S. 108D-35 reads as rewritten:

20 **"§ 108D-35. Services covered by PHPs.**

21 Capitated PHP contracts shall cover all Medicaid and NC Health Choice services, including  
 22 physical health services, prescription drugs, long-term services and supports, and behavioral  
 23 health services for NC Health Choice recipients, except as otherwise provided in this section.  
 24 The capitated contracts required by this section shall not cover:

- 25 (1) Medicaid services covered by the local management entities/managed care  
 26 organizations (LME/MCOs) under the combined 1915(b) and (c) waivers  
 27 shall not be covered under a standard benefit plan, except that all capitated  
 28 PHP contracts shall cover the following services: ~~inpatient~~  
 29 a. Inpatient behavioral health services, outpatient services.  
 30 b. Outpatient behavioral health emergency room services, outpatient  
 31 services.  
 32 c. Outpatient behavioral health services provided by direct-enrolled  
 33 providers, mobile providers.  
 34 d. Mobile crisis management services, facility-based services.  
 35 e. Facility-based crisis services for children and adolescents,  
 36 professional adolescents.  
 37 f. Professional treatment services in a facility-based crisis program,  
 38 outpatient program.  
 39 g. Outpatient opioid treatment services, ambulatory services.  
 40 h. Ambulatory detoxification services, nonhospital services.  
 41 i. Nonhospital medical detoxification services, partial hospitalization,  
 42 medically services.  
 43 j. Partial hospitalization.  
 44 k. Medically supervised or alcohol and drug abuse treatment center  
 45 detoxification crisis stabilization, research-based stabilization.  
 46 l. Research-based intensive behavioral health treatment, diagnostic  
 47 treatment.  
 48 m. Diagnostic assessment services, and services.  
 49 n. Early and Periodic Screening, Diagnosis, and Treatment services.  
 50 o. Behavioral health urgent care services.

1 In accordance with this subdivision, 1915(b)(3) services shall not be covered  
2 under a standard benefit plan.

3 ...."

4 **SECTION 9F.11.(d)** Notification of Approval. – The Secretary of the Department  
5 of Health and Human Services shall notify the Revisor of Statutes of the approval and effective  
6 date of the "in lieu of" or other alternative Medicaid service definition by DHB, as required by  
7 subsection (b) of this section. If no approval has been given on or before June 30, 2023, then  
8 subsection (c) of this section shall expire on July 1, 2023.

9 **SECTION 9F.11.(e)** Additional Access to BHUC Services. – Dix Crisis Center shall  
10 make good-faith efforts to contract with commercial insurance carriers operating in this State,  
11 Tri-Care, and any other health benefit plan to the extent that the plan offers coverage for BHUC  
12 services.

13 **SECTION 9F.11.(f)** Dix Crisis Center Reporting. – By August 1, 2023, Dix Crisis  
14 Center shall submit to the Department of Health and Human Services, Division of Mental Health,  
15 Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), a written report of  
16 all BHUC services provided under the BHUC pilot program authorized by this section. The report  
17 shall include at least all of the following information:

- 18 (1) In aggregate, the number of individuals receiving behavioral health care  
19 services, the average length of stay in the BHUC unit, and the average number  
20 of repeat crisis episodes experienced by individuals receiving services at the  
21 Dix Crisis Center.
- 22 (2) A comparison of the average length of stay and average number of repeat  
23 crisis episodes experienced by individuals served by the BHUC unit and the  
24 facility-based crisis unit at Dix Crisis Center.
- 25 (3) The level of BHUC unit occupancy during the BHUC pilot program.
- 26 (4) Additional objective outcome measures that demonstrate the impact and  
27 effectiveness of the BHUC pilot program, including the number of individuals  
28 presenting to a hospital emergency room with a behavioral health crisis and  
29 time spent by county and municipal law enforcement in responding to  
30 behavioral health crises.
- 31 (5) A detailed budget and list of expenditures funded by State appropriations.

32 **SECTION 9F.11.(g)** DHHS Reporting. – By October 1, 2023, DMH/DD/SAS shall  
33 report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint  
34 Legislative Committee on Medicaid and NC Health Choice, and the Fiscal Research Division on  
35 the BHUC pilot program authorized by this section. The report shall include, at a minimum, the  
36 information described in subdivisions (1) through (5) of subsection (f) of this section.

## 37 38 **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

39 **SECTION 9F.12.(a)** As used in this section, "group home" means any facility that  
40 (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised  
41 living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves  
42 minors or adults whose primary diagnosis is mental illness or a developmental disability but may  
43 also have other diagnoses.

44 **SECTION 9F.12.(b)** Of the funds appropriated in this act to the Department of  
45 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
46 Substance Abuse Services (DMH/DD/SAS), the sum of one million eight hundred thousand  
47 dollars (\$1,800,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to provide  
48 temporary, short-term financial assistance in the form of a monthly payment to group homes on  
49 behalf of each resident who meets all of the following criteria:

- 50 (1) Was eligible for Medicaid-covered personal care services (PCS) prior to  
51 January 1, 2013, but was determined to be ineligible for PCS on or after

1 January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria  
2 specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of  
3 S.L. 2012-145 and Section 70 of S.L. 2012-194.

4 (2) Has continuously resided in a group home since December 31, 2012.

5 **SECTION 9F.12.(c)** These monthly payments shall be subject to all of the following  
6 requirements and limitations:

7 (1) The amount of the monthly payments authorized by this section shall not  
8 exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month  
9 for each resident who meets all criteria specified in subsection (b) of this  
10 section.

11 (2) A group home that receives the monthly payments authorized by this section  
12 shall not, under any circumstances, use these payments for any purpose other  
13 than providing, as necessary, supervision and medication management for a  
14 resident who meets all criteria specified in subsection (b) of this section.

15 (3) The Department shall make monthly payments authorized by this section to a  
16 group home on behalf of each resident who meets all criteria specified in  
17 subsection (b) of this section only for the period commencing July 1, 2021,  
18 and ending June 30, 2022, or upon depletion of the one million eight hundred  
19 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act  
20 to DMH/DD/SAS for supplemental short-term assistance for group homes for  
21 the 2021-2022 fiscal year for the purpose of this section, whichever is earlier.

22 (4) The Department shall make monthly payments authorized by this section only  
23 to the extent sufficient funds are available from the one million eight hundred  
24 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act  
25 to DMH/DD/SAS for supplemental short-term assistance for group homes for  
26 the 2021-2022 fiscal year for the purpose of this section.

27 (5) The Department shall not make monthly payments authorized by this section  
28 to a group home on behalf of a resident during the pendency of an appeal by  
29 or on behalf of the resident under G.S. 108A-70.9A.

30 (6) The Department shall terminate all monthly payments pursuant to this section  
31 on June 30, 2022, or upon depletion of the one million eight hundred thousand  
32 dollars (\$1,800,000) in nonrecurring funds appropriated in this act to  
33 DMH/DD/SAS for supplemental short-term assistance for group homes for  
34 the 2021-2022 fiscal year for the purpose of this section, whichever is earlier.

35 (7) Each group home that receives the monthly payments authorized by this  
36 section shall submit to the Department a list of all funding sources for the  
37 operational costs of the group home for the preceding two years, in accordance  
38 with the schedule and format prescribed by the Department.

39 **SECTION 9F.12.(d)** The Department shall use an existing mechanism to administer  
40 these funds in the least restrictive manner that ensures compliance with this section and timely  
41 and accurate payments to group homes. The Department shall not, under any circumstances, use  
42 any portion of the one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds  
43 appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group  
44 homes for the 2021-2022 fiscal year for any other purpose than the purpose specified in this  
45 section.

46 **SECTION 9F.12.(e)** Nothing in this section shall be construed as an obligation by  
47 the General Assembly to appropriate funds for the purpose of this section or as an entitlement by  
48 any group home, resident of a group home, or other person to receive temporary, short-term  
49 financial assistance under this section.

1           **SECTION 9F.12.(f)** No later than January 15, 2022, DMH/DD/SAS shall provide  
2 to the Fiscal Research Division the number of group home residents that meet the criteria under  
3 subsection (b) of this section.  
4

5           **TEMPORARY ADDITIONAL FUNDING ASSISTANCE FOR INTERMEDIATE CARE**  
6           **FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES**

7           **SECTION 9F.13.** Of the funds appropriated in this act from the State Fiscal  
8 Recovery Fund to the Department of Health and Human Services, Division of Mental Health,  
9 Developmental Disabilities, and Substance Abuse Services, the sum of twelve million six  
10 hundred thousand dollars (\$12,600,000) in nonrecurring funds for the 2021-2022 fiscal year shall  
11 be used to distribute a one-time payment to each local management entity/managed care  
12 organization (LME/MCO) for the purposes of providing temporary additional funding assistance  
13 for intermediate care facilities for individuals with intellectual disabilities (ICF/IID) on a per  
14 diem basis to assist with additional costs to these facilities incurred due to the COVID-19 public  
15 health emergency.  
16

17           **GROUP HOME STABILIZATION AND TRANSITION INITIATIVE**

18           **SECTION 9F.14.(a)** Of the funds appropriated to the Department of Health and  
19 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
20 Services, the sum of ten million dollars (\$10,000,000) in recurring funds for each year of the  
21 2021-2023 fiscal biennium shall be used for the following purposes only:

- 22           (1) Incentivizing local management entities/managed care organizations  
23 (LME/MCOs) to develop and implement new "in-lieu-of" services, or other  
24 Medicaid-funded services, to support the residential needs of Medicaid  
25 recipients living in licensed, community-based group homes.
- 26           (2) Establishing new rate models and rate methodologies to replace the currently  
27 inadequate and insufficient State-funded rates supporting residents of  
28 licensed, community-based group homes. The Department of Health and  
29 Human Services (DHHS) shall identify any vacant beds and eligible  
30 individuals to fill those beds under the new rate models and rate  
31 methodologies and assist with the orderly transition of the eligible individuals  
32 into the vacant beds.
- 33           (3) Increasing the existing per member per month payments to LME/MCOs to  
34 quickly enable and facilitate the transition to a more appropriate and  
35 sustainable service-funding model for licensed, community-based group  
36 homes by July 1, 2022. Funds expended under this subdivision shall be  
37 allocated in per person amounts, to be determined by DHHS, to individuals  
38 with intellectual or other developmental disabilities who received State  
39 funding prior to July 1, 2022, and who reside in licensed, community-based  
40 group homes for eligible individuals with intellectual and other developmental  
41 disabilities.
- 42           (4) Continuing the existing rate structure at the per person amounts for the  
43 2021-2023 biennium to offset the loss of bridge funds and maintain the current  
44 financial conditions of licensed, community-based group homes that serve  
45 children or adults whose primary diagnosis is mental illness or an intellectual  
46 or developmental disability.

47           Group homes with only residents who are supported by the North Carolina  
48 Innovations waiver are not eligible to receive any funding under this subsection.

49           **SECTION 9F.14.(b)** DHHS shall develop a more appropriate and sustainable  
50 service model for residents of licensed, community-based group homes. In developing this  
51 service model, DHHS shall do all of the following:

- (1) In cooperation with stakeholders and LME/MCOs, develop actuarially sound, needs-based rate models and rate methodologies for new "in-lieu-of" services, or other Medicaid-funded services, that will be specific to the residential support services needed in group homes serving Medicaid recipients with intellectual or other developmental disabilities and to residential support services needed in group homes serving Medicaid recipients with a primary diagnosis of mental illness. The rate methodologies shall be comparable to, or a percentage of, existing rates for similar services currently provided through the North Carolina Innovations waiver. The new rate structures shall include wage and hour increases for direct support personnel working in these group homes.
- (2) In cooperation with stakeholders and LME/MCOs, develop new model service definitions specific to the residential support services needed by Medicaid recipients with mental health needs living in licensed, community-based group homes. The new service definitions shall require the delivery of new habilitation or rehabilitation support services in the residential setting.
- (3) Develop a process whereby all, or a portion of, the State funds used to support Medicaid recipients with mental illness or intellectual or other developmental disabilities living in licensed, community-based group homes prior to the implementation of the new rate structure are used for the new "in-lieu-of" services or other Medicaid services developed pursuant to this subsection. The policy shall ensure an orderly home-by-home transition process. The policy shall ensure that residents who are found to be ineligible for Medicaid services or who do not meet medical necessity criteria for the new "in-lieu-of" services, or other Medicaid-funded services, shall continue to be served using State funds at a need-based rate comparable to the North Carolina Innovations waiver rate. No resident shall be displaced as a result of being found ineligible for Medicaid services after the implementation of the new "in-lieu-of" services or other Medicaid-funded services. DHHS may use a regional phased-in approach to achieve the goals set forth in this subdivision.
- (4) Include a plan to direct LME/MCOs to (i) implement "in-lieu-of" services or other Medicaid-funded services for all eligible residents with mental illness or intellectual or other developmental disabilities living in licensed, community-based group homes receiving State funds and (ii) transition eligible residents to these more sustainable and appropriate Medicaid services.
- (5) No later than March 1, 2022, report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice on the service model for residents of licensed, community-based group homes that has been developed.

**SECTION 9F.14.(c)** The more appropriate and sustainable service model for residents of licensed, community-based group homes developed in accordance with subsection (b) of this section shall be implemented by July 1, 2022. Once the model is implemented, the State funds that were used to support residents of licensed, community-based group homes prior to implementation shall be reinvested in their entirety in both the new funding model and increased rates to support and equalize wages of direct support personnel serving the residents.

**SUPPORT COUNTY CRISIS BEHAVIORAL HEALTH PROGRAM JOINT PARTNERSHIPS**

**SECTION 9F.15.** Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Mental Health,

1 Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of  
2 twenty-five million dollars (\$25,000,000) in nonrecurring funds for the 2021-2022 fiscal year is  
3 to be allocated, in a manner determined by DMH/DD/SAS, to Forsyth and Mecklenburg Counties  
4 to be used for each county's crisis behavioral health program partnership with the applicable  
5 county's local hospital system, local behavioral health crisis centers, local emergency services  
6 providers, and the local management entities/managed care organizations (LME/MCOs) serving  
7 the county. These crisis behavioral health programs shall continue to aid in assisting individuals  
8 who are experiencing a behavioral health crisis by diverting the individuals from the local  
9 hospitals, which are under pressure from the COVID-19 pandemic, to more appropriate settings  
10 to address those individuals' needs.

11  
12 **EXEMPT CERTAIN EMPLOYEES OF THE DIVISION OF STATE OPERATED**  
13 **HEALTHCARE FACILITIES FROM MOST PROVISIONS OF THE NC HUMAN**  
14 **RESOURCES ACT**

15 **SECTION 9F.19.(a)** G.S. 126-5(c1) reads as rewritten:

16 "(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this  
17 Chapter shall not apply to:

18 ...

19 ~~(34) Employees of the Division of Medical Assistance of the Department of Health~~  
20 ~~and Human Services hired on or after October 1, 2015.~~

21 ...

22 (37) Employees of the Division of State Operated Healthcare Facilities of the  
23 Department of Health and Human Services who are (i) health care  
24 professionals licensed under Chapter 90 or Chapter 90B of the General  
25 Statutes or (ii) engineers responsible for maintenance or buildings operations  
26 at one of the health care facilities operated by the Secretary of the Department  
27 of Health and Human Services under G.S. 122C-181."

28 **SECTION 9F.19.(b)** This section is effective 30 days after it becomes law.

29  
30 **PART IX-G. PUBLIC HEALTH**

31  
32 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO**  
33 **IMPROVE MATERNAL AND CHILD HEALTH**

34 **SECTION 9G.1.(a)** Funds appropriated in this act to the Department of Health and  
35 Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium to  
36 award competitive grants to local health departments for the improvement of maternal and child  
37 health shall be used to continue administering a competitive grant process for local health  
38 departments based on maternal and infant health indicators and the county's detailed proposal to  
39 invest in evidence-based programs to achieve the following goals:

- 40 (1) Improve North Carolina's birth outcomes.
- 41 (2) Improve the overall health status of children in this State from birth to age 5.
- 42 (3) Lower the State's infant mortality rate.

43 **SECTION 9G.1.(b)** The plan for administering the competitive grant process shall  
44 include at least all of the following components:

- 45 (1) A request for application (RFA) process to allow local health departments to  
46 apply for and receive State funds on a competitive basis. The Department shall  
47 require local health departments to include in the application a plan to evaluate  
48 the effectiveness, including measurable impact or outcomes, of the activities,  
49 services, and programs for which the funds are being requested.

1 (2) A requirement that the Secretary prioritize grant awards to those local health  
2 departments that are able to leverage non-State funds in addition to the grant  
3 award.

4 (3) Ensures that funds received by the Department to implement the plan  
5 supplement and do not supplant existing funds for maternal and child health  
6 initiatives.

7 (4) Allows grants to be awarded to local health departments for up to two years.

8 **SECTION 9G.1.(c)** No later than July 1 of each year, as applicable, the Secretary  
9 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
10 recipients for the respective grant period pursuant to the amounts designated under subsection  
11 (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint  
12 Legislative Oversight Committee on Health and Human Services on the grant awards that  
13 includes at least all of the following:

14 (1) The identity and a brief description of each grantee and each program or  
15 initiative offered by the grantee.

16 (2) The amount of funding awarded to each grantee.

17 (3) The number of persons served by each grantee, broken down by program or  
18 initiative.

19 **SECTION 9G.1.(d)** No later than February 1 of each fiscal year, each local health  
20 department receiving funding pursuant to this section in the respective fiscal year shall submit to  
21 the Division of Public Health a written report of all activities funded by State appropriations. The  
22 report shall include the following information about the fiscal year preceding the year in which  
23 the report is due:

24 (1) A description of the types of programs, services, and activities funded by State  
25 appropriations.

26 (2) Statistical and demographical information on the number of persons served by  
27 these programs, services, and activities, including the counties in which  
28 services are provided.

29 (3) Outcome measures that demonstrate the impact and effectiveness of the  
30 programs, services, and activities based on the evaluation protocols developed  
31 by the Division, in collaboration with the University of North Carolina  
32 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.  
33 2015-241, and reported to the Joint Legislative Oversight Committee on  
34 Health and Human Services on April 1, 2016.

35 (4) A detailed program budget and list of expenditures, including all positions  
36 funded, matching expenditures, and funding sources.

#### 37 38 **LIMITATION ON USE OF STATE FUNDS**

39 **SECTION 9G.2.** The limitation on the use of State funds as stated in Section 12E.13  
40 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and  
41 Human Services for each fiscal year of the 2021-2023 fiscal biennium.

#### 42 43 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG** 44 **ASSISTANCE PROGRAM**

45 **SECTION 9G.3.** Upon a determination by the Department of Health and Human  
46 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to  
47 operate the health insurance premium assistance program implemented within the North Carolina  
48 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves  
49 savings to the State, the Department shall submit a report to the Joint Legislative Oversight  
50 Committee on Health and Human Services notifying the Committee of this determination along

1 with supporting documentation and a proposed course of action with respect to health insurance  
2 premium assistance program participants.

#### 3 4 **CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS/GRANTS FOR SERVICES**

5 **SECTION 9G.4.(a)** Of the funds appropriated in this act to the Department of Health  
6 and Human Services, Division of Public Health, for Carolina Pregnancy Care Fellowship  
7 (CPCF), a nonprofit corporation, the sum of five hundred thousand dollars (\$500,000) in  
8 recurring funds and one million two hundred three thousand four hundred thirty-seven dollars  
9 (\$1,203,437) in nonrecurring funds for the 2021-2022 fiscal year and the sum of five hundred  
10 thousand dollars (\$500,000) in recurring funds and two million four hundred seventy-nine  
11 thousand nine hundred four dollars (\$2,479,904) in nonrecurring funds for the 2022-2023 fiscal  
12 year shall be allocated to provide grants for services to pregnancy centers located in this State  
13 that apply to the CPCF.

14 **SECTION 9G.4.(b)** At least once during the 2021-2023 fiscal biennium, the CPCF  
15 shall contact every pregnancy center located in this State that is (i) part of the CPCF network or  
16 (ii) an affiliate of CareNet, Inc., a nonprofit corporation, to provide information about the  
17 availability of these grant funds and the grant application process.

18 **SECTION 9G.4.(c)** The CPCF may not use more than ten percent (10%) of these  
19 allocated funds during any year of the 2021-2023 fiscal biennium for administrative purposes.  
20 Funds allocated under this section shall be used for nonsectarian, nonreligious purposes only.

21 **SECTION 9G.4.(d)** The CPCF shall report to the Joint Legislative Oversight  
22 Committee on Health and Human Services and the Fiscal Research Division on the use of these  
23 allocated funds as follows:

- 24 (1) By July 1, 2022, a list of the pregnancy centers contacted by the CPCF during  
25 the 2021-2022 fiscal year and a list of grantees with the amount of funds  
26 awarded to each grantee.
- 27 (2) By July 1, 2023, a list of the pregnancy centers contacted by the CPCF during  
28 the 2022-2023 fiscal year and a list of grantees with the amount of funds  
29 awarded to each grantee.

#### 30 31 **CAROLINA PREGNANCY CARE FELLOWSHIP/GRANTS FOR DURABLE** 32 **MEDICAL EQUIPMENT AND TRAINING**

33 **SECTION 9G.4A.(a)** Of the funds appropriated in this act to the Department of  
34 Health and Human Services, Division of Public Health, for the Carolina Pregnancy Care  
35 Fellowship (CPCF), a nonprofit corporation, the sum of seven hundred fifty thousand dollars  
36 (\$750,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of seven hundred  
37 fifty thousand dollars (\$750,000) in nonrecurring funds for the 2022-2023 fiscal year shall be  
38 allocated to provide the following to pregnancy centers located in this State that apply to the  
39 CPCF:

- 40 (1) Grants to purchase durable medical equipment.
- 41 (2) Grants to pay for training on the use of durable medical equipment.

42 **SECTION 9G.4A.(b)** At least once during the 2021-2023 fiscal biennium, the CPCF  
43 shall contact every pregnancy center located in this State that is (i) part of the CPCF network or  
44 (ii) an affiliate of CareNet, Inc., a nonprofit corporation, to provide information about the  
45 availability of these grant funds and the grant application process.

46 **SECTION 9G.4A.(c)** The CPCF may not use more than ten percent (10%) of these  
47 allocated funds during any year of the 2021-2023 fiscal biennium for administrative purposes.  
48 Funds allocated under this section shall be used for nonsectarian, nonreligious purposes only.

49 **SECTION 9G.4A.(d)** The CPCF shall report to the Joint Legislative Oversight  
50 Committee on Health and Human Services and the Fiscal Research Division on the use of these  
51 allocated funds as follows:



- 1 (1) By July 1, 2022, a list of the pregnancy centers contacted by the CPCF during  
2 the 2021-2022 fiscal year and a list of grantees with the amount of funds  
3 awarded to each grantee.
- 4 (2) By July 1, 2023, a list of the pregnancy centers contacted by the CPCF during  
5 the 2022-2023 fiscal year and a list of grantees with the amount of funds  
6 awarded to each grantee.

## 7 8 **MOUNTAIN AREA PREGNANCY SERVICES FUNDS**

9 **SECTION 9G.5.** Of the funds appropriated in this act to the Department of Health  
10 and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Mountain  
11 Area Pregnancy Services, a nonprofit corporation, no more than fifteen percent (15%) of the  
12 funds allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for  
13 administrative purposes. The balance of these funds shall be used for direct services.  
14

## 15 **EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM INTO A** 16 **STATEWIDE PROGRAM**

17 **SECTION 9G.6.(a)** Of the funds appropriated in this act to the Department of Health  
18 and Human Services, Division of Public Health, the sum of three million two hundred thousand  
19 dollars (\$3,200,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of three  
20 million two hundred thousand dollars (\$3,200,000) in nonrecurring funds for the 2022-2023  
21 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, as provided in  
22 subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes  
23 only.

24 **SECTION 9G.6.(b)** The Human Coalition shall use funds allocated pursuant to  
25 subsection (a) of this section to expand the continuum of care pilot program authorized by Section  
26 11E.13(b) of S.L. 2017-57 into a statewide program. The purpose of the statewide continuum of  
27 care program includes expansion and operation of the Human Coalition Pregnancy Support  
28 Program to provide community outreach, consultations, and support and care coordination for  
29 women experiencing under-supported pregnancies. The program is designed to (i) encourage  
30 healthy childbirth, (ii) support childbirth as an alternative to abortion, (iii) promote family  
31 formation, (iv) assist in establishing successful parenting techniques, and (v) increase the  
32 economic self-sufficiency of families. The continuum of care program shall consist of existing  
33 locations of the pilot program authorized by Section 11E.13(b) of S.L. 2017-57 and other  
34 locations around the State to be determined by the Human Coalition. All providers rendering  
35 services under the program for which they are compensated with funds allocated pursuant to  
36 subsection (a) of this section shall be physically located in the State of North Carolina. The  
37 continuum of care program shall provide direct services, supports, social services case  
38 management, and referrals to biological parents of unborn children and biological or adoptive  
39 parents of children under the age of 2 and shall consist of at least all of the following components:

- 40 (1) Outreach to at-risk populations eligible for the program.
- 41 (2) The use of licensed nurses to perform the following functions:
  - 42 a. Assessment and evaluation of needs related to pregnancy or parenting.
  - 43 b. Provision of medically accurate, pregnancy-related medical  
44 information to program participants.
- 45 (3) The use of licensed social workers, or other individuals of equivalent  
46 experience, to perform the following functions:
  - 47 a. Development of a care plan, resources, and supports for program  
48 participants to address identified needs.
  - 49 b. Referrals to appropriate local resources, including State and federal  
50 benefits programs and local charitable organizations.
  - 51 c. Assistance in applying for State and federal benefits programs.

1 d. Assistance in accomplishing elements of the care plan.

2 **SECTION 9G.6.(c)** In order to be eligible to receive services under the continuum  
3 of care program, an individual shall, at the time of initial contact with the program, be (i) a  
4 resident of North Carolina and (ii) a biological parent of an unborn child or a biological or  
5 adoptive parent of a child under the age of 2. Participants of the original pilot program authorized  
6 under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible  
7 to continue to receive continuum of care program services for a period of six months from the  
8 date of termination of pregnancy.

9 **SECTION 9G.6.(d)** The Human Coalition may use up to ten percent (10%) of the  
10 funds allocated for each year of the 2021-2023 fiscal biennium for administrative purposes.

11 **SECTION 9G.6.(e)** By December 1, 2021, and every six months thereafter, the  
12 Human Coalition shall report to the Department of Health and Human Services on the status and  
13 operation of the continuum of care program authorized by subsection (b) of this section. The  
14 report shall include at least all of the following:

- 15 (1) A detailed breakdown of expenditures for the program.
- 16 (2) The number of individuals served by the program, and for the individuals  
17 served, the types of services provided to each.
- 18 (3) Any other information requested by the Department of Health and Human  
19 Services as necessary for evaluating the success of the program.

20 **SECTION 9G.6.(f)** By April 1, 2023, the Department of Health and Human Services  
21 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the  
22 Fiscal Research Division on the status and operation of the continuum of care program.

## 23 24 **TIMELY UPDATES TO NEWBORN SCREENING PROGRAM**

25 **SECTION 9G.6A.(a)** G.S. 130A-125(b) reads as rewritten:

26 "(b) The Commission shall adopt rules necessary to implement the Newborn Screening  
27 Program. The rules shall include, but shall not be limited to, the conditions for which screening  
28 is required. The Commission shall amend the rules as necessary to ensure that each condition  
29 listed on the Recommended Uniform Screening Panel developed by the Secretary of the United  
30 States Department of Health and Human Services and the Advisory Committee on Heritable  
31 Disorders of Newborns and Children (the RUSP) is included in the Newborn Screening ~~Program,~~  
32 Program within three years after being added to the RUSP, except that the Commission is exempt  
33 from rule making with respect to adding screening tests for Pompe disease,  
34 Mucopolysaccharidosis Type I (MPS I), and X-Linked Adrenoleukodystrophy (X-ALD). The  
35 Department of Health and Human Services shall provide a report to the Joint Legislative  
36 Oversight Committee on Health and Human Services 18 months after a condition is added to the  
37 RUSP. When a delay adding an RUSP-identified condition to the Newborn Screening Program  
38 exceeds three years, the Department shall provide a report on the status and reasons for the delay  
39 to the Joint Legislative Oversight Committee on Health and Human Services every six months  
40 following the three-year delay.

41 Screening is not required when the parents or the guardian of the infant object to such  
42 screening. If the parents or guardian object to the screening, the objection shall be presented in  
43 writing to the physician or other person responsible for administering the test, who shall place  
44 the written objection in the infant's medical record."

45 **SECTION 9G.6A.(b)** This section becomes effective January 1, 2022.

## 46 47 **CONFORMING CHANGES RELATED TO THE TRANSFER OF THE WELL** 48 **CONTRACTORS CERTIFICATION COMMISSION FROM THE DEPARTMENT** 49 **OF ENVIRONMENTAL QUALITY TO THE DEPARTMENT OF HEALTH AND** 50 **HUMAN SERVICES**

51 **SECTION 9G.7.(a)** G.S. 87-98.2 reads as rewritten:

**"§ 87-98.2. Definitions.**

The definitions in G.S. 87-85 and the following definitions apply in this Article:

- (1) Commission. – The Well Contractors Certification ~~Commission, as established by G.S. 143B-301.11.~~Commission established in Article 7B of this Chapter.
- (2) Department. – The Department of ~~Environmental Quality.~~Health and Human Services.
- (3) Person. – A natural person.
- (4) Secretary. – The Secretary of ~~Environmental Quality.~~Health and Human Services.
- (5) Well contractor. – A person in trade or business who undertakes to perform a well contractor activity or who undertakes to personally supervise or personally manage the performance of a well contractor activity on the person's own behalf or for any person, firm, or corporation.
- (6) Well contractor activity. – The construction, installation, repair, alteration, or abandonment of any well."

**SECTION 9G.7.(b)** Part 9A of Article 7 of Chapter 143B of the General Statutes (G.S. 143B-301.10 through G.S. 143B-301.12) is recodified as Article 7B of Chapter 87 of the General Statutes (G.S. 87-99 through G.S. 87-99.2) and reads as rewritten:

"Article 7B.

"Well Contractors Certification Commission.

**"§ 87-99. Definitions.**

~~The~~Unless the context clearly requires otherwise, the definitions in G.S. 87-85 and G.S. 87-98.2 apply in this Part.

**"§ 87-99.1. Creation, powers, and duties of the Commission.**

(a) Creation and Duties. – ~~The~~There is established within the Department of Health and Human Services, Division of Public Health, the Well Contractors Certification Commission is created within the Department.~~Commission.~~ The Commission shall:

- (1) Adopt rules with respect to the certification of well contractors as provided by Article 7A of Chapter 87 of the General Statutes.
- (2) Exercise quasi-judicial powers in accordance with the provisions of Chapter 150B of the General Statutes. The Commission shall make the final agency decision on any matter involving the certification of well contractors pursuant to Article 7A of Chapter 87 of the General Statutes and on civil penalties assessed for violations of that Article or rules adopted pursuant to that Article.
- (3) Adopt rules as may be required to secure a federal grant-in-aid for a program concerned with the certification of well contractors. This subdivision is to be liberally construed in order that the State and its citizens may benefit from federal grants-in-aid.

(b) Delegation. – The Commission may, by rule, delegate to the Secretary of Health and Human Services any of its powers, other than the power to adopt rules.

**"§ 87-99.2. Membership of Commission.**

(a) Appointments. – The Commission shall consist of seven members appointed as follows:

- (1) One member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives who, at the time of appointment, is (i) engaged in well contractor activities, (ii) certified as a well contractor under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily in the construction, installation, repair, alteration, or abandonment of domestic water supply wells, and (iv) a resident of a county that is located east of or is traversed by Interstate 95.

- 1 (2) One member appointed by the General Assembly upon recommendation of  
2 the Speaker of the House of Representatives who, at the time of appointment,  
3 is (i) engaged in well contractor activities, (ii) certified as a well contractor  
4 under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily  
5 in the construction, installation, repair, alteration, or abandonment of domestic  
6 water supply wells, and (iv) a resident of a county that is located wholly west  
7 of Interstate 95.
- 8 (3) One member appointed by the General Assembly upon recommendation of  
9 the President Pro Tempore of the Senate who, at the time of appointment, is  
10 (i) engaged in well contractor activities, (ii) certified as a well contractor under  
11 Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily  
12 in the construction, installation, repair, alteration, or abandonment of  
13 industrial, municipal, or other large capacity water supply wells.
- 14 (4) One member appointed by the General Assembly upon recommendation of  
15 the President Pro Tempore of the Senate who, at the time of appointment, is  
16 (i) engaged in well contractor activities, (ii) certified as a well contractor under  
17 Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily  
18 in the construction, installation, repair, alteration, or abandonment of  
19 nonwater supply wells, such as monitoring or recovery wells.
- 20 (5) One member appointed by the General Assembly upon recommendation of  
21 the Speaker of the House of Representatives who, at the time of appointment,  
22 is (i) employed by a local county health department and (ii) actively engaged  
23 in well inspection and permitting.
- 24 (6) One member appointed by the General Assembly upon recommendation of  
25 the President Pro Tempore of the Senate who, at the time of appointment, is  
26 (i) employed by a local county health department and (ii) actively engaged in  
27 well inspection and permitting.
- 28 (7) One member appointed by the Governor who is (i) appointed from the public  
29 at large, (ii) not engaged in well contractor activities, and (iii) not an employee  
30 of a firm or corporation engaged in well contractor activities or a State or  
31 county governmental agency.

32 (b) Additional Qualifications. – Appointment of members to fill positions (1), (2), (3),  
33 and (4) shall be made from among all those persons who are recommended for appointment to  
34 the Commission by any person who is engaged in well contractor activities and who is certified  
35 as a well contractor under Article 7A of Chapter 87 of the General Statutes. No person shall be  
36 appointed to the Commission who is a resident of, or has a principal place of business in, the  
37 same county as another member of the Commission.

38 (c) Terms. – Appointments to the Commission shall be for terms of three years. The terms  
39 of members appointed to fill positions (1), (2), and (7) shall expire on 30 June of years evenly  
40 divisible by three. The terms of members appointed to fill positions (3) and (4) shall expire on  
41 30 June of years that follow by one year those years that are evenly divisible by three. The terms  
42 of members appointed to fill positions (5) and (6) shall expire on 30 June of years that precede  
43 by one year those years that are evenly divisible by three. Members shall serve until their  
44 successors are appointed and qualified. No member shall serve more than two consecutive terms.

45 (d) Officers. – The Commission shall elect a Chair and a Vice-Chair from among its  
46 members. These officers shall serve from the time of their election until 30 June of the following  
47 year, or until a successor is elected.

48 (e) Vacancies. – An appointment to fill a vacancy on the Commission created by the  
49 resignation, dismissal, disability, or death of a member shall be for the balance of the unexpired  
50 term. Vacancies in appointments made by the General Assembly shall be filled as provided in  
51 G.S. 120-122.

1 (f) Removal. – The Governor may remove any member of the Commission from office  
2 for misfeasance, malfeasance, or nonfeasance, as provided in G.S. 143B-13.

3 (g) Compensation. – The members of the Commission shall receive per diem and  
4 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

5 (h) Quorum. – A majority of the membership of the Commission constitutes a quorum  
6 for the transaction of business.

7 (i) Services. – All clerical and other services required by the Commission shall be  
8 supplied by the Secretary.

9 "§§ 87-99.3 through 87-99.9: Reserved for future codification purposes."

10 **SECTION 9G.7.(c)** G.S. 93B-1(3) reads as rewritten:

11 "(3) State agency licensing board. – Any State agency staffed by full-time State  
12 employees, which as part of their regular functions issue licenses. This section  
13 does not apply to the North Carolina Criminal Justice Education and Training  
14 Standards Commission, the North Carolina Sheriffs' Education and Training  
15 Standards Commission, and the North Carolina Department of Revenue. The  
16 following is a nonexclusive list of State agency licensing boards and the  
17 profession or occupation for which the board, agency, or officer may issue  
18 licenses:

19 ...

20 ~~b. The Department of Environmental Quality.~~

21 ~~1. Well Contractors Certification Commission.~~

22 ~~I. Well Contractor. Article 7A of Chapter 87 of the~~  
23 ~~General Statutes.~~

24 c. The Department of Health and Human Services.

25 1. North Carolina Medical Care Commission.

26 I. Ambulance Attendant, Emergency Medical  
27 Technician. Article 7 of Chapter 131E of the General  
28 Statutes.

29 2. Well Contractors Certification Commission.

30 I. Well Contractor. Article 7A of Chapter 87 of the  
31 General Statutes.

32 ...."

33 **SECTION 9G.7.(d)** G.S. 143B-138.1(d) is amended by adding a new subdivision to  
34 read:

35 "(7) Well Contractors Certification Commission."

### 37 **LEAD AND ASBESTOS REMEDIATION IN PUBLIC SCHOOL UNITS AND CHILD** 38 **CARE FACILITIES**

39 **SECTION 9G.8.(a)** Of the funds appropriated in this act from the State Fiscal  
40 Recovery Fund to the Department of Health and Human Services, Division of Public Health, the  
41 sum of one hundred fifty million dollars (\$150,000,000) in nonrecurring funds for the 2021-2022  
42 fiscal year shall be allocated as follows for lead and asbestos remediation and abatement  
43 programs to benefit public school units and child care facilities:

44 (1) \$32,812,500 in nonrecurring funds shall be used to fund a program for the  
45 testing and remediation of lead levels in drinking water at public school units  
46 and child care facilities. As part of this program, public school units shall be  
47 required to test for lead levels in drinking water at their facilities, to the extent  
48 feasible and practical, following the same model for testing conducted in child  
49 care facilities pursuant to 15A NCAC 18A .2816. In addition, the program  
50 shall include at least the following components:

- 1 a. The Department of Health and Human Services (DHHS) and the  
2 Department of Public Instruction (DPI) shall develop a mechanism for  
3 providing funding for the testing and mitigation of lead in drinking  
4 water that meets the lead poisoning hazard level, as set forth in  
5 G.S. 130A-131.7, that is identified in public school units and child care  
6 facilities, including the replacement of service lines, pipes, and  
7 fixtures, as needed, or for the installation of filters at affected faucets  
8 within public school units and child care facilities that test positive for  
9 lead in drinking water.
- 10 b. The Commission for Public Health, Child Care Commission, and State  
11 Board of Education shall adopt rules as necessary to implement this  
12 subdivision.
- 13 (2) \$117,187,500 in nonrecurring funds shall be used to fund a program for lead  
14 paint abatement and asbestos abatement in public school units and child care  
15 facilities. As part of the program, public school units and child care facilities  
16 shall be required to conduct inspections for lead paint and asbestos hazards in  
17 their facilities. The program shall include at least the following components:
- 18 a. DHHS and DPI shall develop a mechanism for providing funding for  
19 lead paint abatement, asbestos inspection and abatement, or both in  
20 public school units and child care facilities; provided, however, that  
21 the following conditions are met:
- 22 1. A professional accredited in accordance with G.S. 130A-447  
23 or certified in accordance with G.S. 130A-453.03 determines  
24 that action must be taken in response to an inspection report.
- 25 2. Lead paint, asbestos, or both are detected as part of an  
26 inspection or as part of a capital, renovation, or repair project  
27 that meets the lead-based paint hazard level, as set forth in  
28 G.S. 130A-131.7, or that meets the definition of asbestos  
29 containing material, as set forth in G.S. 130A-444. Capital  
30 projects may include HVAC, window, or other ventilation  
31 projects related to COVID-19 mitigation, or other capital,  
32 renovation, or repair projects undertaken during calendar years  
33 2021 through 2024.
- 34 b. A requirement that public school unit recipients of funds allocated  
35 under this subdivision shall provide matching funds in the amount of  
36 one dollar (\$1.00) of local funds for every two dollars (\$2.00) of State  
37 funds.
- 38 c. The Commission for Public Health, Child Care Commission, and State  
39 Board of Education shall adopt rules as needed to implement this  
40 subdivision.

41 **SECTION 9G.8.(b)** The Department of Health and Human Services, Division of  
42 Public Health (DPH), shall serve as the lead agency responsible for administering the programs  
43 authorized by subsection (a) of this section. In serving in this capacity, the DPH shall collaborate  
44 with (i) the Department of Public Instruction regarding administration of these programs for the  
45 benefit of public school units and charter schools and (ii) its Division of Child Development and  
46 Early Education regarding administration of these programs for the benefit of child care facilities.  
47 The DPH shall transfer funds to the Department of Public Instruction and to the Division of Child  
48 Development and Early Education as necessary to accomplish the goals of these programs in an  
49 efficient and cost-effective manner.

50 **SECTION 9G.8.(c)** Not later than six months after all funds appropriated in this act  
51 for the purposes of this section have been expended, the Department of Health and Human

1 Services, Division of Public Health, and the Department of Public Instruction shall report to the  
2 Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative  
3 Education Oversight Committee, and the Fiscal Research Division on the following lead and  
4 asbestos remediation and abatement activities authorized by this section, broken down by county:

- 5 (1) The number of public school units and child care facilities tested for lead in  
6 drinking water, for lead paint or asbestos in the buildings or facilities, or a  
7 combination of these.
- 8 (2) The number of public school units and child care facilities determined to be  
9 in need of remediation for lead in drinking water, for lead paint or asbestos  
10 abatement, or a combination of these.
- 11 (3) The number of public school units and child care facilities that have requested  
12 assistance from the Department of Health and Human Services or the  
13 Department of Public Instruction with remediation for lead in drinking water,  
14 for lead paint or asbestos abatement, or for a combination of these.
- 15 (4) The number of remediation or abatement projects completed under the  
16 programs authorized by subsection (a) of this section and the total amount of  
17 funds expended for each project, broken down by each category of  
18 remediation and abatement.

19 **SECTION 9G.8.(d)** The funds allocated under this section shall remain available  
20 until depleted or on the date federal law requires the funds to be fully expended, whichever is  
21 earlier.

## 22 23 **USE OF JUUL SETTLEMENT FUNDS**

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

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

- 36 (1) \$2,000,000 shall be transferred to the Department of Justice to cover the costs  
37 of litigation incurred by the Office of the Attorney General with respect to the  
38 JLI Case.
- 39 (2) \$4,400,000 shall be allocated for tobacco cessation media campaigns,  
40 resources, and programs to help both youth and young adults who have  
41 become addicted to nicotine using e-cigarettes and other tobacco/nicotine  
42 products quit.
- 43 (3) \$3,300,000 shall be allocated for evidence-based media and education  
44 campaigns to prevent the initiation of tobacco use, especially with respect to  
45 e-cigarettes and other new and emerging tobacco/nicotine products.
- 46 (4) \$1,100,000 shall be allocated for data monitoring to track tobacco/nicotine use  
47 and exposure among youth and young adults and populations at risk; and for  
48 independent evaluation of the reach and effectiveness of the State's tobacco  
49 prevention and cessation programs with respect to evidence-based programs  
50 designed to help youth addicted to nicotine through e-cigarettes and other new  
51 and emerging tobacco and nicotine products quit.

- 1 (5) \$2,200,000 shall be allocated for staff, projects, and systems to educate  
2 partners and stakeholders about evidence-based policy, systems, and  
3 environmental change to help youth quit tobacco/nicotine products and  
4 prevent initiation of tobacco/nicotine products; and to track compliance with  
5 the conduct provisions set forth in Part III of the final consent judgment  
6 resolving the JLI Case.

7 **SECTION 9G.10.(c)** Annually on September 1, the Department of Health and  
8 Human Services shall report to the Joint Legislative Oversight Committee on Health and Human  
9 Services and the Fiscal Research Division on the expenditures made from the Fund during the  
10 preceding fiscal year. The report shall identify each expenditure and shall indicate the authority  
11 under this section for the expenditure.

12  
13 **FUNDS TO EXPAND LOCAL COMMUNICABLE DISEASE PROGRAMS TO**  
14 **ADDRESS THE IMPACTS OF THE COVID-19 PUBLIC HEALTH EMERGENCY**

15 **SECTION 9G.11.(a)** Of the funds appropriated in this act from the State Fiscal  
16 Recovery Fund to the Department of Health and Human Services, Division of Public Health, the  
17 sum of thirty-six million dollars (\$36,000,000) in nonrecurring funds for the 2021-2022 fiscal  
18 year shall be allocated to local health departments to expand communicable disease surveillance,  
19 detection, control, and prevention activities to address the COVID-19 public health emergency  
20 and other communicable disease challenges impacted by the COVID-19 public health  
21 emergency. The Division of Public Health shall expend up to eighteen million dollars  
22 (\$18,000,000) of these allocated funds during the 2021-2022 fiscal year and any remaining funds  
23 during the 2022-2023 fiscal year. In the distribution of these funds to local health departments  
24 under this section, for each year of the 2021-2023 fiscal biennium, the Division of Public Health  
25 shall divide nine million dollars (\$9,000,000) equally among the local health departments based  
26 on the number of counties served by each local health department. The Division of Public Health  
27 shall distribute the remaining nine million dollars (\$9,000,000) to local health departments based  
28 upon the percentage of the State population served by each of the local health departments. The  
29 Division shall begin distributing the funds allocated under this section no later than 60 days after  
30 this act becomes law. In utilizing these funds, local health departments shall comply with  
31 applicable federal rules and guidance governing the State Fiscal Recovery Fund.

32 **SECTION 9G.11.(b)** By February 1, 2022, the Department of Health and Human  
33 Services, Division of Public Health, shall report to the Joint Legislative Oversight Committee on  
34 Health and Human Services on the funding appropriated by this section. The report shall include  
35 the elements below:

- 36 (1) The amount of funding pursuant to this section that each county received for  
37 surveillance, detection, control, and prevention of communicable diseases.  
38 (2) An explanation if the sum of the funding received by all counties under this  
39 section is not equivalent to the total funds appropriated each year.  
40 (3) Information on how the local health departments plan to use and subsequently  
41 did use these funds to address surveillance, detection, control, and prevention  
42 of communicable diseases.  
43 (4) Consistent with the supplement and not supplant intent of this section, the  
44 report shall delineate funds other than those distributed in accordance with  
45 this section that were received by each county to address surveillance,  
46 detection, control, and prevention of communicable diseases.  
47 (5) Additional information as may be requested by the Joint Legislative Oversight  
48 Committee on Health and Human Services.  
49

50 **RESERVATION OF CDC COOPERATIVE AGREEMENT FOR EMERGENCY**  
51 **RESPONSE/PUBLIC HEALTH CRISIS RESPONSE/COVID-19 PUBLIC HEALTH**



1       **WORKFORCE SUPPLEMENTAL FUNDING RECEIVED PURSUANT TO THE**  
2       **AMERICAN RESCUE PLAN ACT FOR SCHOOL-BASED HEALTH SERVICES**  
3       **PERSONNEL**

4           **SECTION 9G.13.** Of the funds appropriated in this act to the Department of Health  
5 and Human Services, Division of Public Health, from the Centers for Disease Control and  
6 Prevention Cooperative Agreement for Emergency Response: Public Health Crisis Response,  
7 COVID-19 Public Health Workforce Supplemental Funding received pursuant to ARPA, at least  
8 twenty-five percent (25%) of these funds shall be reserved in accordance with federal guidance  
9 to provide funding for school-based health services personnel in response to the COVID-19  
10 pandemic. For purposes of this section, school-based health services personnel includes school  
11 nurses, school psychologists, school counselors, and school social workers. These funds shall be  
12 used to supplement and not supplant other State, local, or federal funds appropriated or allocated  
13 for this purpose.

14  
15       **PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**

16  
17       **PART IX-I. SOCIAL SERVICES**

18  
19       **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT**  
20       **STATE-COUNTY SPECIAL ASSISTANCE**

21           **SECTION 9I.1.(a)** The following definitions apply in this section:

22           (1) Facility licensed to accept State-County Special Assistance payments or  
23           facility. – Any residential care facility that is (i) licensed by the Department  
24           of Health and Human Services and (ii) authorized to accept State-County  
25           Special Assistance payments from its residents.

26           (2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

27           **SECTION 9I.1.(b)** Of the funds appropriated in this act from the State Fiscal  
28 Recovery Fund to the Department of Health and Human Services, Division of Social Services,  
29 the sum of forty-eight million dollars (\$48,000,000) in nonrecurring funds for the 2021-2022  
30 fiscal year shall be allocated for facilities licensed to accept State-County Special Assistance.  
31 The Division of Social Services shall expend up to twenty-four million dollars (\$24,000,000) of  
32 these allocated funds during the 2021-2022 fiscal year and any remaining funds during the  
33 2022-2023 fiscal year to provide temporary financial assistance in the form of a monthly payment  
34 to these facilities to offset the increased costs of serving residents who are recipients of  
35 State-County Special Assistance during the public health emergency. For the period commencing  
36 July 1, 2021, and ending when the funds allocated under this section are depleted or on the date  
37 federal law requires these funds to be fully expended, whichever is earlier, the amount of the  
38 monthly payment authorized by this section shall be equal to one hundred twenty-five dollars  
39 (\$125.00) per month for each resident of the facility as of the first day of the month who is a  
40 recipient of State-County Special Assistance. The DSS shall not make monthly payments  
41 authorized by this section to a facility on behalf of a resident whose eligibility determination for  
42 State-County Special Assistance is pending. The DSS shall terminate all monthly payments  
43 pursuant to this subsection when the funds allocated under this section are depleted or on the date  
44 federal law requires these funds to be fully expended, whichever is earlier. The counties are not  
45 responsible for paying any portion of these monthly payments. Nothing in this section shall be  
46 construed as an obligation by the General Assembly to appropriate funds for the purpose of this  
47 section or as an entitlement by any facility, resident of a facility, or other person to receive  
48 financial assistance under this section.

49  
50       **TANF BENEFIT IMPLEMENTATION**

1           **SECTION 9I.2.(a)** The General Assembly approves the plan titled "North Carolina  
2 Temporary Assistance for Needy Families State Plan FY 2019-2022," prepared by the  
3 Department of Health and Human Services and presented to the General Assembly. The North  
4 Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2019,  
5 through September 30, 2022. The Department shall submit the State Plan, as revised in  
6 accordance with subsection (b) of this section, to the United States Department of Health and  
7 Human Services.

8           **SECTION 9I.2.(b)** The counties approved as Electing Counties in the North  
9 Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by  
10 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

11           **SECTION 9I.2.(c)** Counties that submitted the letter of intent to remain as an  
12 Electing County or to be redesignated as an Electing County and the accompanying county plan  
13 for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing  
14 County budget requirements effective July 1, 2021. For programmatic purposes, all counties  
15 referred to in this subsection shall remain under their current county designation through  
16 September 30, 2022.

17           **SECTION 9I.2.(d)** For each year of the 2021-2023 fiscal biennium, Electing  
18 Counties shall be held harmless to their Work First Family Assistance allocations for the  
19 2020-2021 fiscal year, provided that remaining funds allocated for Work First Family Assistance  
20 and Work First Diversion Assistance are sufficient for payments made by the Department on  
21 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

22           **SECTION 9I.2.(e)** In the event that departmental projections of Work First Family  
23 Assistance and Work First Diversion Assistance for the 2021-2022 fiscal year or the 2022-2023  
24 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and  
25 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the  
26 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work  
27 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite  
28 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain  
29 approval by the Office of State Budget and Management. If the Department adjusts the allocation  
30 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative  
31 Oversight Committee on Health and Human Services and the Fiscal Research Division.

### 32 33 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE** 34 **ENHANCEMENTS, AND REPORT**

35           **SECTION 9I.3.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the  
36 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to  
37 children and families in cases of abuse, neglect, and dependency where a child is at imminent  
38 risk of removal from the home and to children and families in cases of abuse where a child is not  
39 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.  
40 The IFPS shall ensure the application of standardized assessment criteria for determining  
41 imminent risk and clear criteria for determining out-of-home placement.

42           **SECTION 9I.3.(b)** The Department of Health and Human Services shall require that  
43 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall  
44 provide information and data that allows for the following:

- 45           (1) An established follow-up system with a minimum of six months of follow-up  
46           services.
- 47           (2) Detailed information on the specific interventions applied, including  
48           utilization indicators and performance measurement.
- 49           (3) Cost-benefit data.
- 50           (4) Data on long-term benefits associated with IFPS. This data shall be obtained  
51           by tracking families through the intervention process.

- 1 (5) The number of families remaining intact and the associated interventions  
2 while in IFPS and 12 months thereafter.
- 3 (6) The number and percentage, by race, of children who received IFPS compared  
4 to the ratio of their distribution in the general population involved with Child  
5 Protective Services.

6 **SECTION 9I.3.(c)** The Department shall continue implementing a  
7 performance-based funding protocol and shall only provide funding to those programs and  
8 entities providing the required information specified in subsection (b) of this section. The amount  
9 of funding shall be based on the individual performance of each program.

10 **SECTION 9I.3.(d)** The Department shall submit an annual report to the Joint  
11 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
12 Division by December 1 of each year that provides the information and data collected pursuant  
13 to subsection (b) of this section.  
14

## 15 **CHILD CARING INSTITUTIONS**

16 **SECTION 9I.4.** Until the Social Services Commission adopts rules setting  
17 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the  
18 maximum reimbursement for child caring institutions shall not exceed the rate established for the  
19 specific child caring institution by the Department of Health and Human Services, Office of the  
20 Controller. In determining the maximum reimbursement, the State shall include county and IV-E  
21 reimbursements.  
22

## 23 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

24 **SECTION 9I.5.** Of the funds available for the provision of foster care services, the  
25 Department of Health and Human Services, Division of Social Services, may continue to provide  
26 for the financial support of children who are deemed to be (i) in a permanent family placement  
27 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.  
28 No additional expenses shall be incurred beyond the funds budgeted for foster care for the  
29 Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include  
30 provisions for extending guardianship services for individuals and youth who exited foster care  
31 through the Guardianship Assistance Program after 14 years of age or who have attained the age  
32 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if  
33 the individual is (i) completing secondary education or a program leading to an equivalent  
34 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)  
35 participating in a program or activity designed to promote, or remove barriers to, employment,  
36 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or  
37 employment requirements of this section due to a medical condition or disability. The  
38 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board  
39 and be set at the same rate as the foster care room and board rates in accordance with rates  
40 established under G.S. 108A-49.1.  
41

## 42 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

43 **SECTION 9I.6.(a)** Funds appropriated in this act from the General Fund to the  
44 Department of Health and Human Services for the child welfare postsecondary support program  
45 shall be used to continue providing assistance with the "cost of attendance" as that term is defined  
46 in 20 U.S.C. § 1087*ll* for the educational needs of foster youth aging out of the foster care system,  
47 youth who exit foster care to a permanent home through the Guardianship Assistance Program  
48 (GAP), or special needs children adopted from foster care after age 12. These funds shall be  
49 allocated by the State Education Assistance Authority.

50 **SECTION 9I.6.(b)** Of the funds appropriated in this act from the General Fund to  
51 the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for

1 each year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina State  
2 Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform  
3 administrative functions necessary to manage and distribute scholarship funds under the child  
4 welfare postsecondary support program.

5 **SECTION 91.6.(c)** Of the funds appropriated in this act from the General Fund to  
6 the Department of Health and Human Services, the sum of three hundred thirty-nine thousand  
7 four hundred ninety-three dollars (\$339,493) for each year of the 2021-2023 fiscal biennium shall  
8 be used to contract with an entity to administer the child welfare postsecondary support program  
9 described under subsection (a) of this section, which administration shall include the performance  
10 of case management services.

11 **SECTION 91.6.(d)** Funds appropriated in this act to the Department of Health and  
12 Human Services for the child welfare postsecondary support program shall be used only for  
13 students attending public institutions of higher education in this State.  
14

### 15 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

16 **SECTION 91.7.(a)** Centralized Services. – The North Carolina Child Support  
17 Services Section (NCCSS) of the Department of Health and Human Services, Division of Social  
18 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it  
19 receives from the federal government to enhance centralized child support services. To  
20 accomplish this requirement, NCCSS shall do the following:

- 21 (1) In consultation with representatives from county child support services  
22 programs, identify how federal incentive funding could improve centralized  
23 services.
- 24 (2) Use federal incentive funds to improve the effectiveness of the State's  
25 centralized child support services by supplementing and not supplanting State  
26 expenditures for those services.
- 27 (3) Continue to develop and implement rules that explain the State process for  
28 calculating and distributing federal incentive funding to county child support  
29 services programs.

30 **SECTION 91.7.(b)** County Child Support Services Programs. – NCCSS shall  
31 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it  
32 receives from the federal government to county child support services programs to improve  
33 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall  
34 do the following:

- 35 (1) In consultation with representatives from county child support services  
36 programs, examine the current methodology for distributing federal incentive  
37 funding to the county programs and determine whether an alternative formula  
38 would be appropriate. NCCSS shall use its current formula for distributing  
39 federal incentive funding until an alternative formula is adopted.
- 40 (2) Upon adopting an alternative formula, develop a process to phase in the  
41 alternative formula for distributing federal incentive funding over a four-year  
42 period.

43 **SECTION 91.7.(c)** Reporting by County Child Support Services Programs. –  
44 NCCSS shall continue implementing guidelines that identify appropriate uses for federal  
45 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county  
46 child support services programs to comply with each of the following:

- 47 (1) Submit an annual plan describing how federal incentive funding would  
48 improve program effectiveness and efficiency as a condition of receiving  
49 federal incentive funding.
- 50 (2) Report annually on the following: (i) how federal incentive funding has  
51 improved program effectiveness and efficiency and been reinvested into their

1 programs, (ii) provide documentation that the funds were spent according to  
2 their annual plans, and (iii) explain any deviations from their plans.

3 **SECTION 91.7.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal  
4 child support incentive funding to the Joint Legislative Oversight Committee on Health and  
5 Human Services and the Fiscal Research Division by November 1 of each year. The report shall  
6 describe how federal incentive funds enhanced centralized child support services to benefit  
7 county child support services programs and improved the effectiveness and efficiency of county  
8 child support services programs. The report shall further include any changes to the State process  
9 the NCCSS used in calculating and distributing federal incentive funding to county child support  
10 services programs and any recommendations for further changes.

## 11 12 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

13 **SECTION 91.8.(a)** The Foster Care Transitional Living Initiative Fund shall  
14 continue to fund and support transitional living services that demonstrate positive outcomes for  
15 youth, attract significant private sector funding, and lead to the development of evidence-based  
16 programs to serve the at-risk population described in this section. The Fund shall continue to  
17 support a demonstration project with services provided by Youth Villages to (i) improve  
18 outcomes for youth ages 17-21 years who transition from foster care through implementation of  
19 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and  
20 juvenile and adult correction services associated with the provision of Transitional Living  
21 Services to youth aging out of foster care, and (iii) take necessary steps to establish an  
22 evidence-based transitional living program available to all youth aging out of foster care. In  
23 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall  
24 support the following strategies:

- 25 (1) Transitional Living Services, which is an outcome-based program that follows  
26 the Youth Villages Transitional Living Model. Outcomes on more than 7,000  
27 participants have been tracked since the program's inception. The program has  
28 been evaluated through an independent randomized controlled trial. Results  
29 indicate that the Youth Villages Transitional Living Model had positive  
30 impacts in a variety of areas, including housing stability, earnings, economic  
31 hardship, mental health, and intimate partner violence in comparison to the  
32 control population.
- 33 (2) Public-Private Partnership, which is a commitment by private-sector funding  
34 partners to match at least twenty-five percent (25%) of the funds appropriated  
35 to the Foster Care Transitional Living Initiative Fund for the 2021-2023 fiscal  
36 biennium for the purposes of providing Transitional Living Services through  
37 the Youth Villages Transitional Living Model to youth aging out of foster  
38 care.
- 39 (3) Impact Measurement and Evaluation, which are services funded through  
40 private partners to provide independent measurement and evaluation of the  
41 impact the Youth Villages Transitional Living Model has on the youth served,  
42 the foster care system, and on other programs and services provided by the  
43 State which are utilized by former foster care youth.
- 44 (4) Advancement of Evidence-Based Process, which is the implementation and  
45 ongoing evaluation of the Youth Villages Transitional Living Model for the  
46 purposes of establishing the first evidence-based transitional living program  
47 in the nation. To establish the evidence-based program, additional randomized  
48 controlled trials may be conducted to advance the model.

## 49 50 **PERMANENCY INNOVATION INITIATIVE**

51 **SECTION 91.9.(a)** G.S. 131D-10.9B reads as rewritten:

**"§ 131D-10.9B. Permanency Innovation Initiative Fund.**

(a) There is created the Permanency Innovation Initiative Fund that will support a ~~demonstration~~ project with services provided by Children's Home Society of North Carolina to (i) improve permanency outcomes for children living in foster care through reunification with parents, providing placement or guardianship with other relatives, or adoption, (ii) improve engagement with biological relatives of children in or at risk of entering foster care, and (iii) reduce costs associated with maintaining children in foster care. In implementing these goals, the Permanency Innovation Initiative Fund shall support the following strategies:

...  
(a1) No more than fifteen percent (15%) of the State funds appropriated for this program shall be used for administrative costs.

...."  
**SECTION 9L.9.(b)** Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for each year of the 2021-2023 fiscal biennium for the Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available federal matching funds.

**REPORT ON CERTAIN SNAP AND TANF EXPENDITURES**

**SECTION 9L.10.(a)** Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (Division), for each year of the 2021-2023 fiscal biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor costs to generate the data regarding expenditures of those programs. The vendor shall generate data to be submitted to the Division that includes, at a minimum, each of the following:

- (1) The dollar amount and number of transactions accessed or expended out-of-state, by state, for both SNAP benefits and TANF benefits.
- (2) The amount of benefits expended out-of-state, by state, from active cases for both SNAP and TANF.
- (3) The dollar amount and number of transactions of benefits accessed or expended in this State, by types of retailers or institutions, for both SNAP and TANF.

**SECTION 9L.10.(b)** Upon receiving the expenditures data for SNAP and TANF from the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the Division shall submit a report on its analysis of the data by June 30 and December 31 of each year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The Division shall post its report required by this subsection on its website and otherwise make the data available by June 30 and December 31 of each year. In the first report required by this section, the Division shall report how this data is used to investigate fraud and abuse in both SNAP and TANF. The Division shall also report on other types of data and how that data is utilized in the detection of fraud and abuse.

**SECTION 9L.10.(c)** The Division shall maintain the confidentiality of information not public under Chapter 132 of the General Statutes. The Division shall properly redact any information subject to reporting under this section to prevent identification of individual recipients of SNAP or TANF benefits.

**INCREASE FOSTER CARE AND ADOPTION ASSISTANCE RATES**

**SECTION 9L.11.(a)** Effective January 1, 2022, G.S. 108A-49.1 reads as rewritten:

**"§ 108A-49.1. Foster care and adoption assistance payment rates.**

(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

- 1 (1) ~~\$475.00-\$514.00~~ per child per month for children from birth through five  
2 years of age.  
3 (2) ~~\$581.00-\$654.00~~ per child per month for children six through 12 years of age.  
4 (3) ~~\$634.00-\$698.00~~ per child per month for children at least 13 but less than 21  
5 years of age.

6 (b) The maximum rates for the State adoption assistance program are established  
7 consistent with the foster care rates as follows:

- 8 (1) ~~\$475.00-\$514.00~~ per child per month for children from birth through five  
9 years of age.  
10 (2) ~~\$581.00-\$654.00~~ per child per month for children six through 12 years of age.  
11 (3) ~~\$634.00-\$698.00~~ per child per month for children at least 13 but less than 21  
12 years of age.

13 ...."

14 **SECTION 9I.11.(a1)** The revised foster care assistance rates set forth in  
15 G.S. 108A-49.1(a), as enacted in subsection (a) of this section, shall apply to family foster care  
16 homes, residential child care facilities, and Level 2 group homes.

17 **SECTION 9I.11.(b)** Notwithstanding G.S. 108A-49.1(d), for the 2021-2022 fiscal  
18 year only, the Department of Health and Human Services, Division of Social Services, shall use  
19 a portion of the funds allocated in this act for foster care and adoption assistance rate increases  
20 to cover the county share of the cost of care for the rate increases under this section.

## 21 **CHILD WELFARE/BEHAVIORAL HEALTH PILOT PROJECT**

22 **SECTION 9I.12.(a)** From funds appropriated in this act to the Department of Health  
23 and Human Services, Division of Social Services, for the 2021-2022 fiscal year, the Division of  
24 Social Services, in collaboration with the Division of Mental Health, Developmental Disabilities,  
25 and Substance Abuse Services, shall establish a two-year child welfare and behavioral health  
26 pilot project that will provide easier access to comprehensive health services for children in foster  
27 care by (i) creating better continuity of care, (ii) providing an alternative to therapeutic foster  
28 care, and (iii) ensuring care and services are available without disruption to a child's foster care  
29 placement while accessing services needed to treat the child's trauma. Four counties shall  
30 participate in the pilot project, which shall include Davie, Forsyth, Rockingham, and Stokes.

31 **SECTION 9I.12.(b)** The purpose of the pilot project is to establish a  
32 trauma-informed integrated health foster care model to facilitate partnerships between county  
33 departments of social services and local management entities/managed care organizations  
34 (LME/MCOs) regarding children placed in foster care that will do each of the following:

- 35 (1) Address safety and health needs of children with the application of  
36 trauma-informed tools.  
37 (2) Address appropriate preventive and medical care for children placed in foster  
38 care.  
39 (3) Address other social determinants of health, specifically those related to  
40 education and social development.  
41 (4) Meet the goals of Medicaid Transformation, Child Welfare Reform, and the  
42 federal Families First Prevention Services Act (Family First Act).  
43 (5) Provide for collaboration across agencies, including private behavioral health  
44 providers, health systems, and agencies of social determinants of health.  
45 (6) Allow for the development of alternative funding models and service  
46 definitions.  
47 (7) Allow for behavioral health services in family foster homes augmented with  
48 mental health services.  
49 (8) Allow for wraparound services for the child to support a singular, unified goal  
50 of children in foster care having a single placement.  
51

(9) Assign dedicated care coordination to each county social services agency.

**SECTION 9L.12.(c)** The Division of Social Services and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall submit a progress report on the pilot project established under this section to the Joint Legislative Oversight Committee on Health and Human Services (Committee) by April 1, 2022, and submit a final report to the Committee by October 1, 2023, that, at a minimum, includes each of the following:

(1) The average cost of providing alternatives to therapeutic foster care.

(2) An outline of enhanced services offered and developed during the pilot project, including barriers and challenges.

(3) The outcomes achieved from the pilot project.

(4) A plan outlining the potential for replication across other counties, including cost-modeling recommendations.

## **REGIONAL SUPERVISION AND SUPPORT OF CHILD WELFARE SERVICES/CPS HOTLINE**

**SECTION 9L.13.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of nine hundred thousand dollars (\$900,000) in recurring funds shall be used to establish up to 15 positions for the (i) regional supervision support model directed by S.L. 2017-41 (Rylan's Law) and (ii) statewide child protective services (CPS) hotline, pursuant to this section.

**SECTION 9L.13.(a1)** In accordance with the plan submitted by the Social Services Regional Supervision and Collaboration Working Group (SSWG) in its report on March 31, 2019, to the Joint Legislative Oversight Committee on Health and Human Services as required by Rylan's Law, the Department of Health and Human Services (Department) shall establish seven regions for regional supervision of child welfare and social services and begin providing oversight and support within those regions through State regional staff and the central office team by April 1, 2022. To that end, the Department shall continue, pursuant to existing authority, with (i) redeploying positions identified in the report to support regionalization and all managerial staff needed to support regionalization in the central office and (ii) repurposing corresponding operating expenses. The Department shall pursue procurement of physical offices within each of the seven regions beginning in March 2023 and shall prioritize staffing to improve the child welfare system. The Department shall move towards full implementation of a regional model, with offices, by March 1, 2024.

**SECTION 9L.13.(b)** The Division of Social Services (Division) and the North Carolina Association of Regional Councils of Governments (Councils of Governments) shall explore entering into a memorandum of agreement to (i) utilize Councils of Governments' physical office space and office-related needs for Division staff and (ii) facilitate cooperation between regions and evaluate the estimated costs by region for the office space and sample agreements between the Division and the Councils of Governments. The Division shall submit a report to the chairs of the Senate Appropriations Committee on Health and Human Services and the House Appropriations Committee on Health and Human Services by February 1, 2022, on the estimated costs, by region, for office space and sample agreements as described in this subsection.

**SECTION 9L.13.(c)** Section 3 of S.L. 2021-132 reads as rewritten:

**"SECTION 3.(a)** The Department of Health and Human Services shall develop ~~an operational plan to create~~ and implement a statewide child protective services (CPS) hotline. The Department shall establish a planning and evaluation team consisting of three child welfare staff representing at least three county departments of social services that will provide input on the ~~plan. The plan shall include,~~ hotline to include, at a minimum, all of the following:

(1) A fiscal analysis on the creation and implementation of a statewide CPS hotline.



- 1 (2) Quantify the total up-front, one-time costs to implement the statewide CPS  
2 hotline, including any State or county savings that would be incurred through  
3 the full implementation of and transition to a statewide CPS hotline.
- 4 (3) Recommendations on the operational needs for the statewide CPS hotline,  
5 including adequate staffing levels to ensure a responsive and timely system.
- 6 (4) Evaluation of whether a county may opt out of the statewide CPS hotline.
- 7 (5) Recommendations of defined measures, goals, and service level agreements  
8 to evaluate the performance of the hotline.
- 9 (6) A time line for implementation of the statewide CPS hotline that is aligned  
10 and coordinated with the Department of Health and Human Services, Division  
11 of Social Services, and local county departments of social services, including  
12 the implementation of intake and assessment technology as a precondition to  
13 the operation of a statewide CPS hotline.
- 14 (7) An assessment of the feasibility of an integrated statewide CPS hotline for  
15 both child protective services and adult protective services.

16 **"SECTION 3.(b)** The Department shall submit ~~the operational plan~~ a progress report on its  
17 development and implementation of the statewide CPS hotline required by this section to the  
18 Joint Legislative Oversight Committee on Health and Human Services no later than September  
19 1, 2022."  
20

## 21 **DEPLOY CHILD WELFARE COMPONENT OF NC FAST**

22 **SECTION 9I.15.(a)** Funds transferred from the Medicaid Transformation Reserve  
23 and allocated in Section 9B.2 of this act shall be used by the Department of Health and Human  
24 Services, Division of Social Services (Division), to resume deployment of the North Carolina  
25 Families Accessing Services through Technology (NC FAST) system as it relates to case  
26 management functionality for child welfare. The Division shall deploy the child welfare case  
27 management component of the NC FAST system statewide before October 1, 2022, as  
28 recommended in the Department of Health and Human Services' "Child Welfare Request for  
29 Information and Child Welfare Case Management Legislative Report," dated September 14,  
30 2020, and the Program Evaluation Division's Report, "NC FAST Child Welfare Case  
31 Management Software Demonstrates Adequate Functionality but Poor Usability," dated June 12,  
32 2020.

33 **SECTION 9I.15.(b)** The Division of Social Services (Division) shall release a  
34 request for proposal (RFP) for at least one significant augmentation to the child welfare  
35 component of the NC FAST system within 30 days from the date the Division receives federal  
36 approval of its procurement plan. The Division shall enter into a contract to augment and enhance  
37 the child welfare case management component of the NC FAST system within 150 days of  
38 releasing the RFP. The contract shall align with the recommendations developed by the Executive  
39 Advisory Committee within the Department, with consideration given to software currently  
40 deployed by county departments of social services.

41 **SECTION 9I.15.(b1)** Of the funds allocated in accordance with this section to the  
42 Division for the child welfare component of the NC FAST system, the sum of three million five  
43 hundred thousand dollars (\$3,500,000) in nonrecurring funds for each fiscal year of the  
44 2021-2023 fiscal biennium shall be used to ensure that the child welfare case management  
45 component of the NC FAST system includes the capability to automate licensing and placements,  
46 including external portals for persons applying to be foster care families and for kinship navigator  
47 programs, to:

- 48 (1) Increase the number of foster families in North Carolina.
- 49 (2) Expedite the licensing process.
- 50 (3) Assist with meeting the requirements associated with the Family First  
51 Prevention Services Act.

1 The Division shall release an RFP to automate licensing and placements for the child  
2 welfare component of the NC FAST system, enter into a contract for the automation, and ensure  
3 that the contract aligns with recommendations developed by the Executive Advisory Committee  
4 consistent with the time lines and requirements described in subsection (b) of this section.

5 **SECTION 9L.15.(c)** Upon enactment of this section, Part III-N of S.L. 2019-240 is  
6 repealed.

#### 7 **FUNDS FOR CABARRUS COOPERATIVE CHRISTIAN MINISTRY**

8 **SECTION 9L.16.** Of the funds appropriated in this act to the Department of Health  
9 and Human Services, Division of Social Services, the sum of forty thousand dollars (\$40,000) in  
10 nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to Cabarrus  
11 Cooperative Christian Ministry, an organization that provides immediate assistance and support  
12 to members of the community experiencing crisis in the areas of food, housing, or finances. These  
13 funds shall be used to provide services in Cabarrus County only.

#### 14 **CHILD ADVOCACY CENTER FUNDS**

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

#### 22 **FUNDS FOR TANF/WORK FIRST FAMILIES**

23 **SECTION 9L.18.(a)** Of the funds appropriated in this act from the Pandemic  
24 Emergency Assistance Fund to the Department of Health and Human Services, Division of Social  
25 Services (Division), the sum of sixteen million seven hundred eighty-two thousand eight hundred  
26 seventy-five dollars (\$16,782,875) in nonrecurring funds shall be used to provide two payments  
27 to families enrolled in the Temporary Assistance for Needy Families (TANF)/Work First Cash  
28 Assistance program with one or more children to mitigate the negative impacts of the COVID-19  
29 pandemic. The Division shall distribute these payments such that families enrolled in the Work  
30 First Cash Assistance program with one or more children 0 to 17 years of age shall receive one  
31 payment of five hundred dollars (\$500.00) per child in the fall/winter of 2021-2022 and a second  
32 payment of five hundred dollars (\$500.00) per child, based on the availability of funds, in the  
33 summer of 2022. These funds shall be distributed via an electronic benefit transfer (EBT) card,  
34 and it is the intent of the General Assembly that these funds be used for the following types of  
35 expenditures:

- 36 (1) Extra cash assistance to cover added costs caused by the COVID-19  
37 pandemic.
- 38 (2) Clothing.
- 39 (3) School supplies, including information technology devices.
- 40 (4) Personal protective equipment.

41 **SECTION 9L.18.(b)** The Division of Social Services is authorized to adjust the  
42 payments distributed under subsection (a) of this section based on the availability of funds.

43 **SECTION 9L.18.(c)** All funds provided under this section shall be expended by the  
44 deadline established by federal law and in accordance with federal law and guidelines.

#### 45 **PART IX-J. VOCATIONAL REHABILITATION SERVICES**

**FUNDS FOR NATIONAL MULTIPLE SCLEROSIS SOCIETY/HOME  
MODIFICATION PROGRAM**

**SECTION 9J.2.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Vocational Rehabilitation, the sum of three hundred thousand dollars (\$300,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to the National Multiple Sclerosis (MS) Society for home modification services and home modification assistance grants to help residents in this State who have multiple sclerosis remain in their homes.

**PART IX-K. HHS MISCELLANEOUS [RESERVED]**

**PART IX-L. DHHS BLOCK GRANTS**

**DHHS BLOCK GRANTS**

**SECTION 9L.1.(a)** Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the following schedule:

<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
---	---------------------	---------------------

**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

1	<b>Division of Public Health</b>		
2			
3	12. Teen Pregnancy Prevention Initiatives	3,522,996	3,538,541
4			
5	<b>DHHS Administration</b>		
6			
7	13. Division of Social Services	2,482,260	2,482,260
8			
9	14. Office of the Secretary	34,042	34,042
10			
11	15. Eligibility Systems – Operations and		
12	Maintenance	737,565	658,250
13			
14	16. NC FAST Implementation	426,357	802,959
15			
16	17. Division of Social Services – Workforce		
17	Innovation & Opportunity Act (WIOA)	93,216	93,216
18			
19	18. Division of Social Services TANF Modernization	2,000,000	2,000,000
20			
21	<b>Transfers to Other Block Grants</b>		
22			
23	<b>Division of Child Development and Early Education</b>		
24			
25	19. Transfer to the Child Care and		
26	Development Fund	21,773,001	21,773,001
27			
28	<b>Division of Social Services</b>		
29			
30	20. Transfer to Social Services Block		
31	Grant for Child Protective Services –		
32	Training	285,612	285,612
33			
34	21. Transfer to Social Services Block		
35	Grant for Child Protective Services	5,040,000	5,040,000
36			
37	22. Transfer to Social Services Block		
38	Grant for County Departments of		
39	Social Services for Children's Services	13,097,783	13,097,783
40			
41	23. Transfer to Social Services Block		
42	Grant – Foster Care Services	3,422,219	3,422,219
43			
44	24. Transfer to Social Services Block	1,582,000	1,582,000
45	Grant – Child Advocacy Centers		
46			
47	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
48	<b>NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$317,588,628</b>	<b>\$317,509,312</b>
49			
50	<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		
51	<b>EMERGENCY CONTINGENCY FUNDS</b>		

1			
2	<b>Local Program Expenditures</b>		
3			
4	<b>Division of Child Development and Early Education</b>		
5			
6	01. Subsidized Child Care	\$35,790,508	\$33,439,988
7			
8	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
9	<b>NEEDY FAMILIES (TANF) EMERGENCY</b>		
10	<b>CONTINGENCY FUNDS</b>	<b>\$35,790,508</b>	<b>\$33,439,988</b>
11			
12	<b>SOCIAL SERVICES BLOCK GRANT</b>		
13			
14	<b>Local Program Expenditures</b>		
15			
16	<b>Divisions of Social Services and Aging and Adult Services</b>		
17			
18	01. County Departments of Social Services	\$19,905,849	\$19,905,849
19			
20	02. County Departments of Social Services		
21	(Nonrecurring)	1,300,000	1,300,000
22			
23	03. County Departments of Social Services		
24	(Transfer From TANF)	\$13,097,783	\$13,097,783
25			
26	04. EBCI Tribal Public Health and Human Services	244,740	244,740
27			
28	05. Child Protective Services		
29	(Transfer From TANF)	5,040,000	5,040,000
30			
31	06. State In-Home Services Fund	1,943,950	1,943,950
32			
33	07. Adult Protective Services	2,138,404	2,138,404
34			
35	08. State Adult Day Care Fund	1,994,084	1,994,084
36			
37	09. Child Protective Services/CPS		
38	Investigative Services – Child Medical		
39	Evaluation Program	901,868	901,868
40			
41	10. Special Children Adoption Incentive Fund	462,600	462,600
42			
43	11. Child Protective Services – Child		
44	Welfare Training for Counties		
45	(Transfer From TANF)	285,612	285,612
46			
47	12. Home and Community Care Block		
48	Grant (HCCBG)	2,696,888	2,696,888
49			
50	13. Child Advocacy Centers		
51	(Transfer from TANF \$1,582,000)	1,582,000	1,582,000

1			
2	14. Guardianship – Division of Social Services	1,802,671	1,802,671
3			
4	15. Foster Care Services		
5	(Transfer From TANF)	3,422,219	3,422,219
6			
7	<b>Division of Central Management and Support</b>		
8			
9	16. DHHS Competitive Block Grants		
10	for Nonprofits	4,774,525	4,774,525
11			
12	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
13			
14	17. Mental Health Services – Adult and		
15	Child/Developmental Disabilities Program/		
16	Substance Abuse Services – Adult	4,149,595	4,149,595
17			
18	<b>DHHS Program Expenditures</b>		
19			
20	<b>Division of Services for the Blind</b>		
21			
22	18. Independent Living Program	3,603,793	3,603,793
23			
24	<b>Division of Health Service Regulation</b>		
25			
26	19. Adult Care Licensure Program	557,598	557,598
27			
28	20. Mental Health Licensure and		
29	Certification Program	266,158	266,158
30			
31	<b>Division of Aging and Adult Services</b>		
32			
33	21. Guardianship	3,825,443	3,825,443
34			
35	<b>DHHS Administration</b>		
36			
37	22. Division of Aging and Adult Services	715,422	715,422
38			
39	23. Division of Social Services	1,019,764	1,019,764
40			
41	24. Office of the Secretary/Controller's Office	636,920	636,920
42			
43	25. Legislative Increases/Fringe Benefits	293,655	293,655
44			
45	26. Division of Child Development and		
46	Early Education	13,878	13,878
47			
48	27. Division of Mental Health, Developmental		
49	Disabilities, and Substance Abuse Services	27,446	27,446
50			
51	28. Division of Health Service Regulation	133,620	133,620

1			
2	29. Division of Services for the Blind and Services		
3	for the Deaf and Hard of Hearing	127,010	127,010
4			
5	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$76,963,495</b>	<b>\$76,963,495</b>
6			
7	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
8			
9	<b>Local Program Expenditures</b>		
10			
11	<b>Division of Social Services</b>		
12			
13	01. Low-Income Energy Assistance		
14	Program (LIEAP)	\$49,717,611	\$49,415,982
15			
16	02. Crisis Intervention Program (CIP)	32,980,981	32,764,751
17			
18	<b>Local Administration</b>		
19			
20	<b>Division of Social Services</b>		
21			
22	03. County DSS Administration	6,769,114	6,724,735
23			
24	<b>DHHS Administration</b>		
25			
26	<b>Division of Central Management and Support</b>		
27			
28	04. Division of Social Services	10,000	10,000
29			
30	05. Office of the Secretary/DIRM (Accountable Results for		
31	Community Action (AR4CA) Replacement System)	50,000	166,750
32			
33	06. Office of the Secretary/DIRM	278,954	278,954
34			
35	07. Office of the Secretary/Controller's Office	18,378	18,378
36			
37	08. NC FAST Development	624,628	1,176,364
38			
39	09. NC FAST Operations and Maintenance	1,461,946	1,304,733
40			
41	<b>Transfers to Other State Agencies</b>		
42			
43	<b>Department of Environmental Quality</b>		
44			
45	10. Weatherization Program	8,751,347	8,693,972
46			
47	11. Heating Air Repair and Replacement		
48	Program (HARRP)	5,830,717	5,792,490
49			
50	12. Local Residential Energy Efficiency Service		
51	Providers – Weatherization	527,190	523,733

1			
2	13. Local Residential Energy Efficiency Service		
3	Providers – HARRP	284,682	282,816
4			
5	14. DEQ – Weatherization Administration	527,190	523,733
6			
7	15. DEQ – HARRP Administration	284,682	282,816
8			
9	<b>Department of Administration</b>		
10			
11	16. N.C. Commission on Indian Affairs	87,736	87,736
12			
13	<b>TOTAL LOW-INCOME ENERGY</b>		
14	<b>ASSISTANCE BLOCK GRANT</b>	<b>\$108,205,156</b>	<b>\$108,047,943</b>
15			
16	<b>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</b>		
17			
18	<b>Local Program Expenditures</b>		
19			
20	<b>Division of Child Development and Early Education</b>		
21			
22	01. Child Care Services	\$241,041,643	\$240,907,680
23			
24	02. Smart Start Subsidy	7,392,654	7,392,654
25			
26	03. Transfer from TANF Block Grant		
27	for Child Care Subsidies	21,773,001	21,773,001
28			
29	04. Quality and Availability Initiatives		
30	(TEACH Program \$3,800,000)	51,808,870	51,808,870
31			
32	<b>DHHS Administration</b>		
33			
34	<b>Division of Child Development and Early Education</b>		
35			
36	05. DCDEE Administrative Expenses	9,710,886	9,710,886
37			
38	06. Direct Deposit for Child Care Payments	5,000	5,000
39			
40	<b>Division of Social Services</b>		
41			
42	07. Local Subsidized Child Care		
43	Services Support	18,780,355	18,780,355
44			
45	<b>Division of Central Management and Support</b>		
46			
47	08. NC FAST Operations and Maintenance	1,201,697	1,201,697
48			
49	09. DHHS Central Administration – DIRM		
50	Technical Services	979,762	979,762
51			



1	10. DHHS Central Administration	7,346	7,346
2			
3	<b>Division of Public Health</b>		
4			
5	11. Child Care Health Consultation Contracts	62,205	62,205
6			
7	<b>TOTAL CHILD CARE AND DEVELOPMENT</b>		
8	<b>FUND BLOCK GRANT</b>	<b>\$352,763,419</b>	<b>\$352,629,456</b>
9			
10	<b>MENTAL HEALTH SERVICES BLOCK GRANT</b>		
11			
12	<b>Local Program Expenditures</b>		
13			
14	01. Mental Health Services – Child	\$5,460,328	\$4,432,011
15			
16	02. Mental Health Services – Adult/Child	26,858,142	17,126,399
17			
18	03. Mental Health Services – First		
19	Psychotic Symptom Treatment	4,205,369	2,615,497
20			
21	<b>DHHS Administration</b>		
22			
23	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
24			
25	04. Crisis Services	1,569,298	1,307,749
26			
27	05. Administration	323,120	323,120
28			
29	06. Adult/Child Mental Health Services	350,150	350,150
30			
31	<b>TOTAL MENTAL HEALTH SERVICES</b>		
32	<b>BLOCK GRANT</b>	<b>\$38,766,407</b>	<b>\$26,154,926</b>
33			
34	<b>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>		
35			
36	<b>Local Program Expenditures</b>		
37			
38	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
39			
40	01. Substance Abuse – IV Drug	\$2,550,915	\$2,550,915
41			
42	02. Substance Abuse Prevention	16,594,705	10,999,983
43			
44	03. Substance Abuse Services – Treatment for		
45	Children/Adults		
46	(First Step Farm of WNC, Inc. \$100,000)	60,846,746	38,467,860
47			
48	04. Crisis Solutions Initiatives – Collegiate		
49	Wellness/Addiction Recovery	1,085,000	1,085,000
50			
51	05. Crisis Solutions Initiatives – Community		

1	Paramedic Mobile Crisis Management	20,000	20,000
2			
3	<b>DHHS Program Expenditures</b>		
4			
5	<b>Division of Central Management and Support</b>		
6			
7	06. Competitive Grants	1,600,000	1,600,000
8			
9	<b>DHHS Administration</b>		
10			
11	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
12			
13	07. Administration	1,320,452	1,320,452
14			
15	08. Controlled Substance Reporting System Enhancement	427,655	427,655
16			
17			
18	09. Veterans Initiatives	250,000	250,000
19			
20	<b>TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>	<b>\$84,695,473</b>	<b>\$56,721,865</b>
21			
22			
23	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
24			
25	<b>Local Program Expenditures</b>		
26			
27	<b>Division of Public Health</b>		
28			
29	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
30			
31			
32			
33			
34			
35			
36			
37			
38			
39	02. Oral Health	48,227	48,227
40			
41	03. Evidence-Based Programs in Counties With Highest Infant Mortality Rates	1,575,000	1,575,000
42			
43			
44	<b>DHHS Program Expenditures</b>		
45			
46	04. Children's Health Services	1,427,323	1,427,323
47			
48	05. Women's Health – Maternal Health	169,864	169,864
49			
50	06. Women's and Children's Health – Perinatal Strategic Plan Support Position	73,920	73,920
51			

1			
2	07. State Center for Health Statistics	158,583	158,583
3			
4	08. Health Promotion – Injury and		
5	Violence Prevention	87,271	87,271
6			
7	<b>DHHS Administration</b>		
8			
9	09. Division of Public Health Administration	552,571	552,571
10			
11	<b>TOTAL MATERNAL AND CHILD</b>		
12	<b>HEALTH BLOCK GRANT</b>	<b>\$18,871,732</b>	<b>\$18,871,732</b>
13			
14	<b>PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT</b>		
15			
16	<b>Local Program Expenditures</b>		
17			
18	01. Physical Activity and Prevention	\$3,030,116	\$3,081,442
19			
20	02. Injury and Violence Prevention		
21	(Services to Rape Victims – Set-Aside)	160,000	160,000
22			
23	<b>DHHS Program Expenditures</b>		
24			
25	<b>Division of Public Health</b>		
26			
27	03. HIV/STD Prevention and		
28	Community Planning	137,648	137,648
29			
30	04. Oral Health Preventive Services	150,000	150,000
31			
32	05. Laboratory Services – Testing,		
33	Training, and Consultation	21,000	21,000
34			
35	06. Injury and Violence Prevention		
36	(Services to Rape Victims – Set-Aside)	53,206	53,206
37			
38	07. Performance Improvement and		
39	Accountability	592,123	592,123
40			
41	08. State Center for Health Statistics	82,505	82,505
42			
43	<b>DHHS Administration</b>		
44			
45	<b>Division of Public Health</b>		
46			
47	09. Division of Public Health	65,000	65,000
48			
49	<b>TOTAL PREVENTIVE HEALTH AND HEALTH</b>		
50	<b>SERVICES BLOCK GRANT</b>	<b>\$4,291,598</b>	<b>\$4,342,924</b>
51			

**COMMUNITY SERVICES BLOCK GRANT**

01. Community Action Agencies	\$20,916,673	\$20,916,673
02. Limited Purpose Agencies/Discretionary Funding	616,599	355,321
03. Office of Economic Opportunity	1,004,543	1,004,543
04. Office of the Secretary/DIRM (Accountable Results for Community Action (AR4CA) Replacement System)	327,944	589,222
05. Office of Economic Opportunity – Workforce Investment Opportunities Act (WIOA)	60,000	60,000

**TOTAL COMMUNITY SERVICES  
BLOCK GRANT**

**\$22,925,759                      \$22,925,759**

**GENERAL PROVISIONS**

**SECTION 9L.1.(b)** Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

- (1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
- (2) A delineation of the proposed State and local administrative expenditures.
- (3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
- (4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
- (5) A projection of current year expenditures by program or activity.
- (6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.
- (7) The required amount of maintenance of effort and the amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

**SECTION 9L.1.(c)** Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall develop a plan to adjust the Block Grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2021-2022 and 2022-2023, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy

1 program to pay for child care in four- or five-star rated facilities for 4 year old children and shall  
2 not be used to supplant State funds.

3 Prior to allocating the change in federal fund availability, the proposed allocation  
4 must be approved by the Office of State Budget and Management. If the Department adjusts the  
5 allocation of any Block Grant due to changes in federal fund availability, then a report shall be  
6 made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
7 Research Division.

8 **SECTION 9L.1.(d)** Except as otherwise provided, appropriations from federal  
9 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according  
10 to the schedule enacted for State fiscal years 2021-2022 and 2022-2023 or until a new schedule  
11 is enacted by the General Assembly.

12 **SECTION 9L.1.(e)** All changes to the budgeted allocations to the Block Grants or  
13 contingency funds and other grants related to existing Block Grants administered by the  
14 Department of Health and Human Services that are not specifically addressed in this section shall  
15 be approved by the Office of State Budget and Management. The Office of State Budget and  
16 Management shall not approve funding for new programs or activities not appropriated in this  
17 section. Additionally, if budgeted allocations are decreased, the Office of State Budget and  
18 Management shall not approve any reduction of funds designated for subrecipients in subsection  
19 (a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block  
20 Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget  
21 and Management shall consult with the Joint Legislative Oversight Committee on Health and  
22 Human Services for review prior to implementing any changes. In consulting, the report shall  
23 include an itemized listing of affected programs, including associated changes in budgeted  
24 allocations. All changes to the budgeted allocations to the Block Grants shall be reported  
25 immediately to the Joint Legislative Oversight Committee on Health and Human Services and  
26 the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by  
27 legislative salary increases and benefit adjustments.

28 **SECTION 9L.1.(f)** Except as otherwise provided, the Department of Health and  
29 Human Services shall have flexibility to transfer funding between the Temporary Assistance for  
30 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant  
31 so long as the total allocation for the line items within those Block Grants remains the same.  
32

### 33 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

34 **SECTION 9L.1.(g)** The sum of eighty million ninety-three thousand five hundred  
35 sixty-six dollars (\$80,093,566) for each year of the 2021-2023 fiscal biennium appropriated in  
36 this act in TANF funds to the Department of Health and Human Services, Division of Social  
37 Services, shall be used for Work First County Block Grants. The Division shall certify these  
38 funds in the appropriate State-level services based on prior year actual expenditures. The Division  
39 has the authority to realign the authorized budget for these funds among the State-level services  
40 based on current year actual expenditures. The Division shall also have the authority to realign  
41 appropriated funds from Work First Family Assistance for electing counties to the Work First  
42 County Block Grant for electing counties based on current year expenditures so long as the  
43 electing counties meet Maintenance of Effort requirements.

44 **SECTION 9L.1.(h)** The sum of eleven million five hundred eighty-three thousand  
45 two hundred sixty-four dollars (\$11,583,264) for the 2021-2022 fiscal year and the sum of eleven  
46 million three hundred eighty-seven thousand one hundred ninety dollars (\$11,387,190) for the  
47 2022-2023 fiscal year appropriated in this act to the Department of Health and Human Services,  
48 Division of Social Services, in TANF funds for child welfare improvements shall be allocated to  
49 the county departments of social services for hiring or contracting staff to investigate and provide  
50 services in Child Protective Services cases; to provide foster care and support services; to recruit,

1 train, license, and support prospective foster and adoptive families; and to provide interstate and  
2 post-adoption services for eligible families.

3 Counties shall maintain their level of expenditures in local funds for Child Protective  
4 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,  
5 the total expenditures from State and local funds for fiscal years 2021-2022 and 2022-2023 shall  
6 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

7 **SECTION 9L.1.(i)** The sum of four million one hundred ninety-seven thousand  
8 seven hundred fifty dollars (\$4,197,750) for the 2021-2022 fiscal year and the sum of four million  
9 one thousand six hundred seventy-six dollars (\$4,001,676) for the 2022-2023 fiscal year  
10 appropriated in this act in TANF funds to the Department of Health and Human Services, Special  
11 Children Adoption Fund, shall be used in accordance with G.S. 108A-50.2. The Division of  
12 Social Services, in consultation with the North Carolina Association of County Directors of  
13 Social Services and representatives of licensed private adoption agencies, shall develop  
14 guidelines for the awarding of funds to licensed public and private adoption agencies upon the  
15 adoption of children described in G.S. 108A-50 and in foster care. Payments received from the  
16 Special Children Adoption Fund by participating agencies shall be used exclusively to enhance  
17 the adoption services program. No local match shall be required as a condition for receipt of these  
18 funds.

19 **SECTION 9L.1.(j)** The sum of one million four hundred thousand dollars  
20 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human  
21 Services, Division of Social Services, for each fiscal year of the 2021-2023 fiscal biennium shall  
22 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the  
23 outcomes for families and children involved in child welfare and (ii) enhance the provision of  
24 services to families in their homes in the least restrictive setting.

25 **SECTION 9L.1.(k)** Of the three million five hundred twenty-two thousand nine  
26 hundred ninety-six dollars (\$3,522,996) for the 2021-2022 fiscal year and three million five  
27 hundred thirty-eight thousand five hundred forty-one dollars (\$3,538,541) for the 2022-2023  
28 fiscal year allocated in this act in TANF funds to the Department of Health and Human Services,  
29 Division of Public Health, for each year of the 2021-2023 fiscal biennium for teen pregnancy  
30 prevention initiatives, the sum of five hundred thousand dollars (\$500,000) in each year of the  
31 2021-2023 fiscal biennium shall be used to provide services for youth in foster care or the  
32 juvenile justice system.

### 33 **SOCIAL SERVICES BLOCK GRANT**

34 **SECTION 9L.1.(l)** The sum of nineteen million nine hundred five thousand eight  
35 hundred forty-nine dollars (\$19,905,849) for each year of the 2021-2023 fiscal biennium and the  
36 sum of one million three hundred thousand dollars (\$1,300,000) in nonrecurring funds for each  
37 year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant  
38 to the Department of Health and Human Services, Division of Social Services, and the sum of  
39 thirteen million ninety-seven thousand seven hundred eighty-three dollars (\$13,097,783) for each  
40 year of the 2021-2023 fiscal biennium transferred from funds appropriated in the TANF Block  
41 Grant shall be used for county Block Grants. The Division shall certify these funds in the  
42 appropriate State-level services based on prior year actual expenditures. The Division has the  
43 authority to realign the authorized budget for these funds, as well as State Social Services Block  
44 Grant funds, among the State-level services based on current year actual expenditures.

45 **SECTION 9L.1.(m)** The sum of two hundred eighty-five thousand six hundred  
46 twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the  
47 Department of Health and Human Services, Division of Social Services, for each fiscal year of  
48 the 2021-2023 fiscal biennium shall be used to support various child welfare training projects as  
49 follows:

- 50  
51 (1) Provide a regional training center in southeastern North Carolina.

1 (2) Provide training for residential child caring facilities.

2 (3) Provide for various other child welfare training initiatives.

3 **SECTION 9L.1.(n)** The Department of Health and Human Services is authorized,  
4 subject to the approval of the Office of State Budget and Management, to transfer Social Services  
5 Block Grant funding allocated for departmental administration between divisions that have  
6 received administrative allocations from the Social Services Block Grant.

7 **SECTION 9L.1.(o)** Social Services Block Grant funds appropriated for the Special  
8 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

9 **SECTION 9L.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)  
10 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2021-2023  
11 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of  
12 Social Services. The Division shall allocate these funds to local departments of social services to  
13 replace the loss of Child Protective Services State funds that are currently used by county  
14 governments to pay for Child Protective Services staff at the local level. These funds shall be  
15 used to maintain the number of Child Protective Services workers throughout the State. These  
16 Social Services Block Grant funds shall be used to pay for salaries and related expenses only and  
17 are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

18 **SECTION 9L.1.(q)** The sum of four million seven hundred seventy-four thousand  
19 five hundred twenty-five dollars (\$4,774,525) for each year of the 2021-2023 fiscal biennium  
20 appropriated in this act in the Social Services Block Grant to the Department of Health and  
21 Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS  
22 competitive Block Grants pursuant to Section 9B.9 of this act. These funds are exempt from the  
23 provisions of 10A NCAC 71R .0201(3).

24 **SECTION 9L.1.(r)** The sum of one million five hundred eighty-two thousand  
25 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal  
26 year of the 2021-2023 fiscal biennium to the Department of Health and Human Services, Division  
27 of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds  
28 are exempt from the provisions of 10A NCAC 71R .0201(3).

29 **SECTION 9L.1.(s)** The sum of three million eight hundred twenty-five thousand  
30 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2021-2023 fiscal  
31 biennium appropriated in this act in the Social Services Block Grant to the Department of Health  
32 and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used  
33 for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may  
34 expend funds allocated in this section to support existing corporate guardianship contracts during  
35 the 2021-2022 and 2022-2023 fiscal years.

36 **SECTION 9L.1.(t)** Of the funds appropriated in the Social Services Block Grant to  
37 the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred  
38 ninety-three thousand forty-one dollars (\$893,041) shall be used to increase the number of Adult  
39 Protective Services workers where these funds can be the most effective. These funds shall be  
40 used to pay for salaries and related expenses and shall not be used to supplant any other source  
41 of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local  
42 match of twenty-five percent (25%).

#### 43 44 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

45 **SECTION 9L.1.(u)** The Division of Social Services shall have the authority to  
46 realign appropriated funds between the State-level services Low Income Energy Assistance  
47 Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative  
48 Oversight Committee on Health and Human Services to ensure needs are effectively met without  
49 exceeding the total amount appropriated for these State-level service items. Additional  
50 emergency contingency funds received may be allocated for Energy Assistance Payments or  
51 Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight

1 Committee on Health and Human Services. Additional funds received shall be reported to the  
2 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
3 Division upon notification of the award. The Department of Health and Human Services shall  
4 not allocate funds for any activities, including increasing administration, other than assistance  
5 payments, without prior consultation with the Joint Legislative Oversight Committee on Health  
6 and Human Services.

7 **SECTION 9L.1.(v)** The sum of forty-nine million seven hundred seventeen  
8 thousand six hundred eleven dollars (\$49,717,611) for the 2021-2022 fiscal year and the sum of  
9 forty-nine million four hundred fifteen thousand nine hundred eighty-two dollars (\$49,415,982)  
10 for the 2022-2023 fiscal year appropriated in this act in the Low-Income Energy Assistance Block  
11 Grant to the Department of Health and Human Services, Division of Social Services, shall be  
12 used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above  
13 with income up to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled  
14 persons eligible for services funded through the Division of Aging and Adult Services.

15 County departments of social services shall submit to the Division of Social Services  
16 an outreach plan for targeting households with 60 year old household members no later than  
17 August 1 of each year. The outreach plan shall comply with the following:

- 18 (1) Ensure that eligible households are made aware of the available assistance,  
19 with particular attention paid to the elderly population age 60 and above and  
20 disabled persons receiving services through the Division of Aging and Adult  
21 Services.
- 22 (2) Include efforts by the county department of social services to contact other  
23 State and local governmental entities and community-based organizations to  
24 (i) offer the opportunity to provide outreach and (ii) receive applications for  
25 energy assistance.
- 26 (3) Be approved by the local board of social services or human services board  
27 prior to submission.

28 **SECTION 9L.1.(w)** The Department of Health and Human Services shall develop  
29 and implement a centralized system to collect, track, analyze, monitor, and disseminate  
30 performance, outputs, and outcome data for the Community Services Block Grant Program and  
31 the Department of Environmental Quality (DEQ) Weatherization Assistance Program to replace  
32 the current software solution, Accountable Results for Community Action (AR4CA). The project  
33 shall not proceed until the business case has been approved by the Office of State Budget and  
34 Management and the State Chief Information Officer in the Enterprise Project Management  
35 Office's Touchdown System. Upon approval, amounts not to exceed fifty thousand dollars  
36 (\$50,000) in Low Income Energy Assistance funds may be budgeted for transfer to Budget Code  
37 24410 for information technology projects for the 2021-2022 fiscal year.

#### 38 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

39 **SECTION 9L.1.(x)** Payment for subsidized child care services provided with federal  
40 TANF funds shall comply with all regulations and policies issued by the Division of Child  
41 Development and Early Education for the subsidized child care program.

42 **SECTION 9L.1.(y)** If funds appropriated through the Child Care and Development  
43 Fund Block Grant for any program cannot be obligated or spent in that program within the  
44 obligation or liquidation periods allowed by the federal grants, the Department may move funds  
45 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order  
46 to use the federal funds fully.  
47

#### 48 **MENTAL HEALTH SERVICES BLOCK GRANT**

49 **SECTION 9L.1.(z)** The sum of four million two hundred five thousand three  
50 hundred sixty-nine dollars (\$4,205,369) for the 2021-2022 fiscal year and the sum of two million  
51



1 six hundred fifteen thousand four hundred ninety-seven dollars (\$2,615,497) for the 2022-2023  
2 fiscal year appropriated in this act in the Mental Health Services Block Grant to the Department  
3 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
4 Substance Abuse Services, is allocated for Mental Health Services – First Psychotic Symptom  
5 Treatment.

6 **SECTION 9L.1.(z1)** Of the funds allocated in the Mental Health Services Block  
7 Grant to the Department of Health and Humans Services, Division of Mental Health,  
8 Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the 2021-2023  
9 fiscal biennium, the sum of three hundred fifty thousand one hundred fifty dollars (\$350,150)  
10 shall be used to establish three positions and cover operating costs focused on developing pilot  
11 programs and implementing policy to improve services to transition-aged youth and adults with  
12 serious mental illness or serious emotional disturbance.

#### 13 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

14 **SECTION 9L.1.(aa)** If federal funds are received under the Maternal and Child  
15 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42  
16 U.S.C. § 710), for the 2021-2022 fiscal year or the 2022-2023 fiscal year, then those funds shall  
17 be transferred to the State Board of Education to be administered by the Department of Public  
18 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence  
19 until marriage education program consistent with G.S. 115C-81.30. The Department of Public  
20 Instruction shall carefully and strictly follow federal guidelines in implementing and  
21 administering the abstinence education grant funds.

22 **SECTION 9L.1.(bb)** The sum of one million five hundred seventy-five thousand  
23 dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the  
24 Department of Health and Human Services, Division of Public Health, for each year of the  
25 2021-2023 fiscal biennium shall be used for evidence-based programs in counties with the  
26 highest infant mortality rates. The Division shall report on (i) the counties selected to receive the  
27 allocation, (ii) the specific evidence-based services provided, (iii) the number of women served,  
28 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings  
29 to the House of Representatives Appropriations Committee on Health and Human Services, the  
30 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
31 Division no later than December 31 of each year.

32 **SECTION 9L.1.(cc)** The sum of seventy-three thousand nine hundred twenty dollars  
33 (\$73,920) allocated in this section in the Maternal and Child Health Block Grant to the  
34 Department of Health and Human Services, Division of Public Health, Women and Children's  
35 Health Section, for each fiscal year of the 2021-2023 fiscal biennium shall not be used to supplant  
36 existing State or federal funds. This allocation shall be used for a Public Health Program  
37 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic  
38 Plan and provide staff support for the stakeholder work group.

39 **SECTION 9L.1.(dd)** The sum of one hundred thousand dollars (\$100,000) allocated  
40 in this section in the Maternal and Child Health Block Grant to the Department of Health and  
41 Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for  
42 community-based sickle cell centers shall not be used to supplant existing State or federal funds.

43 **SECTION 9L.1.(ee)** No more than fifteen percent (15%) of the funds allocated for  
44 the designated subrecipients in subsection (a) of this section under Item 01 of the Maternal and  
45 Child Health Block Grant shall be used for administrative costs, unless otherwise required by  
46 federal law.  
47

#### 48 **APPROPRIATION OF CERTAIN FEDERAL BLOCK GRANT FUNDS FOR DHHS** 49 **UNDER THE AMERICAN RESCUE PLAN ACT** 50

1           **SECTION 9L.2.(a)** Of the funds appropriated in this act from federal Low Income  
2 Home Energy Assistance Program Block Grant funds received pursuant to ARPA to the  
3 Department of Health and Human Services, Division of Social Services, the sum of eighty-six  
4 million nine hundred seventy thousand four hundred sixty dollars (\$86,970,460) in nonrecurring  
5 funds shall be used for energy assistance in accordance with federal requirements in response to  
6 the COVID-19 pandemic.

7           **SECTION 9L.2.(b)** Of the funds appropriated in this act from federal Child Care  
8 and Development Block Grant funds received pursuant to ARPA to the Department of Health  
9 and Human Services, Division of Child Development and Early Education, the sum of five  
10 hundred two million seven hundred seventy-seven thousand seven hundred eighty-nine dollars  
11 (\$502,777,789) in nonrecurring funds shall be allocated for the following in response to the  
12 COVID-19 pandemic:

- 13           (1) Up to two hundred seventy-four million dollars (\$274,000,000) of the funds  
14 shall be used as follows:
  - 15           a. A minimum of two hundred six million dollars (\$206,000,000) but no  
16 more than two hundred fifteen million dollars (\$215,000,000) to (i)  
17 reduce the waitlist for children eligible for subsidized child care who  
18 are in foster care and (ii) after addressing the waitlist under item (i) of  
19 this sub-subdivision, work toward reducing the waitlist for children  
20 eligible for subsidized child care.
  - 21           b. A minimum of fifty million dollars (\$50,000,000) but no more than  
22 fifty-nine million dollars (\$59,000,000) to modernize and improve  
23 early childhood technology infrastructure.
- 24           (2) Up to thirty million dollars (\$30,000,000) of the funds shall be used to  
25 continue to cover all copays for families eligible for subsidized child care  
26 through the end of the 2021 calendar year.
- 27           (3) Up to two hundred seven million seven hundred seventy-seven thousand  
28 seven hundred eighty-nine dollars (\$207,777,789) of the funds shall be used  
29 to build the supply of qualified child care teachers with staff bonuses and other  
30 teacher pipeline programs, including apprenticeships, stackable courses, and  
31 fast-track programs. The Division of Child Development and Early Education  
32 shall provide staff bonuses under this subdivision based on the number of  
33 months the teacher or staff person has worked at the child care facility with  
34 the maximum bonus being provided to a teacher or staff person who has  
35 worked at least 12 months at the teacher or staff person's current child care  
36 facility.

37           **SECTION 9L.2.(c)** Of the funds appropriated in this act from federal Community  
38 Mental Health Services Block Grant funds received pursuant to ARPA to the Department of  
39 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
40 Substance Abuse Services, the sum of forty-one million five hundred thirty-five thousand two  
41 hundred forty-six dollars (\$41,535,246) in nonrecurring funds shall be used for mental health  
42 services and supports in response to the COVID-19 pandemic.

43           **SECTION 9L.2.(d)** Of the funds appropriated in this act from federal Substance  
44 Abuse Prevention and Treatment Block Grant funds received pursuant to ARPA to the  
45 Department of Health and Human Services, Division of Mental Health, Developmental  
46 Disabilities, and Substance Abuse Services, the sum of thirty-six million four hundred twenty  
47 thousand six hundred fifty-one dollars (\$36,420,651) in nonrecurring funds shall be used to  
48 provide substance abuse prevention and treatment services across the State to those in need due  
49 to the COVID-19 pandemic. From funds appropriated under this subsection, the Division of  
50 Mental Health, Developmental Disabilities, and Substance Abuse Services shall allocate funds  
51 as follows:

- 1 (1) Eight million dollars (\$8,000,000) to the Department of Public Safety (DPS)  
2 to expand the MAT Community Supervision pilot program, a program for  
3 individuals recently released from prison and on probation. DPS, in  
4 collaboration with the Division of Mental Health, Developmental Disabilities,  
5 and Substance Abuse Services (Division), shall select at least five counties to  
6 participate in the expanded pilot program that represent tier one or tier two  
7 counties with the highest need. For purposes of this subdivision, tier one and  
8 tier two counties shall have the same designations as those established by the  
9 North Carolina Department of Commerce's 2021 County Tier Designations.  
10 DPS and the Division shall report on the results of the pilot program to the  
11 Joint Legislative Oversight Committee on Health and Human Services and the  
12 Joint Legislative Oversight Committee on Justice and Public Safety by  
13 November 1, 2023.
- 14 (2) Two million two hundred thousand dollars (\$2,200,000) to Addiction  
15 Recovery Care Association, Inc., for substance abuse treatment and recovery  
16 services.
- 17 (3) One million dollars (\$1,000,000) to the Brunswick Christian Recovery Center  
18 (Christian Recovery Centers, Inc.), a nonprofit organization in Brunswick  
19 County that assists individuals suffering from active addiction.
- 20 (4) Fifty-three thousand seven hundred dollars (\$53,700) to AYA House, Inc., a  
21 nonprofit organization, for substance abuse treatment and recovery services.
- 22 (5) Seven million three hundred thousand dollars (\$7,300,000) for substance  
23 abuse prevention efforts.
- 24 (6) Seven million six hundred thousand dollars (\$7,600,000) to implement the  
25 Sobriety Treatment and Recovery Teams (START) program in 10 counties.
- 26 (7) Two million seven hundred thousand dollars (\$2,700,000) for start-up  
27 supports to help substance use disorder providers contract with local  
28 management entities/managed care organizations (LME/MCOs).
- 29 (8) Two million eight hundred thousand dollars (\$2,800,000) to expand the  
30 EMS-based MAT Bridge program from two to 10 counties.
- 31 (9) The balance of any remaining funds for treatment services, including the  
32 purchase of naloxone to assist in overdose treatment.

33 **SECTION 9L.2.(e)** Funds allocated in subdivisions (d)(1) through (d)(9) of this  
34 section are provided as one-time, nonrecurring allocations for the purposes described in that  
35 subsection.  
36

## 37 **PART X. AGRICULTURE AND CONSUMER SERVICES**

### 38 **FEE AUTHORITY FOR STATE PHYTOSANITARY CERTIFICATE**

39 **SECTION 10.2.(a)** G.S. 106-420 reads as rewritten:

#### 40 **"§ 106-420. Authority of Board of Agriculture to adopt regulations.**

41 The Board of Agriculture is hereby authorized to adopt reasonable regulations to implement  
42 and carry out the purposes of this Article as to eradicate, repress and prevent the spread of plant  
43 pests (i) within the State, (ii) from within the State to points outside the State, and (iii) from  
44 outside the State to points within the State. The Board of Agriculture shall adopt regulations for  
45 eradicating such plant pests as it may deem capable of being economically eradicated, for  
46 repressing such as cannot be economically eradicated, and for preventing their spread within the  
47 State. Regulations may provide for quarantine of areas. It may also adopt reasonable regulations  
48 for preventing the introduction of dangerous plant pests from without the State, and for governing  
49 common carriers in transporting plants, articles or things liable to harbor such pests into, from  
50 and within the State. The Board is authorized, in order to control plant pests, to adopt regulations  
51

1 governing the inspection, certification and movement of nursery stock, (i) into the State from  
 2 outside the State, (ii) within the State, and (iii) from within the State to points outside the State.  
 3 The Board is further authorized to prescribe and collect a schedule of fees to be collected for its  
 4 nursery inspection, nursery dealer certification, narcissus bulb inspection, plant pest inspection,  
 5 phytosanitary certification, and plant pest certification activities."

6 **SECTION 10.2.(b)** G.S. 150B-1(d) reads as rewritten:

7 "(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the  
 8 following:

9 ...

10 (26) The Board of Agriculture in the Department of Agriculture and Consumer  
 11 Services with respect to the following:

12 ...

13 d. Fees for State phytosanitary certificates.

14 ...."

## 16 HEMLOCK RESTORATION REPORT

17 **SECTION 10.3.** Article 76 of Chapter 106 of the General Statutes is amended by  
 18 adding a new section to read:

19 "**§ 106-927. Annual report on hemlock restoration.**

20 No later than October 1 of each year, beginning October 1, 2022, the Commissioner shall  
 21 submit a report on the State's hemlock restoration initiatives to the Joint Legislative Oversight  
 22 Committee on Agriculture and Natural and Economic Resources and the Fiscal Research  
 23 Division. The report shall include the following with respect to each hemlock restoration  
 24 initiative funded during the previous fiscal year:

25 (1) Identification of goals and outcomes for the initiative.

26 (2) A description of the measures used or data collected to evaluate the efficiency  
 27 and effectiveness of the initiative in reaching its desired goals and outcomes.

28 (3) The performance of each initiative with respect to the identified goals and  
 29 outcomes."

## 31 TIMBER SALES/RETENTION AND USE OF PROCEEDS

32 **SECTION 10.4.(a)** G.S. 146-30(d)(6) reads as rewritten:

33 "(6) The following provisions apply with respect to land owned by or under the  
 34 supervision and control of the Department of Agriculture and Consumer  
 35 Services:

36 a. The net proceeds derived from the sale of land ~~or timber from land~~  
 37 ~~owned by or under the supervision and control of the Department of~~  
 38 ~~Agriculture and Consumer Services shall be deposited with the State~~  
 39 ~~Treasurer in a capital improvement account to the credit of the~~  
 40 ~~Department of Agriculture and Consumer Services, to be used for such~~  
 41 ~~specific capital improvement projects or other purposes as are~~  
 42 ~~provided by transfer of funds from those accounts in the Capital~~  
 43 ~~Improvement Appropriations Act, an act of the General Assembly.~~

44 b. The net proceeds derived from the sale of timber and other products of  
 45 land shall be deposited in accounts at the Department of Agriculture  
 46 and Consumer Services to be used for operational expenses of the  
 47 Department incurred for restoration and stewardship of the land."

48 **SECTION 10.4.(b)** G.S. 106-6.3 reads as rewritten:

49 "**§ 106-6.3. Create special revenue fund for research stations.**

50 The Research Stations Fund is established as a special revenue fund within the Department  
 51 of Agriculture and Consumer Services, Division of Research Stations. This Fund shall consist of

1 receipts from the sale of timber and other commodities produced on the Department's research  
2 stations and any gifts, bequests, or grants for the benefit of this Fund. No General Fund  
3 appropriations shall be credited to this Fund. Any balance exceeding one million dollars  
4 (\$1,000,000) in this Fund at the end of any fiscal year shall revert to the General Fund. The  
5 Department shall use this Fund only to develop, improve, repair, maintain, operate, or otherwise  
6 invest in research stations operated by the Department's Research Stations Division."  
7

## 8 GO GLOBAL NC PROGRAM

9 **SECTION 10.5.** Funds appropriated in this act to the Department of Agriculture and  
10 Consumer Services for international marketing may be used by the Department to rebrand the  
11 Department's international marketing section as Go Global NC.  
12

## 13 AGRICULTURAL MARKETING FACILITIES SPECIAL FUND

14 **SECTION 10.5A.** Article 1 of Chapter 106 of the General Statutes is amended by  
15 adding a new section to read:

### 16 "**§ 106-6.4. Create special revenue fund for certain facilities.**

17 The Agricultural Marketing Facilities Fund is established as a special revenue fund within  
18 the Department of Agriculture and Consumer Services, Marketing Division. This Fund shall  
19 consist of receipts from the lease or rental of property or facilities, admissions, fees, and any  
20 gifts, bequests, or grants collected at the Department's farmers markets and agricultural centers.  
21 The Department shall use this Fund to develop, improve, repair, maintain, operate, expand, or  
22 otherwise invest in the Department's farmers markets and agricultural centers."  
23

## 24 ANIMAL SHELTER SUPPORT FUND AMENDMENTS

25 **SECTION 10.5B.** Article 5A of Chapter 19A of the General Statutes reads as  
26 rewritten:

27 "Article 5A.

28 "Animal Shelter Support Fund.

### 29 "**§ 19A-67. Animal Shelter Support Fund.**

30 (a) Creation. – The Animal Shelter Support Fund is established as a special fund in the  
31 Department of Agriculture and Consumer Services. The Fund consists of appropriations by the  
32 General Assembly or contributions and grants from public or private sources.

33 (b) Use. – The Fund shall be used by the Animal Welfare Section of the Department of  
34 Agriculture and Consumer Services to ~~reimburse~~ provide grants to local governments for  
35 expenses related to their operation of a registered animal shelter due to any of the following:

36 (1) The denial, suspension, or revocation of the shelter's ~~registration-registration,~~  
37 or compliance with applicable requirements of the Animal Welfare Act or  
38 rules adopted by the Board of Agriculture implementing that Act.

39 (2) An unforeseen catastrophic disaster at an animal shelter.

40 (c) Rules. – The Board of Agriculture shall issue rules detailing eligible expenses and  
41 application guidelines that comply with the requirements of this Article.

42 (d) ~~Reversion.—Any appropriated and unencumbered funds remaining at the end of each~~  
43 ~~fiscal year in excess of two hundred fifty thousand dollars (\$250,000) shall revert to the General~~  
44 ~~Fund.~~

### 45 "**§ 19A-68. Distributions Grants to counties and cities from Animal Shelter Support Fund.**

46 (a) ~~Reimbursable-Eligible~~ Costs. – ~~Local-Except as otherwise provided in this subsection,~~  
47 governments eligible for distributions from the Animal Shelter Support Fund may receive  
48 reimbursement-funding only for the direct operational costs of the animal shelter following an  
49 event described in G.S. 19A-67(b). For purposes of this subsection, direct operational costs shall  
50 include veterinary services, sanitation services and needs, animal sustenance and supplies, and  
51 temporary housing and sheltering. Counties and cities shall not ~~be reimbursed-receive funding~~

1 for administrative costs or capital expenditures for facilities and ~~equipment~~. equipment, unless  
2 those costs are required to comply with the Animal Welfare Act or rules adopted by the Board  
3 of Agriculture implementing that Act.

4 (b) ~~Cost Share.~~ — ~~A local government requesting distributions from the Animal Shelter~~  
5 ~~Support Fund must provide a local match based on their most recent development tier designation~~  
6 ~~as defined in G.S. 143B-437.08. Local governments located in development tier one counties~~  
7 ~~must provide a match equivalent to one dollar (\$1.00) for every three dollars (\$3.00) distributed~~  
8 ~~from the Fund. Local governments located in development tier two counties must provide a~~  
9 ~~match equivalent to one dollar (\$1.00) for every two dollars (\$2.00) distributed from the Fund.~~  
10 ~~Local governments located in development tier three counties must provide a match equivalent~~  
11 ~~to one dollar (\$1.00) for every one dollar (\$1.00) distributed from the Fund.~~

12 (c) ~~Application.~~ — ~~A county or city eligible for reimbursement a grant from the Animal~~  
13 ~~Shelter Support Fund shall apply to the Department of Agriculture and Consumer Services within~~  
14 ~~60 days of when the reimbursable cost has been incurred.~~ Services. The application shall be  
15 submitted in the form required by the Department and shall include an itemized listing of the  
16 costs for which ~~reimbursement~~ funding is sought.

17 (d) ~~Distribution.~~ — ~~The Department shall make payments from the Animal Shelter~~  
18 ~~Support Fund to eligible counties and cities that have made timely application for reimbursement~~  
19 ~~within 30 days of receipt of requests.~~

20 (e) Limitation. — Grants from the Animal Shelter Support Fund are limited to fifty  
21 thousand dollars (\$50,000) per grantee in any fiscal year.

22 ...."

## 23 24 **DUPONT STATE RECREATIONAL FOREST FUNDS**

25 **SECTION 10.5C.(a)** Nonrecurring funds appropriated in this act to the Department  
26 of Agriculture and Consumer Services for creation and implementation of a master recreational  
27 facility plan for the DuPont State Recreational Forest (Forest) shall be allocated as follows:

28 (1) Two hundred thousand dollars (\$200,000) for the 2021-2022 fiscal year for  
29 the creation of a master recreational facility plan that includes planning for the  
30 recreational infrastructure and network of trails within the Forest with input  
31 from potential user groups, desired experiences for those groups, trail density  
32 analyses, and other Forest, wildlife management, and natural resource  
33 preservation objectives. The plan will also include recommendations for trail  
34 system management, new and extended trail segments, improvements, trail  
35 consolidation, and trail sustainability measures, and management measures  
36 for purpose-built trail systems and for mitigation of trail impacts due to high  
37 visitation.

38 (2) One hundred thousand dollars (\$100,000) for the 2021-2022 fiscal year and  
39 four hundred fifty thousand dollars (\$450,000) for the 2022-2023 fiscal year  
40 for the implementation of the facility plan, including engineering, design,  
41 maintenance, and construction activities for new and existing trails, trail  
42 support facilities, and recreational facilities. Of these funds, the Department  
43 may use no more than two hundred twenty-five thousand dollars (\$225,000)  
44 for the planning, design, and implementation of a trail spur connecting the  
45 Forest to the French Broad River Paddle Trail and to the Palmetto Trail and  
46 other trails in South Carolina.

47 **SECTION 10.5C.(b)** The Department shall enter into a Memorandum of  
48 Understanding (MOU) with Friends of Dupont Forest, Inc., a nonprofit organization, to  
49 implement and maintain the trails funded in subsection (a) of this section.

## 50 51 **OVERSIGHT COMMITTEE STUDY OF DACS FEES**

1           **SECTION 10.5D.** The Joint Legislative Oversight Committee on Agriculture and  
2 Natural and Economic Resources shall study the existing fee structure for permitting,  
3 compliance, and oversight services performed by the Department of Agriculture and Consumer  
4 Services with the goal of identifying areas where fee income does not adequately support the  
5 services provided. The Committee shall identify, with respect to each service identified as having  
6 an insufficient fee, the amount of the fee that was or could have been charged, the cost incurred  
7 by the Department of Agriculture and Consumer Services in performing the service, and, if  
8 applicable, the reason for not charging the fee or for the fee shortfall. The Committee shall  
9 provide its report to the 2022 Regular Session of the 2021 General Assembly upon its convening.

#### 10 **FOOD BANK AND FOOD ASSISTANCE PROGRAM FUNDS**

11           **SECTION 10.6.** Funds appropriated in this act from the State Fiscal Recovery Fund  
12 to the Department of Agriculture and Consumer Services for support of North Carolina food  
13 banks shall be allocated as follows:  
14

- 15           (1) Forty million dollars (\$40,000,000) to distribute to North Carolina food banks.  
16           These funds shall be used for the purchase and distribution of food,  
17           infrastructure and equipment, capacity-building for the food banks and their  
18           partner agencies, benefits counseling, partnerships with community  
19           workforce development organizations, and any other use consistent with the  
20           rules implementing the State Fiscal Recovery Fund. No more than twenty-five  
21           percent (25%) of these funds shall be used for purposes other than the  
22           purchase and distribution of food. The Department may use up to three percent  
23           (3%) of the funds allocated in this subdivision for administrative costs.
- 24           (2) Ten million dollars (\$10,000,000) to Golden L.E.A.F. (Long-Term Economic  
25           Advancement Foundation), Inc. (Golden L.E.A.F.), a nonprofit corporation,  
26           to be allocated for the following purposes:
  - 27           a. Eight million dollars (\$8,000,000) to provide grants to nonprofit  
28           organizations to assist those organizations in becoming partner  
29           agencies to any North Carolina food bank. Golden L.E.A.F. shall  
30           coordinate with Feeding the Carolinas in determining eligible  
31           activities, eligible recipients, maximum grant amounts, and other grant  
32           program details.
  - 33           b. Two million dollars (\$2,000,000) to provide grants to nonprofit  
34           organizations that are not North Carolina food bank partner agencies  
35           for school-based weekend food assistance programs for students.
  - 36           c. Golden L.E.A.F. may use up to three percent (3%) of funds allocated  
37           by this subdivision for administrative expenses.
- 38           (3) Five million dollars (\$5,000,000) to Reinvestment Partners, a nonprofit  
39           organization, for its Produce Prescription Program, which provides a monthly  
40           forty dollar (\$40.00) per household benefit for each eligible Food and  
41           Nutrition Services recipient enrolled by the recipient's health care provider, to  
42           serve individuals impacted by the COVID-19 emergency. Individuals  
43           receiving assistance pursuant to this subdivision are limited to three months  
44           of food assistance. Reinvestment Partners shall not use any of the funds  
45           allocated under this subdivision for administrative costs.

#### 46 **MEAT AND SEAFOOD PROCESSING GRANTS**

47           **SECTION 10.7.(a)** Findings. – The General Assembly finds that the COVID-19  
48 pandemic of 2020-2021 resulted in serious and substantial impacts on the food supply chain and  
49 revealed bottlenecks and lack of capacity among the small and independent meat processors who  
50 serve small livestock producers. These bottlenecks and lack of capacity have a substantial  
51

1 negative impact on the ability of these small livestock producers to have their livestock  
2 slaughtered and processed. In addition, seafood processors lack capacity to meet increased and  
3 altered consumer demand for seafood products due to supply chain disruptions and other  
4 long-term changes in the market for seafood and seafood products. The General Assembly further  
5 finds that financial assistance to these processors for expansion, facility improvements, and  
6 workforce development is necessary to reduce disruptions in the supply chain for fresh meat and  
7 seafood and to help small producers get their products to market.

8 **SECTION 10.7.(b)** Use of Funds and Limitation. – The funds appropriated in this  
9 act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services  
10 for grants to meat and seafood processors shall be used to provide grants as specified in this  
11 section to reduce or prevent impacts on the supply chain for fresh meat in the State and to improve  
12 the resiliency of the fresh meat and seafood supply chain to future disruptions. The following  
13 limitations and reservations apply:

- 14 (1) No more than thirty-five percent (35%) of the funds allocated in this section  
15 may be used for grants to seafood processors.
- 16 (2) No more than two million dollars (\$2,000,000) of the funds allocated in this  
17 section may be used to supplement grants previously awarded to reflect  
18 construction cost inflation.
- 19 (3) No more than three percent (3%) of the total funds allocated in this section  
20 may be used for technical and administrative support.

21 **SECTION 10.7.(c)** Grant Types and Criteria. – The Department shall develop  
22 policies and procedures for the disbursement of the grants authorized by this section that include,  
23 at a minimum, the following:

- 24 (1) The Department may provide three categories of grants:
  - 25 a. Capacity enhancement grant. – This grant is available to an eligible  
26 meat or seafood processing facility that is experiencing slowdowns in  
27 production or has limited capacity to accommodate increased demand  
28 for meat or seafood processing. A capacity enhancement grant may be  
29 used for expansion of an existing eligible facility and for fixtures or  
30 equipment at an existing eligible facility that will expand animal  
31 throughput, processing capacity, the amount or type of products  
32 produced, or processing speed. A grant under this sub-subdivision may  
33 not exceed five hundred thousand dollars (\$500,000).
  - 34 b. Workforce development grant. – This grant is available to an eligible  
35 meat or seafood processing facility that is experiencing slowdowns in  
36 production or has limited capacity to accommodate increased demand  
37 for meat or seafood processing due to workforce limitations or  
38 reductions due to a pandemic or other natural disaster. A workforce  
39 development grant may be used for educational and workforce training  
40 provided either by the facility or by an accredited institution of higher  
41 education. A grant under this sub-subdivision may not exceed one  
42 hundred thousand dollars (\$100,000).
  - 43 c. Planning grant. – This grant is available to a nonprofit entity or  
44 institution of higher education to complete feasibility or siting studies  
45 for a new eligible meat processing facility. No more than five percent  
46 (5%) of funds allocated by this section may be used for grants under  
47 this sub-subdivision.
- 48 (2) Eligible facility. – For purposes of this section, an eligible meat or seafood  
49 processing facility is a food processing facility that meets both of the  
50 following requirements:



- 1 a. The plant contracts with independent livestock producers or seafood  
2 harvesters to process animals or seafood.
- 3 b. The United States Department of Agriculture (USDA) contracts with  
4 Department inspectors to conduct federal inspection activities  
5 authorized by the Talmadge-Aiken Act of 1962 (7 U.S.C. § 1633) at  
6 the plant, the plant is otherwise regulated by the USDA or the United  
7 States Food and Drug Administration, or the plant is a State-inspected  
8 facility.
- 9 (3) Prioritization. – The Department may prioritize projects that will create  
10 additional jobs.
- 11 (4) Cost-sharing. – Recipients shall provide matching funds for a grant under this  
12 section in the amount of one dollar (\$1.00) from nongrant sources for every  
13 two dollars (\$2.00) provided by the grant.
- 14 (5) Clawback. – If fixtures or equipment purchased with grant funds provided  
15 under this Article are disposed of during a period of time as the Department  
16 shall specify following the date the fixtures or equipment funded by this act  
17 are placed in service, the grant recipient shall repay to the Department a  
18 proportionate share of the grant funding received as the Department shall  
19 specify. As used in this subdivision, the term "disposed of" means disposed  
20 of, taken out of service, or moved out of State.

## 21 22 **SWINE AND DAIRY ASSISTANCE PROGRAM**

23 **SECTION 10.8.(a)** The General Assembly makes the following findings:

- 24 (1) The impact of COVID-19 on the global supply chain has been widespread  
25 across industries, especially within our country's food supply chain.
- 26 (2) Due to COVID-19, at least two swine integrators ended operations resulting  
27 in the loss of contracts and income for many family farmers. Dairy producers  
28 and processors in the State lost more than half of their market with COVID-19  
29 related shutdowns of the school systems and food service industries, and these  
30 markets may never fully recover.
- 31 (3) Significant numbers of swine farms have lost contracts, and dairies have been  
32 forced out of business due to the COVID-19 pandemic.
- 33 (4) The continuous and future pressures on the food supply chain will remain an  
34 issue for North Carolina's number one industry, agriculture, as a result of  
35 COVID-19.
- 36 (5) The most effective program for administration of financial assistance to the  
37 swine and dairy industries is a three-fold approach based on verifiable  
38 documentation from producers as specified in this section.

39 **SECTION 10.8.(b)** Allocation of Funds. – The funds appropriated in this act from  
40 the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for  
41 emergency support of swine and dairy producers shall be allocated by the Department to provide  
42 financial assistance as specified in subsection (e) of this section to compensate eligible swine and  
43 dairy producers for losses incurred as a result of termination of contracts or ceased production  
44 due to the COVID-19 pandemic. These funds may only be used for purposes consistent with the  
45 rules implementing the Coronavirus State Fiscal Recovery Fund established under the American  
46 Rescue Plan Act. The Department may also use the funds allocated by this subsection for  
47 agricultural marketing as described in subsection (g) of this section.

48 **SECTION 10.8.(c)** Definitions. – The following definitions shall apply in this  
49 section:

- 50 (1) Dairy producer. – A Grade A milk producer who can demonstrate to the  
51 satisfaction of the Department that the producer is or was in compliance with

1 federal Grade A milk regulations during the time period specified in  
2 sub-subdivision (2)a. of subsection (d) of this section.

3 (2) Department. – The Department of Agriculture and Consumer Services.

4 (3) Swine integrator. – A person, other than a grower, who provides 250 or more  
5 animals to a swine farm and who either has an ownership interest in the  
6 animals or otherwise establishes management and production standards for  
7 the permit holder for the maintenance, care, and raising of the animals. An  
8 ownership interest includes a right or option to purchase the animals.

9 (4) Swine producer. – A person who holds or held a permit for an animal waste  
10 management system under Part 1A of Article 21 of Chapter 143 of the General  
11 Statutes during the time period specified in sub-subdivision (1)a. of subsection  
12 (d) of this section.

13 **SECTION 10.8.(d)** Eligibility Requirements. – A swine or dairy producer must  
14 provide to the Department the following information in order to demonstrate the producer's  
15 eligibility for financial assistance pursuant to this section:

16 (1) For swine producers, all of the following:

17 a. A contract termination letter from a swine integrator or other  
18 documentation of contract termination between March 1, 2020, and  
19 June 30, 2022.

20 b. Proof that the swine operation is permitted by the State.

21 c. Any other information deemed appropriate by the Department.

22 (2) For dairy producers, all of the following:

23 a. Milk production records, showing ceased production during any time  
24 between March 1, 2020, and June 30, 2022.

25 b. Proof that the dairy operation was permitted as a Grade A milk  
26 producer by the Food and Drug Protection Division of the Department  
27 during the time that production was ceased as documented under  
28 sub-subdivision a. of this subdivision.

29 c. Any other information deemed appropriate by the Department.

30 **SECTION 10.8.(e)** Financial Assistance Procedures. – The Department shall award  
31 financial assistance based on the following procedures:

32 (1) The Department shall award a one-time financial assistance relief payment of  
33 thirty-one thousand five hundred dollars (\$31,500) to each eligible applicant.

34 (2) In addition to the financial assistance awarded under subdivision (1) of this  
35 subsection, the Department shall award either, but not both, of the following  
36 to a qualifying eligible applicant:

37 a. Financial assistance to be administered as follows:

38 1. A cost share for closure of swine lagoons for swine operations  
39 that will not secure a contract with another swine integrator and  
40 will cease swine production, or for closure of dairy waste  
41 structures associated with dairy operations that will cease milk  
42 production. These cost shares shall be limited to ninety percent  
43 (90%) of the lagoon closure cost, not to exceed one hundred  
44 thousand dollars (\$100,000) per operation.

45 2. If an applicant who receives a cost share pursuant to this  
46 sub-subdivision demonstrates a need for additional water  
47 supply for agricultural uses, then the applicant may request an  
48 additional cost share to convert the decommissioned lagoon to  
49 an agricultural water supply pond. These cost shares shall be  
50 limited to ninety percent (90%) of the actual cost, not to exceed  
51 thirty thousand dollars (\$30,000) per operation.

- 1                   b.       Financial assistance to swine producers for a fixed dollar amount per  
2                   head space for producers who are able to secure a production contract  
3                   with another swine integrator but must invest in upgrades to existing  
4                   barns or completely rebuild animal housing. The maximum award  
5                   under this sub-subdivision for renovations shall be ten dollars (\$10.00)  
6                   per head space for renovation to animal housing or twenty dollars  
7                   (\$20.00) per head space for rebuilt animal housing, but no award under  
8                   this sub-subdivision may exceed ninety percent (90%) of the actual  
9                   cost of the renovation or construction. A swine producer shall produce  
10                  documentation of a new contract or letter of intent with a swine  
11                  integrator to establish eligibility for this financial assistance.  
12                  c.       The financial assistance provided under sub-subdivision b. of this  
13                  subdivision is available to the purchaser of a swine operation, provided  
14                  that the seller otherwise meets the eligibility requirements of this  
15                  section on the date of the sale.

- 16                  (3)       In determining the amount of financial assistance awarded to applicants  
17                  pursuant to this section and in reviewing and approving funded activities, the  
18                  Department shall comply with applicable federal rules and guidance  
19                  governing the State Fiscal Recovery Fund. If the Department determines that  
20                  a person who received financial assistance provided inaccurate information to  
21                  the Department, then the recipient shall refund the entire amount of the  
22                  financial assistance. If the recipient does not refund the appropriate amount,  
23                  the North Carolina Department of Revenue shall utilize the provisions of  
24                  G.S. 105-242 to collect the money from the recipient.  
25                  (4)       Applicants for financial assistance awarded pursuant to this subsection shall  
26                  submit the eligibility documents required by subsection (d) of this section no  
27                  later than June 30, 2023.  
28                  (5)       All swine or dairy producers who receive financial assistance pursuant to this  
29                  section shall provide a signed affidavit, under penalty of perjury, certifying  
30                  that each fact of the loss presented by the producer is accurate.  
31                  (6)       The Department may audit the financial and other records of each recipient of  
32                  funds in order to ensure that the funds are used in accordance with the  
33                  provisions of this program. The Department may require any documentation  
34                  or proof it deems necessary to efficiently administer this program, including  
35                  the ownership structure of each entity and the social security numbers of each  
36                  applicant. The Department may require the submission of dated, signed, and  
37                  continuous records.

38                  **SECTION 10.8.(f)** Administrative Costs. – The Department may use up to three  
39                  percent (3%) of the total funds allocated in this section for technical and administrative support.

40                  **SECTION 10.8.(g)** Agricultural Marketing. – Funds allocated by this section may  
41                  also be used for marketing of North Carolina agriculture with an emphasis on reinforcing  
42                  confidence in the supply chain and responding to COVID-19 related shifts in demand and  
43                  consumption patterns for North Carolina agricultural products.  
44

#### 45 **PRESCRIBED BURNING MATCHING GRANT PROGRAM**

46                  **SECTION 10.9.(a)** Funds appropriated to the North Carolina Forest Service of the  
47                  Department of Agriculture and Consumer Services for prescribed burning grants shall be used to  
48                  support prescribed burns on privately owned forestlands that will maximize the benefits set forth  
49                  in Article 80 of Chapter 106 of the General Statutes.

50                  **SECTION 10.9.(b)** To be eligible for funding, prescribed burning projects must meet  
51                  all of the following criteria:

- 1 (1) The project must comply with the requirements of Article 80 of Chapter 106
- 2 of the General Statutes, as determined by the Forest Service.
- 3 (2) Funds provided by the Program must be matched by funds from the landowner
- 4 or other non-State sources. The required match shall be one non-State dollar
- 5 (\$1.00) for every State dollar (\$1.00) for each acre of the first 99 acres for a
- 6 landowner for whom prescribed burns are conducted in a calendar year and
- 7 two non-State dollars (\$2.00) for every State dollar (\$1.00) for all other acres
- 8 owned by the landowner for which a prescribed burn is conducted in the same
- 9 calendar year.

10 **SECTION 10.9.(c)** The Department of Agriculture and Consumer Services shall  
 11 report on its implementation of this section no later than October 1, 2022, to the chairs of the  
 12 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and  
 13 the Fiscal Research Division.

14  
 15 **PART XI. COMMERCE**

16  
 17 **COMMUNITY DEVELOPMENT BLOCK GRANTS**

18 **SECTION 11.1.(a)** Allocations. – Of the funds appropriated in this act for federal  
 19 block grant funds, the following allocations are made for the fiscal years ending June 30, 2022,  
 20 and June 30, 2023, according to the following schedule:

21  
 22 **COMMUNITY DEVELOPMENT BLOCK GRANT**

23		
24	1. State Administration	\$1,560,286
25		
26	2. Neighborhood Revitalization	15,419,796
27		
28	3. Economic Development	21,696,109
29		
30	4. Infrastructure	5,000,000
31		
32	5. Rural Community Development	5,000,000
33		

34	<b>TOTAL COMMUNITY DEVELOPMENT</b>	
35	<b>BLOCK GRANT – 2020 Program Year</b>	<b>\$48,676,191</b>
36	<b>2021 Program Year</b>	<b>\$48,676,191</b>
37		

38 **SECTION 11.1.(b)** Availability Reduction. – If federal funds are reduced below the  
 39 amounts specified in this section after the effective date of this act, then every program in each  
 40 of these federal block grants shall be reduced by the same percentage as the reduction in federal  
 41 funds.

42 **SECTION 11.1.(c)** Availability Increase. – Any block grant funds appropriated by  
 43 the Congress of the United States in addition to the funds specified in this section shall be  
 44 expended as follows: each program category under the Community Development Block Grant  
 45 shall be increased by the same percentage as the increase in federal funds.

46 **SECTION 11.1.(d)** Reallocation. – The Department of Commerce shall consult with  
 47 the Joint Legislative Commission on Governmental Operations prior to reallocating Community  
 48 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever  
 49 the Director of the Budget finds either of the following conditions exist:

- 50 (1) If a reallocation is required because of an emergency that poses an imminent
- 51 threat to public health or public safety, then the Director of the Budget may

- 1 authorize the reallocation without consulting the Commission. The  
2 Department of Commerce shall report to the Commission on the reallocation  
3 no later than 30 days after it was authorized and shall identify in the report the  
4 emergency, the type of action taken, and how it was related to the emergency.
- 5 (2) If the State will lose federal block grant funds or receive less federal block  
6 grant funds in the next fiscal year unless a reallocation is made, then the  
7 Department of Commerce shall provide a written report to the Commission  
8 on the proposed reallocation and shall identify the reason that failure to take  
9 action will result in the loss of federal funds. If the Commission does not hear  
10 the issue within 30 days of receipt of the report, the Department may take the  
11 action without consulting the Commission.

12 **SECTION 11.1.(e)** Report. – By November 1, 2021, and September 1, 2022, the  
13 Department of Commerce shall report to the chairs of the House of Representatives  
14 Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of  
15 the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the  
16 chairs of the Joint Legislative Economic Development and Global Engagement Oversight  
17 Committee; and the Fiscal Research Division on the use of Community Development Block  
18 Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- 19 (1) A discussion of each of the categories of funding, including information on  
20 the statewide need in each category.
- 21 (2) Information on the number of applications that were received in each category  
22 and the total dollar amount requested in each category.
- 23 (3) A list of grantees, including the grantee's name, county, category under which  
24 the grant was funded, the amount awarded, and a narrative description of the  
25 project.

26 **SECTION 11.1.(f)** Neighborhood Revitalization. – Funds allocated to the  
27 Neighborhood Revitalization Category in subsection (a) of this section shall be made available  
28 as grants for eligible activities listed in this subsection. The funds available for grants under this  
29 Category may be used for all of the following, subject to the national objectives and eligible  
30 activities allowed under guidance issued by the United States Department of Housing and Urban  
31 Development:

- 32 (1) Essential repairs to prevent abandonment and deterioration of housing in  
33 low- and moderate-income neighborhoods.
- 34 (2) Demolition and rehabilitation of buildings and improvements.
- 35 (3) Public improvements, including parks, streets, sidewalks, and water and sewer  
36 lines.

37 **SECTION 11.1.(g)** Economic Development. – Funds allocated to the Economic  
38 Development Category in subsection (a) of this section shall be made available as grants for  
39 eligible activities listed in this subsection. The funds available for grants under this category may  
40 be used for all of the following, subject to the national objectives and eligible activities allowed  
41 under guidance issued by the United States Department of Housing and Urban Development:

- 42 (1) Acquisition of real property.
- 43 (2) Demolition and rehabilitation of buildings and improvements.
- 44 (3) Removal of material and architectural barriers.
- 45 (4) Public improvements, including parks, streets, sidewalks, and water and sewer  
46 lines.
- 47 (5) Loans and grants to public or private nonprofit entities for construction and  
48 rehabilitation activities.
- 49 (6) Assistance to private, for-profit entities for economic development.
- 50 (7) Technical assistance to public or nonprofit entities for neighborhood  
51 revitalization or economic development activities.

- 1 (8) Assistance to for-profit and nonprofit entities to facilitate economic  
2 development activities.

3 **SECTION 11.1.(h)** Infrastructure. – For purposes of this section, eligible activities  
4 under the Infrastructure Category in subsection (a) of this section shall be defined as provided in  
5 the HUD State Administered Community Development Block Grant definition of the term  
6 "infrastructure." Notwithstanding the provisions of subsection (d) of this section, funds allocated  
7 to the Infrastructure Category in subsection (a) of this section shall not be reallocated to any other  
8 category.

9 **SECTION 11.1.(i)** Rural Community Development. – Funds allocated for the Rural  
10 Community Development Category in subsection (a) of this section shall be made available as  
11 grants for eligible activities listed in this subsection. These funds shall provide grants that support  
12 community development and comprehensive growth projects to be awarded by the North  
13 Carolina Department of Commerce. The Rural Community Development Category will provide  
14 grants to units of local government in development tier one and development tier two areas, as  
15 defined in G.S. 143B-437.08, and in rural census tracts, as defined in G.S. 143B-472.127(a)(2),  
16 in any other area to support projects that promote broad-based community development  
17 activities, increased local investment and economic growth, and stronger and more viable rural  
18 neighborhoods. In awarding grants under this section, preference shall be given to projects in  
19 development tier one areas, as defined in G.S. 143B-437.08. The funds available for grants under  
20 this category may be used for all of the following, subject to the national objectives and eligible  
21 activities allowed under guidance issued by the United States Department of Housing and Urban  
22 Development:

- 23 (1) Essential repairs to prevent abandonment and deterioration of housing in  
24 low- and moderate-income neighborhoods.  
25 (2) Public improvements, including parks, streets, sidewalks, and water and sewer  
26 lines.  
27 (3) Public facilities, including neighborhood and community facilities and  
28 facilities for individuals with special needs.  
29 (4) Public services, including employment, crime prevention, and energy  
30 conservation.  
31 (5) Assistance to private, for-profit entities for economic development.  
32 (6) Technical assistance to public or nonprofit entities for neighborhood  
33 revitalization or economic development activities.  
34 (7) Assistance to for-profit and nonprofit entities to facilitate economic  
35 development activities.

36 **SECTION 11.1.(j)** Deobligated Funds. – Throughout each year, deobligated funds  
37 arise in the various funding categories and program years of the Community Development Block  
38 Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being  
39 cancelled, or (iii) projects being required to repay funds. Surplus federal administrative funds in  
40 the CDBG program may vary from year to year based upon the amount of State-appropriated  
41 funds allocated and the amount of eligible in-kind funds identified. To allow the Department of  
42 Commerce and the Department of Environmental Quality to quickly deploy deobligated and  
43 surplus federal administrative funds as they are identified throughout the program year, the  
44 following shall apply to the use of deobligated CDBG funds and surplus federal administrative  
45 funds:

- 46 (1) All surplus federal administrative funds shall be divided proportionally  
47 between the Departments of Commerce and Environmental Quality and shall  
48 be used as provided in subdivisions (2) and (3) of this subsection.  
49 (2) All deobligated funds allocated to the Department of Commerce and any  
50 surplus federal administrative funds, as provided for in subdivision (1) of this  
51 subsection, may be used by the Department for all of the following:

- 1 a. To issue grants in the CDBG Economic Development or  
2 Neighborhood Revitalization Program Category.  
3 b. For providing training and guidance to local governments relative to  
4 the CDBG program, its management, and administrative requirements.  
5 c. For any other purpose consistent with the Department's administration  
6 of the CDBG program if an equal amount of State matching funds is  
7 available.  
8 (3) All deobligated funds allocated to the Department of Environmental Quality  
9 and any surplus federal administrative funds, as provided for in subdivision  
10 (1) of this subsection, may be used by the Department for all of the following:  
11 a. To issue grants in the CDBG Infrastructure Category.  
12 b. For any other purpose consistent with the Department's administration  
13 of the CDBG program if an equal amount of State matching funds is  
14 available.  
15

## 16 COMMERCE NONPROFITS/REPORTING REQUIREMENTS

17 **SECTION 11.2.(a)** The entities listed in subsection (b) of this section shall do the  
18 following for each year that State funds are expended:

- 19 (1) By September 1 of each year, and more frequently as requested, report to the  
20 chairs of the Joint Legislative Oversight Committee on Agriculture and  
21 Natural and Economic Resources; the chairs of the House of Representatives  
22 Appropriations Committee on Agriculture and Natural and Economic  
23 Resources; the chairs of the Senate Appropriations Committee on Agriculture,  
24 Natural, and Economic Resources; and the Fiscal Research Division on prior  
25 State fiscal year program activities, objectives, and accomplishments and prior  
26 State fiscal year itemized expenditures and fund sources. If State funds are  
27 used to provide matching funds for competitive grants from the federal  
28 government or a nongovernmental entity, the report should include a list and  
29 description of the grants that are awarded.  
30 (2) Provide to the chairs of the Joint Legislative Oversight Committee on  
31 Agriculture and Natural and Economic Resources; the chairs of the House of  
32 Representatives Appropriations Committee on Agriculture and Natural and  
33 Economic Resources; the chairs of the Senate Appropriations Committee on  
34 Agriculture, Natural, and Economic Resources; and the Fiscal Research  
35 Division a copy of the entity's annual audited financial statement within 30  
36 days of issuance of the statement.

37 **SECTION 11.2.(b)** The following entities shall comply with the requirements of  
38 subsection (a) of this section:

- 39 (1) North Carolina Biotechnology Center.  
40 (2) High Point Market Authority.  
41 (3) RTI International.  
42

## 43 NC BIOTECHNOLOGY CENTER

44 **SECTION 11.3.(a)** Except for the funds appropriated in subsection (b) of this  
45 section, recurring funds appropriated in this act to the Department of Commerce for the North  
46 Carolina Biotechnology Center (Center) for each fiscal year in the 2021-2023 biennium shall be  
47 allocated for the following purposes in the following proportions:

- 48 (1) Job creation: AgBiotech Initiative, economic and industrial development, and  
49 related activities: twenty-one percent (21%) of the funding.

- 1 (2) Science and commercialization: science and technology development, Centers  
2 of Innovation, business and technology development, education and training,  
3 and related activities: sixty-five percent (65%) of the funding.  
4 (3) Center operations: administration, professional and technical assistance and  
5 oversight, corporate communications, human resource management, financial  
6 and grant administration, legal, and accounting: fourteen percent (14%) of the  
7 funding.

8 **SECTION 11.3.(b)** Of the funds appropriated in this act to the Department of  
9 Commerce for the Center, five hundred thousand dollars (\$500,000) of recurring funds in each  
10 fiscal year of the biennium shall be used to support funding for early stage loans to North Carolina  
11 agricultural technology companies.

12 **SECTION 11.3.(c)** The nonrecurring funds appropriated in this act to the  
13 Department of Commerce for the Center for each fiscal year in the 2021-2023 biennium may be  
14 used for the following purposes:

- 15 (1) Expand the NC BIONEER Venture Challenge start-up competition statewide.  
16 (2) Expand NCBiotech grant and loan program funding.  
17 (3) Train new workers statewide to meet biomanufacturing job growth.  
18 (4) Recruit new life sciences companies to the State.

19 **SECTION 11.3.(d)** The Center shall not use any of the recurring funds allocated in  
20 subsection (b) of this section or any of the nonrecurring funds allocated in subsection (c) of this  
21 section for administrative costs and shall report on the expenditure of those funds each year  
22 pursuant to Section 11.2 of this act.

23 **SECTION 11.3.(e)** The Center shall prioritize funding and distribution of loans over  
24 funding and distribution of grants.

25 **SECTION 11.3.(f)** Up to ten percent (10%) of the sum of each of the allocations in  
26 subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this  
27 section if, in the judgment of Center management, the reallocation will advance the mission of  
28 the Center.

## 29 **SHELLFISH GROWERS LOAN PROGRAM**

30 **SECTION 11.4.(a)** Of the funds appropriated in this act to the Department of  
31 Commerce, the sum of one million dollars (\$1,000,000) in nonrecurring funds is allocated to the  
32 Rural Economic Development Center, Inc. (Rural Center), a nonprofit corporation, for the  
33 Shellfish Growers Loan Program created in subsection (b) of this section.

34 **SECTION 11.4.(b)** Article 16 of Chapter 113 of the General Statutes is amended by  
35 adding a new section to read:

### 36 **"§ 113-211. Shellfish Growers Loan Program.**

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

- 38 (1) Department. – The Department of Commerce.  
39 (2) Governmental crop insurance. – Insurance coverage through the United States  
40 Department of Agriculture Noninsured Crop Disaster Assistance Program.  
41 (3) Prime rate. – The interest rate that a commercial bank holds out as its lowest  
42 rate for a loan with less than a 36-month term to its most creditworthy  
43 borrowers.  
44 (4) Qualifying business. – A business entity or resident subject to taxation under  
45 Part 2 of Article 4 of Subchapter I of Chapter 105 of the General Statutes that  
46 will use the loan proceeds for the establishment or expansion of shellfish  
47 aquaculture businesses, including equipment and supplies for intensive  
48 shellfish aquaculture operations, water column leasing, and bottom culture  
49 leasing.  
50



1           (5)   Qualifying lender. – A nonprofit corporation or community development  
2           financial institution chosen by the Rural Center that engages in lending to  
3           small businesses.

4           (6)   Rural Center. – Rural Economic Development Center, Inc., a nonprofit  
5           corporation.

6           (b)   Program. – There is established the Shellfish Growers Loan Program to be  
7           administered by the Rural Center. The program shall provide a revolving source of low-interest  
8           working capital and equipment loans to emerging and existing small shellfish growers in this  
9           State. Funds credited to the program are available in perpetuity and must be used only to provide  
10          loans to eligible businesses as allowed in this section.

11          (c)   The following shall apply to the program and loans made under the program:

12           (1)   A loan provided under the program shall have a fixed interest rate that is equal  
13           to the prime rate plus two and one-quarter percent (2.25%) and shall be  
14           amortized over the term of the loan.

15           (2)   A working capital loan shall have a term of at least 12 months and shall not  
16           exceed 24 months.

17           (3)   An equipment loan shall have a term of at least 12 months and shall not exceed  
18           60 months.

19           (4)   A loan provided under the program may not exceed more than fifty thousand  
20           dollars (\$50,000) per qualifying business.

21           (5)   There shall be no penalty for prepayment of the loan by a qualifying business.

22           (6)   The qualifying lender may retain an amount equal to the interest collected  
23           under subdivision (1) of this subsection and may assess an origination fee not  
24           to exceed two percent (2%) of the principal amount of the loan.

25           (7)   Loans are made pursuant to an agreement with a qualifying business that  
26           includes at least the following:

27           a.    A provision requiring a qualifying business to certify in writing that it  
28           will use the loan proceeds for the establishment or expansion of  
29           shellfish aquaculture businesses, including equipment and supplies for  
30           intensive shellfish aquaculture operations, water column leasing, and  
31           bottom culture leasing.

32           b.    A provision establishing the method for determining compliance with  
33           the program.

34           c.    A provision requiring the loan is secured through a Uniform  
35           Commercial Code financing statement.

36           d.    A provision requiring recapture of loan funds if a business fails to  
37           comply with the requirements of the program. The qualifying lender  
38           shall recapture loan funds only if the lender determines there is a  
39           reasonable expectation that the recovery of funds will exceed the cost  
40           of recovery.

41           e.    A provision requiring proof that the qualifying business possesses  
42           current governmental crop insurance to protect from disasters.

43           f.    A provision allowing for losses from disasters in excess of  
44           governmental crop insurance coverage on loans made to the qualifying  
45           business to be covered by the program funds up to the remaining  
46           unpaid principal loaned to the qualifying business but not repaid at the  
47           time of the loss.

48          (d)   Information. – The qualifying lender shall make available on their website and in the  
49          loan application for qualifying businesses information regarding governmental crop insurance  
50          for shellfish aquaculture growers through the United States Department of Agriculture.

(e) Reporting. – On September 1, 2022, and annually thereafter, the Department shall report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research Division. The Department shall consult with the Rural Center and may consult the North Carolina Coastal Federation in compiling information for the report. Qualifying lenders shall supply information to the Rural Center to compile information for the report. The duty to report pursuant to this section shall continue for the duration of the program until the funds appropriated for the program are depleted. Each report shall contain, at a minimum, all of the following:

- (1) The number, average size, and location of qualifying businesses that received loans under the prior fiscal year of the report.
- (2) The average loan amount.
- (3) The total amount loaned to date.
- (4) The total amount of loans repaid to date.
- (5) The total amount of loans defaulted on to date.
- (6) The total amount of loans defaulted that have been recaptured."

**SECTION 11.4.(c)** The Rural Center shall select Array Community Development Corporation, a nonprofit corporation, as a qualifying lender for the purposes set forth in G.S. 113-211, as enacted by this section.

## STATE SMALL BUSINESS CREDIT INITIATIVE FUNDS

**SECTION 11.5.** Of the funds appropriated in this act from the State Small Business Credit Initiative funds received pursuant to ARPA to the Department of Commerce, the sum of one hundred twenty million four hundred sixty-one thousand nine hundred twenty-seven dollars (\$120,461,927) in nonrecurring funds shall be used to provide a grant to the Rural Economic Development Center, Inc., a nonprofit corporation, to be used in accordance with the State Small Business Credit Initiative Act of 2010, P.L. 111-240, as amended by section 3301 of ARPA.

## MODIFY FILM GRANT

**SECTION 11.6.(a)** G.S. 143B-437.02A reads as rewritten:

### "§ 143B-437.02A. The Film and Entertainment Grant Fund.

(a) **Creation and Purpose of Fund. –** There is created in the Department of Commerce a special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide funds to encourage the production of motion pictures, television shows, movies for television, productions intended for on-line distribution, and commercials and to develop the filmmaking industry within the State. The Department of Commerce shall adopt guidelines providing for the administration of the program. Those guidelines may provide for the Secretary to award the grant proceeds over a period of time, not to exceed three years. Those guidelines shall include the following provisions, which shall apply to each grant from the account:

- (1) The funds are reserved for a production on which the production company has qualifying expenses of at least the following:
  - a. For a feature-length film:
    1. ~~Three million dollars (\$3,000,000),~~ One million five hundred thousand dollars (\$1,500,000), if for theatrical viewing.
    2. ~~One million dollars (\$1,000,000),~~ Five hundred thousand dollars (\$500,000), if a movie for television.
  - b. For a television series, ~~one million dollars (\$1,000,000)~~ five hundred thousand dollars (\$500,000) per episode.

- 1 c. For a commercial for theatrical or television viewing or on-line  
 2 distribution, two hundred fifty thousand dollars (\$250,000).  
 3 (2) The funds are not used to provide a grant in excess of any of the following:  
 4 ...  
 5 b. An amount more than seven million dollars (\$7,000,000) for a  
 6 feature-length film, more than ~~twelve~~fifteen million dollars  
 7 ~~(\$12,000,000)~~(\$15,000,000) for a single season of a television series,  
 8 or two hundred fifty thousand dollars (\$250,000) for a commercial for  
 9 theatrical or television viewing or on-line distribution.

10 ...."

11 **SECTION 11.6.(b)** This section is effective when it becomes law and applies to  
 12 grants made on or after that date.

### 13 ONE NC SMALL BUSINESS PROGRAM CHANGES

14 **SECTION 11.7.(a)** G.S. 143B-437.80 reads as rewritten:

15 "**§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.**

16 (a) Program. – There is established the North Carolina SBIR/STTR Incentive Program  
 17 to be administered by the North Carolina Board of Science, Technology, and Innovation. In order  
 18 to foster job creation and economic development ~~in~~throughout the State, the Board may provide  
 19 grants to eligible businesses to offset costs associated with applying ~~to the United States Small~~  
 20 ~~Business Administration~~for federal Small Business Innovative Research (SBIR) grants or Small  
 21 Business Technology Transfer Research (STTR) grants. The grants shall be paid from the One  
 22 North Carolina Small Business Account established in G.S. 143B-437.71.

23 ...

24 (c) Grant. – The North Carolina Board of Science, Technology, and Innovation may  
 25 award grants to reimburse an eligible business ~~for up to fifty percent (50%) for a percentage of~~  
 26 ~~the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of three~~  
 27 ~~twelve thousand dollars (\$3,000).~~(\$12,000). The maximum percentage for reimbursement is  
 28 seventy-five percent (75%) for an eligible business located in a development tier one or two area,  
 29 as defined in G.S. 143B-437.08, and is fifty percent (50%) for any other eligible business. A  
 30 business may receive only ~~one grant~~two grants under this section per year. ~~A business may~~  
 31 ~~receive only one grant under this section with respect to each federal proposal submission.~~ Costs  
 32 that may be reimbursed include costs incurred directly related to preparation and submission of  
 33 the grant such as word processing services, proposal consulting fees, project-related supplies,  
 34 literature searches, rental of space or equipment related to the proposal preparation, educational  
 35 programs, and salaries of individuals involved with the preparation of the proposals. Costs that  
 36 shall not be reimbursed include travel expenses, large equipment purchases, facility or leasehold  
 37 improvements, and legal fees. A grant to a business partnered with a public institution of higher  
 38 education in this State does not count toward the maximum grant limitation provided in this  
 39 section.

40 ...

41 (e) Education and Outreach. – The North Carolina Board of Science, Technology, and  
 42 Innovation may use up to ten percent (10%) of funds appropriated for grants under this section  
 43 to provide education and outreach, including training, materials, and location and other  
 44 associated costs, to aid in the awareness and successful completion of SBIR/STTR Phase I  
 45 proposals."

46 **SECTION 11.7.(b)** G.S. 143B-437.81(c) reads as rewritten:

47 "(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may  
 48 award grants to match the funds received by a business through a SBIR/STTR Phase I proposal  
 49 up to a maximum of ~~one~~two hundred thousand dollars ~~(\$100,000).~~(\$200,000). Seventy-five  
 50 percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR  
 51

1 Phase I award and application for funds under this section. Twenty-five percent (25%) of the  
2 total grant shall be remitted to the business upon submission by the business of the Phase II  
3 application to the funding agency and acceptance of the Phase I report by the funding agency. ~~A~~  
4 ~~business may receive only one grant under this section per year.~~ A business may receive only  
5 one grant under this section with respect to each federal proposal ~~submission.~~ award. Over its  
6 lifetime, a business may receive a maximum of ~~five~~ 10 awards under this section. An award to a  
7 business partnered with a public institution of higher education in this State does not count toward  
8 the maximum award limitation provided in this section."

#### 10 TIER THREE ONE NC ALLOTMENT

11 SECTION 11.8. G.S. 143B-437.71 reads as rewritten:

12 "**§ 143B-437.71. One North Carolina Fund established as a special revenue fund.**

13 (a) Establishment. – The One North Carolina Fund is established as a special revenue  
14 fund in the Department of Commerce.

15 (b) Purposes. – Moneys in the One North Carolina Fund may only be allocated pursuant  
16 to this subsection. Moneys may be allocated to local governments for use in connection with  
17 securing commitments for the recruitment, expansion, or retention of new and existing businesses  
18 and to the One North Carolina Small Business Account created pursuant to subsection (c) of this  
19 section in an amount not to exceed three million dollars (\$3,000,000). Moneys in the One North  
20 Carolina Fund allocated to local governments shall be used for the following purposes only:

21 (1) Installation or purchase of equipment.

22 (2) Structural repairs, improvements, or renovations to existing buildings to be  
23 used for expansion.

24 (3) Construction of or improvements to new or existing water, sewer, gas, or  
25 electric utility distribution lines or equipment for existing buildings.

26 (4) Construction of or improvements to new or existing water, sewer, gas, or  
27 electric utility distribution lines or equipment for new or proposed buildings  
28 to be used for manufacturing and industrial operations.

29 (5) Any other purposes specifically provided by an act of the General Assembly.

30 (b1) Awards. – The amounts committed in Governor's Letters issued in a single fiscal  
31 ~~biennium~~ year may not exceed ~~twenty eight~~ seventeen million dollars  
32 ~~(\$28,000,000).~~ (\$17,000,000). Of the amount authorized in this subsection, three million dollars  
33 (\$3,000,000) is reserved for agreements with local governments located in development tier three  
34 areas, as defined in G.S. 143B-437.08, with total employment of 115,000 or less, using the data  
35 specified in G.S. 143B-437.52(c)(3).

36 (c) There is created in the One North Carolina Fund a special account, the One North  
37 Carolina Small Business Account, to be used for the North Carolina SBIR/STTR Incentive  
38 Program and the North Carolina SBIR/STTR Matching Funds Program, as specified in Part 2I  
39 of Article 10 of Chapter 143B of the General Statutes."

#### 41 RURAL READY SITES REPORT CHANGE

42 SECTION 11.9. Section 15.7A(d) of S.L. 2017-57 reads as rewritten:

43 "**SECTION 15.7A.(d)** Report. – The Department of Commerce shall submit a report  
44 detailing its use of State funds appropriated by this section. The report shall be submitted to the  
45 chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
46 Resources, the chairs of the Joint Legislative Economic Development and Global Engagement  
47 Oversight Committee, the chairs of the House of Representatives Appropriations on Agriculture  
48 and Natural and Economic Resources, the chairs of the Senate Appropriations on Agriculture,  
49 Natural, and Economic Resources, and the Fiscal Research Division by September 1, 2017, 2021,  
50 and by September 1 of each subsequent year State funds are received, and more frequently as  
51 requested, until all funding appropriated by this section is expended and eligible projects are

1 completed. The Department shall report on each existing eligible project, including any new  
2 agreements entered into and the amount of funds utilized or encumbered for each. The report  
3 shall include the information required by this section for the most recently ended fiscal year. The  
4 report shall include all of the following:

5 (1) For projects that are not completed:

6 a. The name of the project.

7 b. Total amount of funds awarded for each project.

8 c. Amount expended to date for each project.

9 d. A summary and description of each project.

10 e. An expected date of completion for each project.

11 f. An anticipated number of jobs created by each project.

12 g. The current status of the project, including any issues resulting in a  
13 delay.

14 (2) For projects that are completed:

15 a. Whether the site of the project is occupied.

16 b. How many jobs were created by the project."

## 17 18 **EDPNC MARKETING FUNDS**

19 **SECTION 11.11.** Of the funds appropriated in this act to the Department of  
20 Commerce for the nonprofit corporation with which the Department contracts pursuant to  
21 G.S. 143B-431.01(b), the sum of sixty million dollars (\$60,000,000) shall be used for the  
22 following purposes in the following amounts:

23 (1) Thirty million dollars (\$30,000,000) for travel and tourism marketing in the  
24 State.

25 (2) Thirty million dollars (\$30,000,000) for business marketing in the State.

26 Of the funds allocated in subdivisions (1) and (2) of this section, the nonprofit  
27 corporation shall use no more than ten million dollars (\$10,000,000) for each purpose in each of  
28 the next three fiscal years. The nonprofit corporation may use up to three percent (3%) of the  
29 total funds allocated in this section for administrative costs.

## 30 31 **NORTH CAROLINA RURAL TOURISM RECOVERY PILOT PROGRAM**

32 **SECTION 11.11A.(a)** Allocation. – Of the funds appropriated from the State Fiscal  
33 Recovery Fund to the Department of Commerce (Department) in this act, the sum of one million  
34 five hundred thousand dollars (\$1,500,000) shall be allocated to the North Carolina nonprofit  
35 corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) for the  
36 establishment of a pilot program in accordance with this section. The funds allocated in this  
37 section shall be used as follows:

38 (1) One million three hundred fifteen thousand dollars (\$1,315,000) for marketing  
39 expenses.

40 (2) Forty-five thousand dollars (\$45,000) for administrative costs.

41 (3) Seventy thousand dollars (\$70,000) for one temporary full-time equivalent  
42 position in Visit NC.

43 (4) Seventy thousand dollars (\$70,000) for one temporary full-time equivalent  
44 position in the nonprofit corporation with which the Department contracts  
45 pursuant to G.S. 143B-431.01(b).

46 **SECTION 11.11A.(b)** Program. – The North Carolina Rural Tourism Recovery Pilot  
47 Program (Program) is established. The Program shall initially be conducted and administered in  
48 the following counties: Chowan, Edgecombe, Gates, Graham, Halifax, Haywood, Hertford,  
49 Madison, Martin, Mitchell, Perquimans, Tyrrell, Vance, Warren, Washington, and Yancey. The  
50 Program shall begin in those counties on January 15, 2022, and terminate on December 30, 2023.

1           **SECTION 11.11A.(c)** Administration. – The nonprofit corporation with which the  
2 Department contracts pursuant to G.S. 143B-431.01(b) shall administer the Program. The  
3 nonprofit corporation shall coordinate with the Department and other interested public and  
4 private stakeholders to ensure the coordination of State efforts to develop a robust Program for  
5 the selected counties in subsection (b) of this section.

6           **SECTION 11.11A.(d)** Reports. – The Department, in coordination with the  
7 nonprofit corporation and Visit NC, shall provide a report no later than March 1, 2022, to the  
8 chairs of the Joint Legislative Economic Development and Global Engagement Oversight  
9 Committee and the Fiscal Research Division on the implementation of the Program and  
10 information reported by participating counties, Tourism Development Authorities, destination  
11 marketing organizations, and local businesses. The report shall include, at a minimum, all of the  
12 following:

- 13           (1) Recommendations on expansion of the Program to other counties in the State.
- 14           (2) Recommendations regarding legislative proposals or additional funding  
15           needed to execute or expand the Program and whether the Program should be  
16           expanded.

17           The Department, in coordination with the nonprofit corporation and Visit NC, shall  
18 submit a report no later than May 1, 2023, to the chairs of the House Appropriations Committee,  
19 the chairs of the Senate Appropriations/Base Budget Committee, and the Fiscal Research  
20 Division containing, at a minimum, all of the following:

- 21           (1) Data on outcomes related to the implementation of the Program.
- 22           (2) The expenditure of funds provided for in this section.
- 23           (3) Recommendations on modification or expansion of the Program, including  
24           the need for continued support with State funds.

## 25           **RURAL DOWNTOWN TRANSFORMATION GRANT PROGRAM**

26           **SECTION 11.12.(a)** Allocation. – Of the funds appropriated in this act from the  
27 State Fiscal Recovery Fund for Rural Downtown Transformation grants, the sum of fifty million  
28 dollars (\$50,000,000) shall be allocated to the Department of Commerce, Rural Economic  
29 Developmental Division (REDD), to administer a rural downtown transformation grant program  
30 pursuant to this section. The program shall enable eligible units of local government to fully  
31 leverage resources toward enhancing their communities' prospects for economic growth. Of the  
32 funds allocated in this section, twenty-five million dollars (\$25,000,000) shall be used for  
33 neighborhood revitalization grants and twenty-five million dollars (\$25,000,000) shall be used  
34 for community development enhancement grants, consistent with this section. A unit of local  
35 government shall not receive more than one million dollars (\$1,000,000) in Rural Downtown  
36 Transformation grants under this Program.

37           **SECTION 11.12.(b)** Program. – There is created the Rural Downtown  
38 Transformation Grant Program (Program) to be administered by REDD to provide neighborhood  
39 revitalization and community development enhancement grants to units of local government.

40           **SECTION 11.12.(c)** Neighborhood Revitalization Grants. – Neighborhood  
41 revitalization grants shall be used to support public improvement projects that complement  
42 affordable housing investments and help pandemic-impacted neighborhoods retain downtown  
43 businesses. Eligible projects for a neighborhood revitalization grant include all of the following:

- 44           (1) Sidewalks and walkways.
- 45           (2) Parks and playgrounds.
- 46           (3) Signage and lighting.
- 47           (4) Benches and planter boxes.
- 48           (5) Public restrooms.
- 49           (6) Public venues, public parking, and infrastructure.

1           **SECTION 11.12.(d)** Community Development Enhancement Grants. – Community  
2 development enhancement grants shall be used for any of the following:

- 3           (1) Support the acquisition of land and buildings.
- 4           (2) Preparation and development of neighborhood properties and business sites.
- 5           (3) Removal of structural and physical barriers to enhance community growth and  
6 economic development opportunities.

7           In addition, community development enhancement grant funds may be used by the  
8 Department of Commerce in partnership with the Department of Environmental Quality to assess  
9 environmental hazards on potentially contaminated eligible property or business sites and to  
10 conduct necessary environmental removal or remedial activities to allow the property or business  
11 sites to be permitted for development.

12           **SECTION 11.12.(e)** Training; Technical Assistance. – Program funds may be used  
13 to deliver training and technical assistance for local government units to effectively leverage  
14 State and federal assistance.

15           **SECTION 11.12.(f)** Prioritization. – REDD shall prioritize disbursing grants under  
16 this section to units of local government that are (i) communities negatively impacted by the  
17 COVID-19 pandemic at a disproportionate level when compared to the rest of the State or (ii)  
18 located in a qualified census tract, as defined by the United States Department of Housing and  
19 Urban Development.

20           **SECTION 11.12.(g)** Application. – An applicant for a Rural Downtown  
21 Transformation Grant must show a reasonable expectation that the funding will yield private  
22 sector investment and job creation, community development projects, or neighborhood  
23 revitalization.

24           **SECTION 11.12.(h)** Administration. – REDD may use up to three percent (3%) of  
25 the funds allocated in this section to administer the Program.

## 26 **ESPORTS INDUSTRY GRANT FUND**

27           **SECTION 11.13.(a)** Article 10 of Chapter 143B of the General Statutes is amended  
28 by adding a new section to read:

### 29 **"§ 143B-437.02B. The Esports Industry Grant Fund.**

30           (a) Creation and Purpose of Fund. – There is created in the Department of Commerce a  
31 special, nonreverting account to be known as the Esports Industry Grant Fund to provide funds  
32 to encourage esports events to be held within the State. The Department of Commerce shall adopt  
33 guidelines providing for the administration of the program. The guidelines may provide for the  
34 Secretary to award the grant proceeds over a period of time, not to exceed three years. The  
35 guidelines shall include the following provisions, which shall apply to each grant from the  
36 account:

- 37           (1) The funds are reserved for a production for which a production company has  
38 qualifying expenses of at least two hundred fifty thousand dollars (\$250,000)  
39 with respect to a single production.
- 40           (2) The funds may not be used to provide a grant in excess of an amount more  
41 than twenty-five percent (25%) of the qualifying expenses for a single  
42 production.
- 43           (3) The funds shall not be used to provide a grant to more than one production  
44 company for a single production.
- 45           (4) The funds shall not be used to provide a grant for a production that meets one  
46 or more of the following:
  - 47           a. It contains material that is "obscene," as defined in G.S. 14-190.1, or  
48 that is "harmful to minors," as defined in G.S. 14-190.13.
  - 49           b. It has the primary purpose of political advertising, fundraising, or  
50 marketing, other than by commercial, a product, or service.

- 1                   c.     It consists of live sporting event programming, including pre-event  
2                   and post-event coverage and scripted sports entertainment. For  
3                   purposes of this exception, a live sporting event is a scheduled sporting  
4                   competition, game, or race that is originated solely by an amateur,  
5                   collegiate, or professional organization, institution, or association for  
6                   live or tape-delayed television or satellite broadcast. The term does not  
7                   include commercial advertising, an episodic television series, a  
8                   television pilot, a music video, a motion picture, or a documentary  
9                   production in which sporting events are presented through archived  
10                   historical footage or similar footage taken at least 30 days before it is  
11                   used.
- 12                   d.     It fails to display a promotional logo, website link, statement, or some  
13                   combination thereof that has been approved by the Department  
14                   indicating that the production was recorded in or broadcast from North  
15                   Carolina. The production company shall offer additional marketing  
16                   opportunities to be evaluated by the Department that offer promotional  
17                   value to the State.
- 18                   (5)   Priority for the use of funds shall be given to productions that are reasonably  
19                   anticipated to maximize the benefit to the State, in consideration of at least the  
20                   following factors:
- 21                   a.     Percentage of employees that are permanent residents in the State.  
22                   b.     The anticipated number of in-person spectators.  
23                   c.     The extent to which the production invests in permanent  
24                   improvements to open public spaces, commercial districts, traditional  
25                   downtown areas, public landmarks, residential areas, or similar  
26                   properties or areas or in programs that develop the esports industry in  
27                   the State.
- 28                   d.     The duration of the production activities in the State.
- 29                   (b)   Definitions. – The following definitions apply in this section:
- 30                   (1)   Department. – The Department of Commerce.  
31                   (2)   Employee. – A person who is employed for consideration and whose wages  
32                   are subject to withholding under Article 4A of Chapter 105 of the General  
33                   Statutes.  
34                   (3)   Esports event. – A scheduled form of multiplayer video game competition,  
35                   particularly between professional players, individually or as teams, organized  
36                   by an amateur, collegiate, or professional organization, institution, or  
37                   association that is broadcast live or in a recorded format. An esports event  
38                   does not include a live sporting event.  
39                   (4)   Highly compensated individual. – An individual who directly or indirectly  
40                   receives compensation in excess of one million dollars (\$1,000,000) for  
41                   personal services with respect to an esports event. An individual receives  
42                   compensation indirectly when a production company pays a personal service  
43                   company or an employee leasing company that pays the individual.  
44                   (5)   Loan-out company. – A personal service corporation that employs an  
45                   individual who is hired by a production company.  
46                   (6)   Production. – An esports event held in this State with in-person spectators, in  
47                   addition to participants or competitors, that is intended for commercial  
48                   distribution on television, websites, the internet, or other digital platforms.  
49                   (7)   Production company. – A person engaged in the business of producing esports  
50                   productions.



1           (8) Qualifying expenses. – The sum of the amounts listed in this subdivision,  
2 substantiated pursuant to subsection (d) of this section, and spent in this State  
3 by a production company in connection with a production, less the amount  
4 paid in excess of one million dollars (\$1,000,000) to a highly compensated  
5 individual:

6           a. Goods and services leased or purchased in this State from a North  
7 Carolina vendor. For goods with a purchase price of twenty-five  
8 thousand dollars (\$25,000) or more, the amount included in qualifying  
9 expenses is the purchase price less the fair market value of the good at  
10 the time the production is completed. Goods and services include the  
11 cost of tangible and intangible property used for, and services  
12 performed primarily and customarily in, production, including  
13 preproduction and postproduction and other direct costs of producing  
14 the production in accordance with generally accepted entertainment  
15 industry practices. Goods and services exclude costs for development,  
16 marketing, and distribution; costs of financing for the event, of  
17 bonding related to the event, of production-related insurance coverage  
18 obtained on the event; and expenses for insurance coverage purchased  
19 from a related member.

20           b. Compensation and wages and payments on which withholding  
21 payments are remitted to the Department of Revenue under Article 4A  
22 of Chapter 105 of the General Statutes. Payments made to a loan-out  
23 company for services provided in North Carolina shall be subject to  
24 gross income tax withholding at the applicable rate under Article 4 of  
25 Chapter 105 of the General Statutes.

26           c. Employee fringe contributions, including health, pension, and welfare  
27 contributions.

28           d. Per diems, stipends, and living allowances paid for work being  
29 performed in this State.

30           (9) Related member. – Defined in G.S. 105-130.7A.

31           (10) Secretary. – The Secretary of Commerce.

32           (11) Video game. – A game that employs electronics to create an interactive system  
33 between one or more players and a user interface or input device to generate  
34 visual feedback on a video display device for the player or players.

35           (c) Application. – A production company shall apply to the Secretary for a grant on a  
36 form prescribed by the Secretary. The Secretary shall evaluate the applications to ensure the  
37 production is created for entertainment purposes. The notification must include the title of the  
38 production, the name of the production company, a financial contact for the production company,  
39 the proposed dates on which the production company plans to hold the event, the proposed  
40 location of the event, and any other information required by the Department. The application  
41 shall include all documentation and information the Secretary deems necessary to evaluate the  
42 grant application.

43           (d) Award. – The amounts committed for grants allowed under this section in a single  
44 fiscal year may not exceed five million dollars (\$5,000,000).

45           (e) Substantiation. – The Secretary shall work with the North Carolina Division of  
46 Tourism, Film, and Sports Development to adopt guidelines to provide a process to verify the  
47 actual qualifying expenses of a certified production. The Secretary may not release grant funds  
48 until the substantiation process required by this subsection is complete and the final verified  
49 amount of qualified expenses is determined. The process shall require each of the following:

50           (1) The production company shall submit all the qualifying expenses for the  
51 production and data substantiating the qualifying expenses, including

1 documentation on the net expenditure on equipment and other tangible  
2 personal property to an independent certified public accountant licensed in  
3 this State.  
4 (2) The accountant shall conduct a compliance audit, at the certified production's  
5 expense, pursuant to guidelines established by the Secretary and submit the  
6 results as a report, along with the required substantiating data, to the  
7 production company and the North Carolina Division of Tourism, Film, and  
8 Sports Development.  
9 (3) The North Carolina Division of Tourism, Film, and Sports Development shall  
10 review the report and advise the Department on the final verified amount of  
11 qualifying expenses made by the certified production.  
12 (f) Report. – The Department shall provide to the Department of Revenue, and the  
13 Department of Revenue must include in the economic incentives report required by  
14 G.S. 105-256, the following information, itemized by production company:  
15 (1) The location of the site used in the production for which a grant was awarded.  
16 (2) The qualifying expenses, classified by whether the expenses were for goods,  
17 services, or compensation paid by the production company.  
18 (3) The number of people employed in the State with respect to grants awarded,  
19 including the number of residents of the State employed.  
20 (4) The total number of in-person attendees at the event, including both  
21 participants and observers.  
22 (5) The total cost of the grants awarded.  
23 (g) Guidelines. – The Department of Commerce shall develop guidelines related to the  
24 administration of the Esports Industry Grant Fund and to the selection of events that will receive  
25 grants from the Fund. At least 20 days before the effective date of any guidelines or nontechnical  
26 amendments to the guidelines, the Department of Commerce shall publish the proposed  
27 guidelines on the Department's website and provide notice to persons who have requested notice  
28 of proposed guidelines. In addition, the Department must accept oral and written comments on  
29 the proposed guidelines during the 15 business days beginning on the first day that the  
30 Department has completed these notifications."

31 **SECTION 11.13.(b)** This section is effective when it becomes law.  
32

### 33 **MOTORSPORT INDUSTRY SUPPORT**

34 **SECTION 11.14.(a)** Of the funds appropriated in this act from the State Fiscal  
35 Recovery Fund to the Office of State Budget and Management, the sum of forty million dollars  
36 (\$40,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as follows:

- 37 (1) Nine million dollars (\$9,000,000) to Richmond County for water and sewer  
38 and related infrastructure projects for service to the Rockingham Speedway.
- 39 (2) Eighteen million dollars (\$18,000,000) to Wilkes County to coordinate with  
40 relevant local government units for water and sewer and related infrastructure  
41 projects for service to the North Wilkesboro Speedway.
- 42 (3) Thirteen million dollars (\$13,000,000) to the City of Concord for water and  
43 sewer projects and related infrastructure for service to the Charlotte Motor  
44 Speedway.

45 **SECTION 11.14.(b)** Of the funds appropriated in this act from the State Fiscal  
46 Recovery Fund to the Office of State Budget and Management, the sum of five million dollars  
47 (\$5,000,000) shall be allocated to the Department of Commerce to be provided, in collaboration  
48 with the North Carolina Motorsports Association, a nonprofit organization, in the form of grants  
49 to local governments to enhance amenities and increase opportunities for events at motorsport  
50 venues in recognition of the impact those events have on local tourism, travel, and hospitality  
51 industries. To be eligible for a grant under this subsection, a motorsport venue must be located

1 in this State and must be either (i) presently sanctioned by the National Association for Stock  
2 Car Auto Racing, LLC (NASCAR), the National Hot Rod Association, or the International Hot  
3 Rod Association or (ii) have hosted a NASCAR Cup Series race on or after September 29, 1996.  
4 An eligible sanctioned motorsport venue must apply to the Department of Commerce for grant  
5 funds under this subsection before January 31, 2022, to be eligible. Funds received pursuant to  
6 this subsection shall be used to offset negative economic impacts of the COVID-19 pandemic,  
7 support safe reopening, and aid planned expansions or upgrades delayed due to the COVID-19  
8 pandemic. The local government unit shall select a qualifying use approved by the motorsport  
9 venue. Local governments receiving funds under this subsection shall ensure that uses for the  
10 funds comporting with this subsection are expeditiously undertaken. The Department of  
11 Commerce shall disburse funds in equal amounts among the eligible applicants. The Department  
12 of Commerce may use up to three percent (3%) of funds allocated in this subsection for  
13 administration of the motorsports grant program described in this subsection.

14 **SECTION 11.14.(c) Small Venue Support.** – Of the funds appropriated in this act  
15 from the State Fiscal Recovery Fund to the Office of State Budget and Management, the sum of  
16 one million dollars (\$1,000,000) shall be allocated to the Department of Commerce to be  
17 provided, in collaboration with applicant small motorsports venues, in the form of grants to local  
18 governments for such venues. The following shall apply to grants awarded under this subsection:

19 (1) Eligibility. – A motorsports venue is eligible to apply for a grant on behalf of  
20 the county in which the small venue is located if it qualifies under subsection  
21 (a) or (b) of this section or if it is a small motorsports venue, which is a venue  
22 that meets all of the following requirements:

23 a. For calendar years 2017, 2018, 2019, and 2021, the venue annually  
24 held at least two racing events for motorsports vehicles powered by  
25 engines with at least four cylinders, for which event admissions were  
26 charged for spectators, and for which participants received prize  
27 money for winning, points in a points standing scheme used for  
28 comparing competitors participating across multiple motorsports  
29 racing events, or both.

30 b. For calendar years 2017, 2018, 2019, and 2021, the venue maintained  
31 continuous and uninterrupted track general liability insurance and  
32 participant or competitor insurance.

33 c. For calendar year 2020, the venue shows economic loss. For purposes  
34 of this subsection, economic loss means a reduction in gross receipts  
35 from reported gate admissions when compared to the yearly average  
36 gross receipts from reported gate admissions from calendar years  
37 2017, 2018, and 2019.

38 (2) Application. – A venue eligible under this subsection may apply to the  
39 Department for a grant on a form prescribed by the Department and must  
40 include any supporting documentation required by the Department. The  
41 application must be filed with the Department on or before January 31, 2022.  
42 The Department may not accept late applications.

43 (3) Award. – The Department may award a grant to the county in which an  
44 applicant venue is located in an amount equal to the economic loss the  
45 applicant venue shows. The total of all funds granted under this subsection  
46 may not exceed the amount of the appropriation referenced in this section. The  
47 Department must calculate the total amounts of grants requested from the  
48 applications timely filed under this subsection. If the total amount of grants  
49 requested exceeds the maximum amount of funds available, the Department  
50 must (i) first, proportionately reduce or eliminate grants under this subsection  
51 to recipient venues receiving grants under subsections (a) and (b) of this

- 1 section and (ii) second, if grants requested still exceed the maximum amount  
2 of funds available, reduce each grant award on a proportionate basis. The  
3 Department's grant determinations based on applications timely filed are final.  
4 (4) Use. – Grants are provided under this subsection in recognition of the impact  
5 motorsport venues and motorsports events have on local tourism, travel, and  
6 hospitality industries. Funds received by a county pursuant to this subsection  
7 shall be used to enhance amenities and increase opportunities at applicant  
8 venues, to offset negative economic impacts of the COVID-19 pandemic,  
9 support safe reopening, and aid planned but COVID-19 delayed expansions  
10 or upgrades at such venues. The county shall select a qualifying use approved  
11 by the applicant venue. Counties receiving funds under this subsection shall  
12 ensure that uses for the funds comporting with this subsection are  
13 expeditiously undertaken. The Department may use up to three percent (3%)  
14 of the funds allocated in this subsection for administration of the grant  
15 program described in this subsection.  
16 (5) Clawback. – If a county received a grant under this program for which the  
17 applicant submitted incorrect information or was otherwise ineligible to apply,  
18 the county must forfeit the grant awarded under this subsection and is liable  
19 for the amounts received.

20 **SECTION 11.14.(d)** Funds allocated in this section shall remain available until  
21 expended or until December 31, 2024, whichever is later.

## 22 23 **SITE INFRASTRUCTURE DEVELOPMENT FUND MODIFICATION**

24 **SECTION 11.16.(a)** G.S. 143B-437.02(l) reads as rewritten:

25 "(l) Limitations. – The Department may enter into no more than two agreements under  
26 this section. The total aggregate cost of all agreements entered into under this section may not  
27 exceed forty-two million dollars (\$42,000,000). ~~The total annual cost of an agreement entered~~  
28 ~~into under this section may not exceed three million six hundred thousand dollars (\$3,600,000)."~~

29 **SECTION 11.16.(b)** This section is effective when it becomes law.

## 30 31 **MODIFY MULTIJURISDICTIONAL INDUSTRIAL PARK LEGISLATION**

32 **SECTION 11.17.(a)** G.S. 143B-437.08(h) reads as rewritten:

33 "(h) Exception for Certain Multijurisdictional Industrial Parks. – An eligible industrial  
34 park created by interlocal agreement under G.S. 158-7.4, and parcels of land located within the  
35 industrial park that are subsequently transferred and used for industrial or commercial purposes  
36 authorized for cities and counties under G.S. 158-7.1, have the lowest development tier  
37 designation of the designations of the counties in which they are located if all of the following  
38 conditions are satisfied:

- 39 (1) The industrial park is located, at one or more sites, in three or more contiguous  
40 counties.  
41 (2) At least one of the counties in which the industrial park is located is a  
42 development tier one area.  
43 (3) The industrial park is owned by three or more units of local government or a  
44 nonprofit corporation owned or controlled by three or more units of local  
45 government.  
46 (4) In each county with the lowest development tier designation of the  
47 designations of the counties in which the industrial park is located, the park  
48 has at least 250–65 developable acres. In any other county in which the  
49 industrial park is located, the park has at least 250 developable acres. A  
50 transfer of acreage that reduces the number of developable acres below 250  
51 the required developable acres in a county does not affect an industrial park's

1 eligibility under this subsection if the transfer is to an owner who uses or  
2 develops the acreage for industrial or commercial purposes authorized for  
3 cities and counties under G.S. 158-7.1. For the purposes of this subdivision,  
4 "developable acres" includes acreage that is owned directly by the industrial  
5 park or its owners or that is the subject of a development agreement between  
6 the industrial park or its owners and a third-party owner.

7 (5) The total population of all of the counties in which the industrial park is  
8 located is less than ~~200,000~~ 200,000 based on the 2010 federal decennial  
9 census.

10 (6) In each county in which the industrial park is located, at least sixteen and  
11 eight-tenths percent (16.8%) of the population was Medicaid eligible for the  
12 2003-2004 fiscal year based on 2003 population estimates."

13 **SECTION 11.17.(b)** This section is effective when it becomes law.  
14

## 15 **OUTDOOR RECREATION INDUSTRY ACTION PLAN AND MAPPING TOOL**

16 **SECTION 11.18.(a)** Of the funds appropriated in this act to the Department of  
17 Commerce for the nonprofit corporation with which the Department contracts pursuant to  
18 G.S. 143B-431.01(b), the sum of one hundred thousand dollars (\$100,000) in nonrecurring funds  
19 for the 2021-2022 fiscal year shall be used by the Director of the Outdoor Recreation Industry  
20 Office to develop a statewide outdoor recreation industry action plan. The plan shall include  
21 recommendations for (i) growing the State's existing outdoor recreation companies and for  
22 recruiting new outdoor recreation companies to locate in the State, (ii) increasing access to  
23 outdoor recreation through additional investments in the State's public lands, including State and  
24 local parks, greenways, game lands, and other public lands, (iii) growing the talent pool for the  
25 outdoor recreation industry through workforce development initiatives, and (iv) encouraging  
26 healthy lifestyles through outdoor recreation activities. As part of the plan, the Director shall  
27 develop a statewide mapping tool of the State's outdoor recreation assets. In creating the action  
28 plan and mapping tool, the Director shall work with the Department of Natural and Cultural  
29 Resources, the Department of Commerce, the Department of Health and Human Services, the  
30 Wildlife Resources Commission, and any other relevant State agencies.

31 **SECTION 11.18.(b)** The Department shall include in the report required by  
32 G.S. 143B-431.01(f) information regarding the nonprofit's development of the action plan and  
33 mapping tool required by this section.  
34

## 35 **ECONOMIC DEVELOPMENT PROJECT APPROPRIATION**

36 **SECTION 11.19.(a)** The General Assembly finds that the megasite industrial park  
37 in Randolph County was originally identified in 2011. Since that time, the State, local  
38 governments, The Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc., the  
39 North Carolina Railroad, and other entities have invested millions of dollars on property  
40 acquisition and infrastructure improvement on the vacant property for the purpose of recruiting  
41 a large-scale, high-impact manufacturing project resulting in considerable job creation and  
42 private investment. In addition, the General Assembly finds that the COVID-19 pandemic has  
43 disproportionately affected employment in Randolph County, resulting in the county declining  
44 from a multiyear development tier two area ranking to a development tier one area ranking in  
45 2021. Given the opportunity to improve the local property tax base, utilize most or all of a suitable  
46 megasite that has been identified as a long-term investment, and bring thousands of jobs to an  
47 area experiencing an asymmetric impact from the COVID-19 pandemic, the General Assembly  
48 finds that additional investment in the site is timely and needed, furthers both statewide and  
49 regional economic goals in the short- and long-term, is consonant with the State's strategic  
50 economic development plan, and warrants the site improvement expenditures authorized in this  
51 section.

1           **SECTION 11.19.(b)** Provided the Economic Investment Committee awards a Job  
2 Development Investment Grant for a qualifying project in Randolph County while the county is  
3 classified as a development tier one area, as defined in G.S. 143B-437.08, to a manufacturer,  
4 there is appropriated from the Economic Development Project Reserve established in Section  
5 2.2(m) of this act to the Department of Commerce (Department) for the 2021-2022 fiscal year  
6 the sum of one hundred thirty-five million dollars (\$135,000,000) in nonrecurring funds to be  
7 transferred to the Department of Transportation for improvements at the project site.  
8 Notwithstanding any other provision of law, the Department of Transportation is authorized to  
9 utilize Progressive Design Build, Construction Management General Contractor, or any other  
10 procurement methodology to contract for the delivery of improvements for which funds are  
11 provided in a subdivision of this subsection. As used in this section, (i) the project site is the  
12 portion of the industrial park referenced in subsection (a) of this section where a qualifying  
13 project is to be located and used by the manufacturer referenced in this subsection and (ii) a  
14 qualifying project is a project for which the agreement requires that the business invest at least  
15 one billion dollars (\$1,000,000,000) in private funds and create at least 1,750 eligible positions,  
16 as defined in G.S. 143B-437.51. The funds allocated in this subsection shall be used as follows:

- 17           (1) One hundred million dollars (\$100,000,000) for site work and associated  
18           wetlands mitigation needed at the project site.
- 19           (2) Thirty-five million dollars (\$35,000,000) for roadwork and associated  
20           wetlands mitigation needed within Randolph County.

21           **SECTION 11.19.(c)** Provided the manufacturer referenced in subsection (b) of this  
22 section timely elects, under the economic development agreement, to exercise the option in  
23 writing to the Department to increase the jobs created and private investment made to qualify the  
24 project as a Phase II transitional project at the project site, as those terms are defined and those  
25 requirements are provided in G.S. 143B-437.51, there is appropriated from the Economic  
26 Development Project Reserve established in Section 2.2(m) of this act to the Department of  
27 Commerce (Department) for the 2021-2022 fiscal year the sum of one hundred eighty-five  
28 million dollars (\$185,000,000) in nonrecurring funds to reimburse the manufacturer for costs  
29 incurred by the manufacturer for site work, roadwork, and wetlands mitigation associated with  
30 such works needed at the project site. In order to facilitate the contracting of work at the industrial  
31 park, the Department of Transportation may contract with a site developer and the manufacturer  
32 referenced in subsection (b) of this section for all work needed under this section at the park;  
33 provided that the contract clearly sets for liability for costs incurred in the event the requirements  
34 of this subsection are not met.

35           **SECTION 11.19.(d)** The Department shall enter into an agreement with the  
36 manufacturer identified in subsection (b) of this section. The agreement is binding and constitutes  
37 a continuing contractual obligation of the State and the manufacturer benefitted by the funds  
38 allocated for improving the project site. The agreement must (i) include all of the performance  
39 criteria, remedies, and other safeguards required by the Department to secure the State's benefit  
40 derived from improvements to the industrial park funded by this section and (ii) require the  
41 manufacturer to repay a proportionate amount of costs incurred by the State for improvement of  
42 the park undertaken by the State under subsection (b) of this section or reimbursement paid to  
43 the manufacturer under subsection (c) of this section for any failure by the business to meet and  
44 maintain the applicable performance criteria on which the cost incurred or reimbursement paid  
45 was based.

46           **SECTION 11.19.(e)** Part 2G of Article 10 of Chapter 143B of the General Statutes  
47 reads as rewritten:

48                           "Part 2G. Job Development Investment Grant Program.

49           ...

50           "**§ 143B-437.51. Definitions.**

51           The following definitions apply in this Part:

- 1 (1) Agreement. – A community economic development agreement under  
2 G.S. 143B-437.57.
- 3 (2) Base period. – The period of time set by the Committee during which new  
4 employees are to be hired for the positions on which the grant is based.
- 5 ...
- 6 (5) Eligible position. – A position created by a business and filled by a new  
7 full-time employee in this State during the base period. For purposes of  
8 high-yield ~~projects~~ projects, transitional projects, and transformative projects,  
9 (i) positions created in the year the business achieves the minimum  
10 requirements set forth in this section may be considered eligible positions even  
11 if created outside the base period and (ii) in a year other than during the base  
12 period, an eligible position must be filled for at least 30 weeks of the  
13 applicable grant year.
- 14 (5a) Expansion position. – A position created by a business and filled by a new  
15 full-time employee in this State in Phase II of a transitional project or for a  
16 transformative project in any year in which the business receives the enhanced  
17 percentage of the withholdings of eligible positions pursuant to  
18 G.S. 143B-437.56(a1).G.S. 143B-437.56(a).
- 19 (6) Full-time employee. – A person who is employed for consideration for at least  
20 35 hours a week, whose wages are subject to withholding under Article 4A of  
21 Chapter 105 of the General Statutes, who is not a worker with an H-1B visa  
22 or with H-1B status, and who is determined by the Committee to be employed  
23 in a permanent position according to criteria it develops in consultation with  
24 the Attorney General. ~~The~~ Except as allowed by this Part for system  
25 contractors, the term does not include any person who works as an  
26 independent contractor or on a consulting basis for the business.
- 27 (6a) High-yield project. – A project for which the agreement requires that a  
28 business invest at least five hundred million dollars (\$500,000,000) in private  
29 funds and create at least 1,750 eligible positions.
- 30 ...
- 31 (9a) System contractor. – A person employed by an entity that contracts with a  
32 business with which an agreement for a high-yield, transitional, or  
33 transformative project was entered into for the purpose of providing full-time  
34 employees exclusively located at and directly engaged in the primary  
35 operations of the project if all of the following criteria are met:
- 36 a. The number of system contractors used does not exceed fifteen percent  
37 (15%) of the eligible positions and is not used to fill expansion  
38 positions.
- 39 b. System contractors, other than in designation, meet all other  
40 requirements applicable to full-time employees of the business filling  
41 eligible positions.
- 42 c. The entity providing system contractors certifies to the business that it  
43 meets the same requirements imposed by this Part on the business with  
44 respect to system contractors provided at the project site, and the  
45 business agrees to procure from the entity and provide to either the  
46 Department of Revenue or the Department, upon request, any  
47 documentation needed to verify the requirements.
- 48 d. The entity providing the system contractors and the business are not  
49 related members and are not, directly or indirectly, affiliated in any  
50 way.

1           (9b) Transformative project. – A project for which the agreement requires that a  
2 business invest at least one billion dollars (\$1,000,000,000) in private funds  
3 and create at least 3,000 eligible positions.

4           (9c) Transitional project. – A project for which the agreement requires the  
5 following:

6           a. Phase I. – That a business invest at least one billion dollars  
7 (\$1,000,000,000) in private funds and create at least 1,750 eligible  
8 positions.

9           b. Phase II. – That a business, upon exercising an option in the agreement  
10 during the first 36 months of the agreement term to expand the project,  
11 increase the investment of private funds to at least three billion dollars  
12 (\$3,000,000,000) and increase job creation to at least 3,875 eligible  
13 positions. Exercise of an option under this sub-subdivision is  
14 contingent upon the business meeting and maintaining Phase I  
15 requirements at and beyond the end of the applicable base period for  
16 Phase I set forth in the agreement. Notice of exercising the option must  
17 be in writing to the Department.

18           ...

19 **"§ 143B-437.52. Job Development Investment Grant Program.**

20           ...

21           (c) Award Limitations. – The following limitations apply to grants awarded under this  
22 Part:

23           (1) Maximum liability. – The maximum amount of total annual liability for grants  
24 awarded in any single calendar year under this Part, including amounts  
25 transferred to the Utility Account pursuant to G.S. 143B-437.61, is thirty-five  
26 million dollars (\$35,000,000) for a year in which no grants are awarded for a  
27 high-yield project and is forty-five million dollars (\$45,000,000) for a year in  
28 which a grant is awarded for a high-yield project. No agreement may be  
29 entered into that, when considered together with other existing agreements  
30 governing grants awarded during a single calendar year, could cause the  
31 State's potential total annual liability for grants awarded in a single calendar  
32 year to exceed the applicable amount. The Department shall make every effort  
33 to ensure that the average percentage of withholdings of eligible positions for  
34 grants awarded under this Part does not exceed the average of the range  
35 provided in G.S. 143B-437.56(a). The limitation in this subdivision does not  
36 apply to (i) the difference in the award of a transitional project elevating the  
37 project from Phase I to Phase II or (ii) transformative projects.

38           (2) Semiannual commitment limitations. – Of the amount authorized in  
39 subdivision (1) of this subsection, no more than fifty percent (50%), excluding  
40 roll-over amounts, may be awarded in any single calendar semiannual period.  
41 A roll-over amount is any amount from a previous semiannual period in the  
42 same calendar year that was not awarded as a grant. The limitation of this  
43 subdivision does not apply to a grant awarded to a ~~high-yield~~ high-yield,  
44 transitional, or transformative project.

45           (3) Geographic limitations. – Of the amount authorized in subdivision (1) of this  
46 subsection, no more than twenty million dollars (\$20,000,000) may be used  
47 for projects located in counties with total employment of 500,000 or more and  
48 five million dollars (\$5,000,000) is reserved for projects located in counties  
49 with an annual ranking pursuant to G.S. 143B-437.08 in the highest fifty  
50 percent (50%) of the remaining counties. In measuring total employment, the  
51 Secretary shall use the latest available data published by the Quarterly Census



1 of Employment and Wages program. The limitations of this subdivision do  
2 not apply to a grant awarded to a ~~high-yield~~ high-yield, transitional, or  
3 transformative project.

4 ...  
5 **"§ 143B-437.53. Eligible projects.**

6 ...  
7 (c) Health Insurance. – A business is eligible for a grant under this Part only if the  
8 business provides health insurance for all of the applicable full-time employees of the project  
9 with respect to which the grant is made. For the purposes of this subsection, an applicable  
10 full-time employee is one who earns from the business less than one hundred fifty thousand  
11 dollars (\$150,000) in taxable compensation on an annualized basis or three and one-half times  
12 the annualized average State wage for all insured private employers in the State employing  
13 between 250 and 1,000 employees, whichever is greater. For the purposes of this subsection, a  
14 business provides health insurance if it pays at least fifty percent (50%) of the premiums for  
15 health care coverage that equals or exceeds the minimum ~~provisions of the basic health care plan~~  
16 ~~of coverage recommended by the Small Employer Carrier Committee pursuant to~~  
17 G.S. 58-50-125 requirements for small group health benefit plans under State or federal law.

18 Each year that a business receives a grant under this Part, the business must provide with the  
19 submission required under G.S. 143B-437.58 a certification that the business continues to  
20 provide health insurance, as required by this subsection, for all applicable full-time employees  
21 of the project with respect to which the grant is made. If the business ceases to provide the  
22 required health insurance, the Committee shall amend or terminate the agreement as provided in  
23 G.S. 143B-437.59.

24 ...  
25 **"§ 143B-437.55. Applications; fees; reports; study.**

26 ...  
27 (b) Application Fee. – When filing an application under this section, the business must  
28 pay the Committee a fee of (i) ten thousand dollars (\$10,000) if the project is ~~either a high-yield~~  
29 ~~project or a high-yield, transitional, or~~ transformative project, regardless of location in the State,  
30 or is located in a development tier three area, (ii) five thousand dollars (\$5,000) if the project is  
31 located in a development tier two area, or (iii) one thousand dollars (\$1,000) if the project is  
32 located in a development tier one area. The fee is due at the time the application is filed. The  
33 Secretary of Commerce, the Secretary of Revenue, and the Director of the Office of State Budget  
34 and Management shall determine the allocation of the fee imposed by this section among their  
35 agencies. The proceeds of the fee are receipts of the agency to which they are credited. Within  
36 30 days of receipt of an application under this section but prior to any award being made, the  
37 Department of Commerce shall notify each governing body of an area where a submitted  
38 application proposes locating a project of the information listed in this subsection, provided that  
39 the governing body agrees, in writing, to any confidentiality requirements imposed by the  
40 Department under G.S. 132-6(d). The information required by this subsection includes all of the  
41 following:

42 ...  
43 **"§ 143B-437.56. Calculation of ~~minimum and maximum grants~~; factors considered.**

44 (a) Maximum Percentage. – Subject to the provisions of ~~subsections (a1) and subsection~~  
45 (d) of this section, the amount of the grant awarded in each case shall be a percentage of the  
46 withholdings of ~~eligible positions governed by the agreement~~ for a period of years. The  
47 percentage used to determine the amount of the grant shall be based on criteria developed by the  
48 Committee, in consultation with the Attorney General, after considering, at a minimum, (i) the  
49 number of positions governed by the agreement to be created, (ii) the expected duration of those  
50 positions, (iii) the type of contribution the business can make to the long-term growth of the  
51 State's economy, (iv) the amount of other financial assistance the project will receive from the

1 State or local governments, (v) the total dollar investment the business is making in the project,  
2 (vi) whether the project utilizes existing infrastructure and resources in the community, (vii)  
3 whether the project is located in a development zone, (viii) the number of positions governed by  
4 the agreement that would be filled by residents of a development zone, and (ix) the extent to  
5 which the project will mitigate unemployment in the State and locality. The percentage shall be  
6 no more than eighty percent (80%) for a development tier one area and no more than seventy-five  
7 percent (75%) for any other area. If the project will be located in more than one area designation,  
8 the location with the highest area designation determines the maximum percentage to be used.  
9 The percentage used to determine the amount of the grant shall be based on criteria developed  
10 by the Committee, in consultation with the Attorney General, after considering at least the  
11 following:

- 12       (1) General rule. – Eighty percent (80%) of the withholdings of eligible positions  
13 for a development tier one area and seventy-five percent (75%) of the  
14 withholdings of eligible positions for any other area.
- 15       (2) High-yield project. – Notwithstanding the percentage in subdivision (1) of this  
16 subsection, if the project is a high-yield project, the business has met the  
17 investment and job creation requirements, and, for three consecutive years,  
18 the business has met all terms of the agreement, the amount of the grant  
19 awarded shall be no more than one hundred percent (100%) of the  
20 withholdings of eligible positions for each year the business maintains the  
21 minimum job creation requirement and meets all terms of the agreement. A  
22 business that fails to maintain the minimum job creation requirement or meet  
23 all terms of the agreement required to qualify as a high-yield project will be  
24 disqualified from receiving the enhanced percentage of withholdings under  
25 this subdivision and will have the applicable percentage set forth in  
26 subdivision (1) of this subsection applied in the year in which the failure  
27 occurs and all remaining years of the grant term.
- 28       (3) Transitional project. – Notwithstanding the percentage in subdivision (1) of  
29 this subsection, a transitional project shall be treated as a high-yield project  
30 pursuant to subdivision (2) of this subsection until the business meets the  
31 requirements for Phase II, at which time the amount of the grant awarded shall  
32 be no more than one hundred percent (100%) of the withholdings of eligible  
33 and expansion positions for each year the business maintains the minimum  
34 job creation requirement for Phase II and meets all terms of the agreement. A  
35 business that fails to maintain the minimum job creation requirement or meet  
36 all terms of the agreement required for Phase II but remains in compliance  
37 with the requirements for Phase I will be disqualified from receiving the  
38 enhanced percentage of withholdings under this subdivision and will have the  
39 applicable percentage set forth in subdivision (2) of this subsection applied in  
40 the year in which the failure occurs and all remaining years of the grant term;  
41 provided that, if the business fails to meet the requirements for Phase I, the  
42 business is disqualified from receiving an enhanced percentage of  
43 withholdings, and the percentage set forth in subdivision (1) of this subsection  
44 shall be applied in the year in which the failure occurs and all remaining years  
45 of the grant term.
- 46       (4) Transformative project. – If the project is a transformative project and the  
47 business has met the investment and job creation requirements and all terms  
48 of the agreement, the amount of the grant awarded shall be no more than one  
49 hundred percent (100%) of the withholdings of eligible and expansion  
50 positions for each year the business maintains the minimum job creation  
51 requirement and meets all terms of the agreement. A business that fails to

1 maintain the minimum job creation requirement or meet all terms of the  
2 agreement required to qualify as a transformative project will be disqualified  
3 from receiving the enhanced percentage of withholdings under this subsection  
4 and will have the applicable percentage set forth in subdivision (1) of this  
5 subsection applied in the year in which the failure occurs and all remaining  
6 years of the grant term.

7 (1) ~~The number of eligible positions to be created.~~

8 (2) ~~The expected duration of those positions.~~

9 (3) ~~The type of contribution the business can make to the long-term growth of the~~  
10 ~~State's economy.~~

11 (4) ~~The amount of other financial assistance the project will receive from the State~~  
12 ~~or local governments.~~

13 (5) ~~The total dollar investment the business is making in the project.~~

14 (6) ~~Whether the project utilizes existing infrastructure and resources in the~~  
15 ~~community.~~

16 (7) ~~Whether the project is located in a development zone.~~

17 (8) ~~The number of eligible positions that would be filled by residents of a~~  
18 ~~development zone.~~

19 (9) ~~The extent to which the project will mitigate unemployment in the State and~~  
20 ~~locality.~~

21 (a1) ~~Notwithstanding the percentage specified by subsection (a) of this section, the amount~~  
22 ~~of the grant awarded for a high-yield or transformative project shall be enhanced as provided in~~  
23 ~~this subsection if the applicable conditions of this subsection are met. A business receiving an~~  
24 ~~enhanced percentage of withholdings under this subsection that fails to maintain the minimum~~  
25 ~~job creation requirement or meet all terms of the agreement will be disqualified from receiving~~  
26 ~~the enhanced percentage and will have the applicable percentage set forth in subsection (a) of~~  
27 ~~this section applied in the year in which the failure occurs and all remaining years of the grant~~  
28 ~~term. The enhanced percentages are as follows:~~

29 (1) ~~If the project is a high-yield project, the business has met the investment and~~  
30 ~~job creation requirements, and, for three consecutive years, the business has~~  
31 ~~met all terms of the agreement, the amount of the grant awarded shall be no~~  
32 ~~more than one hundred percent (100%) of the withholdings of eligible~~  
33 ~~positions for each year the business maintains the minimum job creation~~  
34 ~~requirement and meets all terms of the agreement. Ninety percent (90%) of~~  
35 ~~the annual grant approved for disbursement shall be payable to the business,~~  
36 ~~and ten percent (10%) shall be payable to the Utility Account pursuant to~~  
37 ~~G.S. 143B-437.61.~~

38 (2) ~~If the project is a transformative project and the business has met the~~  
39 ~~investment and job creation requirements and all terms of the agreement, the~~  
40 ~~amount of the grant awarded shall be no more than one hundred percent~~  
41 ~~(100%) of the withholdings of eligible and expansion positions for each year~~  
42 ~~the business maintains the minimum job creation requirement and meets all~~  
43 ~~terms of the agreement. Ninety percent (90%) of the annual grant approved~~  
44 ~~for disbursement shall be payable to the business, and ten percent (10%) shall~~  
45 ~~be payable to the Utility Account pursuant to G.S. 143B-437.61.~~

46 (b) Base Period. – The maximum number of years in the base period for which grant  
47 payments may be made shall not exceed the following:

48 (1) For transformative projects, 10 years.

49 (2) For transitional projects, five years for purposes of eligible positions required  
50 for Phase I of the project and 10 years for purposes of the additional positions  
51 required for Phase II of the project under the agreement.

1           (3) For all other projects, five years.  
2       (b1) Grant Term. – The term of the grant shall not exceed the duration listed in this  
3 subsection. The first grant payment must be made within six years after the date on which the  
4 grant was awarded. ~~For projects other than transformative projects, the number of years in the~~  
5 ~~base period for which grant payments may be made shall not exceed five years. For~~  
6 ~~transformative projects, the number of years in the base period for which grant payments may be~~  
7 ~~made shall not exceed 10 years.~~ Maximum durations are as follows:

8           (1) For high-yield projects in which the business receives the enhanced  
9 percentage pursuant to subsection ~~(a1)-(a)~~ of this section, 20 years starting  
10 with the first year a grant payment is made. If a business is disqualified from  
11 the enhanced percentage in one of the first 12 years, the term of the grant shall  
12 not exceed 12 years starting with the first year a grant payment is made. If a  
13 business is disqualified from receiving the enhanced percentage after the first  
14 12 years, the term of the grant ends in the year the disqualification occurs.

15       (1a) For transitional projects in which the business receives the enhanced  
16 percentage for Phase II pursuant to subsection (a) of this section, the base  
17 period plus 30 years starting with the first year a grant payment is made. If a  
18 business is disqualified from the enhanced percentage allowed for Phase II but  
19 meets the requirements for Phase I, the term of the grant shall not exceed 20  
20 years starting with the first year a grant payment is made. If a business is  
21 disqualified from the enhanced percentage allowed for Phase I, the term of the  
22 grant shall not exceed 12 years starting with the first year a grant payment is  
23 made. If a disqualification occurs after the maximum term provided in this  
24 subdivision, the term of the grant ends in the year the disqualification occurs.

25       (1b) For transformative projects in which the business receives the enhanced  
26 percentage pursuant to subsection ~~(a1)-(a)~~ of this section, the base period plus  
27 30 years starting with the first year a grant payment is made. If a business is  
28 disqualified from the enhanced percentage in one of the first 12 years, the term  
29 of the grant shall not exceed 12 years starting with the first year a grant  
30 payment is made. If a business is disqualified from receiving the enhanced  
31 percentage after the first 12 years, the term of the grant ends in the year the  
32 disqualification occurs.

33       (2) For all other projects, 12 years starting with the first year a grant payment is  
34 made.

35       ~~(c) Except as provided in subsection (a1) of this section, the grant may be based only on~~  
36 ~~eligible positions created during the base period.~~

37       (d) Utility Account. – For any eligible position that is located in a development tier three  
38 area, seventy-five percent (75%) of the annual grant approved for disbursement shall be payable  
39 to the business, and twenty-five percent (25%) shall be payable to the Utility Account pursuant  
40 to G.S. 143B-437.61. For (i) any business that receives an enhanced percentage pursuant to  
41 subsection (a) of this section and (ii) any eligible position that is located in a development tier  
42 two area, ninety percent (90%) of the annual grant approved for disbursement shall be payable  
43 to the business, and ten percent (10%) shall be payable to the Utility Account pursuant to  
44 G.S. 143B-437.61. A position is located in the development tier area that has been assigned to  
45 the county in which the project is located at the time the application is filed with the Committee.  
46 ~~This subsection does not apply to a high yield or transformative project in years in which the~~  
47 ~~business receives the enhanced percentage pursuant to subsection (a1) of this section.~~

48       (e) Grant Coordination. – A business that is receiving any other grant by operation of  
49 State law may not receive an amount as a grant pursuant to this Part that, when combined with  
50 any other grants, exceeds the applicable maximum percentage of the withholdings of the

1 business, as provided in ~~subsections (a) and (a1)~~ subsection (a) of this section, unless the  
2 Committee makes an explicit finding that the additional grant is necessary to secure the project.

3 (f) Per Job Maximum. – For projects other than transformative projects, the amount of a  
4 grant associated with any specific eligible position, including any amount transferred to the  
5 Utility Account pursuant to G.S. 143B-437.61, may not exceed sixteen thousand dollars  
6 (\$16,000) in any year."

7 **SECTION 11.19.(f)** Provided the condition for the appropriation in subsection (b)  
8 of this section is met and provided the electric public utility providing retail electric service to  
9 the site identified in subsection (a) of this section (i) determines development of the site  
10 necessitates movement of transmission line infrastructure within the site, (ii) determines  
11 relocation within the site can be accomplished without undermining the safety and reliability of  
12 the electrical system and without requiring easements or other property rights outside of the site,  
13 and (iii) undertakes relocation of the infrastructure within the site, there is appropriated from the  
14 Economic Development Project Reserve established in Section 2.2(m) of this act to the  
15 Department of Commerce (Department) for the 2021-2022 fiscal year the sum of eighteen million  
16 dollars (\$18,000,000) in nonrecurring funds to be used for a grant to the electric public utility to  
17 offset the cost of undertaking the relocation of the line infrastructure within the site. To the extent  
18 that the electric public utility incurs any prudent and reasonable direct and indirect costs,  
19 including financing costs, associated with such relocation that are not offset by the appropriation  
20 authorized under this subsection or any revenue credits to which the project is entitled, the  
21 Utilities Commission shall allow the electric public utility to establish a regulatory asset and to  
22 defer and recover all such costs through base rates established pursuant to G.S. 62-133 et seq.  
23 The reasonable and prudent direct and indirect costs, including financing costs, incurred for the  
24 relocation of a transmission line pursuant to this section that are not offset by the appropriation  
25 authorized under this subsection or any revenue credits to which the project is entitled shall be  
26 entirely assigned to the utility's North Carolina retail jurisdictional customers. In the event that  
27 the appropriation authorized under this subsection combined with the revenue credits to which  
28 the project is entitled exceeds the total direct and indirect costs, including financing costs,  
29 incurred by the electric public utility in connection with relocation of the transmission line, the  
30 electric public utility shall, subject to review and approval by the Utilities Commission, remit the  
31 excess amount to the State.

32 **SECTION 11.19.(f1)** With respect to an "eligible customer," which for purposes of  
33 this section means any customer of an electric public utility that locates a new manufacturing  
34 facility at a project site that is subject to an agreement with the Department of Commerce  
35 pursuant to subsection (d) of this section, the following modifications shall be made to the  
36 renewable energy procurement program for major military installations, public universities, and  
37 large customers established under G.S. 62-159.2 as follows:

- 38 (1) Notwithstanding the requirements established under G.S. 62-110.8(b) that at  
39 least 100 MW of new renewable energy facility capacity offered under the  
40 program shall be reserved for participation by major military installations, and  
41 at least 250 MW of new renewable energy facility capacity offered under the  
42 program shall be reserved for participation by The University of North  
43 Carolina, comprising a total reserved amount of 350 MW, this reserved  
44 amount shall be made available to an eligible customer; provided, however,  
45 that the total amount of reserved capacity available to an eligible customer  
46 shall be reduced by any amount subscribed to by major military installations  
47 or The University of North Carolina in accordance with the time lines set forth  
48 in G.S. 62-159.2(d). Upon any subscription by an eligible customer, such  
49 portion of the reserved capacity shall no longer be available to the major  
50 military installations or The University of North Carolina or to any other  
51 customer. Notwithstanding G.S. 62-159.2(d), the reserved capacity shall not

1 be made available to any other eligible program participants or included in a  
2 competitive procurement in accordance with G.S. 62-110.8(a), but instead  
3 shall continue to be available to an eligible customer in accordance with this  
4 subsection until January 1, 2028.

- 5 (2) Notwithstanding G.S. 62-159.2(c), an eligible customer shall be entitled to  
6 subscribe to a capacity amount sufficient to produce on an annual basis one  
7 hundred percent (100%) of the eligible customer's actual annual electricity  
8 usage or reasonably projected annual electricity usage over the immediately  
9 subsequent annual period, in either case, at the project site, but in no event  
10 shall the capacity amount to which the eligible customer is entitled exceed 350  
11 MW, as may be reduced in the event of any subscriptions by a major military  
12 installation or The University of North Carolina. The amount of capacity that  
13 is available to an eligible customer pursuant to this subsection shall be  
14 revaluated on an annual basis as the eligible customer expands operations at  
15 the project site.

16 In addition to the foregoing, an eligible customer shall also be entitled to participate  
17 in any future customer programs approved by the Commission.

18 **SECTION 11.19.(f2)** G.S. 62-159.2 reads as rewritten:

19 "**§ 62-159.2. Direct renewable energy procurement for major military installations, public**  
20 **universities, and large customers.**

21 ...

22 (c) Each contracted amount of capacity shall be limited to no more than one hundred  
23 twenty-five percent (125%) of the maximum annual peak demand of the eligible customer  
24 premises. Each public utility shall establish reasonable credit requirements for financial  
25 assurance for eligible customers that are consistent with the Uniform Commercial Code of North  
26 Carolina. Major military installations and The University of North Carolina are exempt from the  
27 financial assurance requirements of this section. The requirements of this subsection shall apply  
28 except as otherwise provided by law.

29 (d) The program shall be offered by the electric public utilities subject to this section for  
30 a period of five years or until December 31, 2022, whichever is later, and shall not exceed a  
31 combined 600 megawatts (MW) of total capacity. For the public utilities subject to this section,  
32 where a major military installation is located within its Commission-assigned service territory,  
33 at least 100 megawatts (MW) of new renewable energy facility capacity offered under the  
34 program shall be reserved for participation by major military installations. At least 250  
35 megawatts (MW) of new renewable energy facility capacity offered under the programs shall  
36 also be reserved for participation by The University of North Carolina. Major military  
37 installations and The University of North Carolina must fully subscribe to all their allocations  
38 prior to December 31, 2020, or a period of no more than three years after approval of the program,  
39 whichever is later. If any portion of total capacity set aside to major military installations or The  
40 University of North Carolina is not used, it shall be reallocated for use by any eligible program  
41 participant. If any portion of the 600 megawatts (MW) of renewable energy capacity provided  
42 for in this section is not awarded prior to the expiration of the program, it shall be reallocated to  
43 and included in a competitive procurement in accordance with G.S. 62-110.8(a). The  
44 requirements of this subsection shall apply except as otherwise provided by law.

45 ...."

46 **SECTION 11.19.(g)** This section is effective when it becomes law.

## 47 **PART XII. ENVIRONMENTAL QUALITY**

### 48 **GREAT COHARIE TIMBER SALES**

49  
50

1           **SECTION 12.1.** The Department of Environmental Quality shall deposit revenue  
2 generated from timber harvesting on the Great Coharie property managed by the Department's  
3 Stewardship Program in the Conservation Grant Endowment Interest Fund (Fund Code:  
4 64307-6705) for the purpose of restoration and stewardship of that property.  
5

## 6 **REVISE STEWARDSHIP PROGRAM DIRECTIVES**

7           **SECTION 12.1A.** G.S. 143-214.15 reads as rewritten:

8 "**§ 143-214.15. Compensatory mitigation for diverse habitats.**

9           ...

10       (d) ~~The Office of Land and Water Stewardship Program~~ of the Department of  
11 Environmental Quality shall ~~catalog~~ maintain an inventory of all its land holdings and determine  
12 how many of those holdings are potential wildlife habitats, either as currently held or with some  
13 modification. ~~The Wildlife Resources Commission shall conduct a third-party review of this~~  
14 ~~inventory, and the Commission and the Office of Land and Water Stewardship shall both report~~  
15 ~~their findings to the Environmental Review Commission as part of the report required under~~  
16 ~~subsection (f) of this section.~~

17       (e) If private individuals, corporations, or other nongovernmental entities wish to  
18 purchase any of the inventory of land suitable for wildlife habitat, then the ~~Office of Land and~~  
19 ~~Water Stewardship Program~~ of the Department of Environmental Quality shall issue a request  
20 for proposal to all interested respondents for the purchase of the ~~land, and the land.~~ The State  
21 shall accept a proposal and proceed to dispose of the land only if the Department determines that  
22 the proposal meets both of the following requirements:

- 23           (1) The proposal provides for the maintenance in perpetuity of management  
24 measures listed in the original mitigation instrument or otherwise needed on  
25 an ongoing or periodic basis to maintain the functions of the mitigation site.
- 26           (2) Where the functions of the mitigation site include provision of recreation or  
27 hunting opportunities to members of the general public, the proposal includes  
28 measures needed to continue that level of access.

29       The instrument conveying a property interest in a mitigation site shall be executed in the  
30 manner required by Article 16 of Chapter 146 of the General Statutes, and shall reflect the  
31 requirements of this subsection.

32       (f) The Department of Environmental Quality shall report to the Environmental Review  
33 Commission by March 1 of each year ~~on its progress in complying with in which there are~~  
34 ~~changes in inventory during the preceding year under the provisions of this section.~~ section  
35 regarding the changes.  
36

## 37 **OVERSIGHT COMMITTEE STUDY OF DEQ FEES**

38           **SECTION 12.2.** The Joint Legislative Oversight Committee on Agriculture and  
39 Natural and Economic Resources shall study the existing fee structure for permitting,  
40 compliance, and oversight services performed by the Department of Environmental Quality with  
41 the goal of identifying areas where fee income does not adequately support the services provided.  
42 The Committee shall identify, with respect to each service identified as having an insufficient  
43 fee, the amount of the fee that was or could have been charged, the cost incurred by the  
44 Department of Environmental Quality in performing the service, and, if applicable, the reason  
45 for not charging the fee or for the fee shortfall. The Committee shall provide its report to the  
46 2022 Regular Session of the 2021 General Assembly upon its convening.  
47

## 48 **EXTEND SHELLFISH LEASING MORATORIA**

49           **SECTION 12.3.(a)** Section 7 of S.L. 2019-37 reads as rewritten:

50       "**SECTION 7.** Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new  
51 shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all

1 those waters enclosed by a line beginning at 34° 13.10221' N -77° 48.79544' W on the mainland  
2 side near Wrightsville Beach Bridge; running southeasterly to a point at 34° 12.51584' N -77°  
3 47.81847' W on Wrightsville Beach; following the shoreline southwesterly to a point at 34°  
4 11.121' N -77° 48.848' W at Masonboro Inlet; running southwesterly to a point at 34° 10.927'  
5 N -77° 48.771' W at Masonboro Inlet; continuing southwesterly to a point at 34° 05.04108' N -77°  
6 52.08324' W near IWW marker #159 continuing running southwesterly to a point at 34°  
7 03.64140' N -77° 53.41338' W on the mainland adjacent to the eastern mouth of Snow's Cut;  
8 running northeasterly along the shoreline to the point of beginning. The moratorium shall expire  
9 ~~July 1, 2021.~~ July 1, 2026. For purposes of this section, a new shellfish cultivation lease or water  
10 column lease shall include applications for either type of lease received by the Secretary, but not  
11 granted as of July 1, 2019."

12 **SECTION 12.3.(b)** Section 8 of S.L. 2019-37 reads as rewritten:

13 "SECTION 8. Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new  
14 shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all  
15 those waters enclosed by a line beginning at 34° 43.24641' N -76° 41.68436' W; running easterly  
16 following the Highway 70 High Rise Bridge to a point at 34° 43.27819' N -76° 41.22259' W;  
17 running southerly to a point 34° 42.375275' N -76° 40.80078' W on the southern tip of Radio  
18 Island; running southerly to a point 34° 41.98273' N -76° 40.81929' W; following the shoreline  
19 westerly to the Emerald Isle Bridge at a point 34° 40.05410' N -77° 03.80531' W; running  
20 northwesterly following the bridge to a point 34° 40.77658' N -77° 04.02674' W on the mainland  
21 near the Emerald Isle High Rise Bridge; running easterly following the shoreline to the point of  
22 beginning. The moratorium shall expire ~~July 1, 2021.~~ July 1, 2026. For purposes of this section,  
23 a new shellfish cultivation lease or water column lease shall include applications for either type  
24 of lease received by the Secretary, but not granted as of July 1, 2019."

25 **SECTION 12.3.(c)** Subsection (b) of this section is effective October 1, 2021, and  
26 applies to the Department's consideration of applications for shellfish leases submitted to the  
27 Department on or after that date. The remainder of this section is effective July 1, 2021, and  
28 applies to the Department's consideration of applications for shellfish leases submitted to the  
29 Department on or after that date.

## 30 31 **SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND AQUATIC WEED** 32 **FUND AMENDMENTS AND DIRECTED PROJECTS CLARIFICATION**

33 **SECTION 12.5.(a)** G.S. 143-215.73F(b) reads as rewritten:

34 "(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

- 35 (1) To provide the State's share of the costs associated with any dredging project  
36 designed to keep shallow draft navigation channels located in State waters or  
37 waters of the ~~state~~ State located within lakes navigable and safe.
- 38 (2) For aquatic weed control projects in waters of the State under Article 15 of  
39 Chapter 113A of the General Statutes. Funding for aquatic weed control  
40 projects is limited to one million dollars (\$1,000,000) in each fiscal year.
- 41 (3) ~~For the compensation of a beach and inlet management project manager with~~  
42 ~~the Division of Coastal Management of the Department of Environmental~~  
43 ~~Quality for the purpose of overseeing all~~ For administrative support of  
44 activities related to beach and inlet management in the State. Funding for the  
45 position is limited to ninety nine thousand dollars (\$99,000) in each fiscal  
46 year. State, limited to one hundred thousand dollars (\$100,000) in each fiscal  
47 year.
- 48 (3a) For administrative support of Fund operations, limited to one hundred  
49 thousand dollars (\$100,000) in each fiscal year.
- 50 (4) To provide funding for siting and acquisition of dredged disposal easement  
51 sites associated with the maintenance of the Atlantic Intracoastal Waterway



1 between the border with the state of South Carolina and the border with the  
2 Commonwealth of Virginia, under a Memorandum of Agreement between the  
3 State and the federal government.

- 4 (5) For assessments and data collection regarding dredge material disposal sites  
5 located in the State."

6 **SECTION 12.5.(b)** Notwithstanding G.S. 143-215.73F, there shall be no match  
7 required for funds appropriated by this act from the Shallow Draft Navigation Channel Dredging  
8 and Aquatic Weed Fund for the following projects:

- 9 (1) The Highway 24 Boat Ramp park in Carteret County.  
10 (2) Dredging of Lake Junaluska in Haywood County.  
11 (3) Dredging of Walden Pond Lake in Union County.

## 12 13 **COMMERCIAL LEAKING UNDERGROUND STORAGE TANK CLEANUP FUND** 14 **CHANGES**

15 **SECTION 12.6.** G.S. 143-215.94B(i) reads as rewritten:

16 "(i) During each fiscal year, the Department shall use up to ~~one million dollars~~  
17 ~~(\$1,000,000)~~ two million dollars (\$2,000,000) of the funds in the Commercial Fund to fund  
18 necessary assessment and cleanup to be conducted by the Department of discharges or releases  
19 for which a responsible party has been identified but for which the responsible party can  
20 demonstrate that undertaking the costs of assessment and cleanup will impose a severe financial  
21 hardship. Any portion of the ~~\$1,000,000~~ two million dollars (\$2,000,000) designated each fiscal  
22 year, which is not used during that fiscal year to address situations of severe financial hardship,  
23 shall revert to the Commercial Fund for the uses otherwise provided by this section. The  
24 Commission shall adopt rules to define severe financial hardship; establish criteria for assistance  
25 due to severe financial hardship pursuant to this section; and establish a process for evaluation  
26 and determinations of eligibility with respect to applications for assistance due to severe financial  
27 hardship. The Commission shall create a subcommittee of the Commission's Committee on Civil  
28 Penalty Remissions as established by G.S. 143B-282.1 to render determinations of eligibility  
29 under this subsection."  
30

## 31 **BERNARD ALLEN MEMORIAL DRINKING WATER FUND CLARIFICATION**

32 **SECTION 12.7.** G.S. 87-98 reads as rewritten:

33 **"§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

34 ...

35 (c) The Department shall disburse monies from the Fund based on financial need and on  
36 the risk to public health posed by groundwater contamination and shall give priority to the  
37 provision of services under this section to instances when an alternative source of funds is not  
38 available. The Fund shall not be used to provide alternative water supply to households with  
39 incomes greater than three hundred percent (300%) of the current federal poverty ~~level.~~ level,  
40 provided that this income limitation shall not apply in cases of contamination that include  
41 per-fluoroalkyl or poly-fluoroalkyl substances. The Fund may be used to provide alternative  
42 drinking water supplies if the Department determines that the concentration of one or more  
43 contaminants in the private drinking water well or improved spring exceeds the federal maximum  
44 contaminant level, or the federal drinking water action level as defined in 40 Code of Federal  
45 Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code of Federal Regulations § 143.3  
46 (1 July 2007). For a contaminant for which a federal maximum contaminant level or drinking  
47 water action level has not been established, the State groundwater standard established by the  
48 Environmental Management Commission for the concentration of that ~~contaminant~~ contaminant,  
49 a health goal established by the North Carolina Department of Health and Human Services, or a  
50 health advisory standard established by the United States Environmental Protection Agency shall  
51 be used to determine whether the Fund may be used to provide alternative drinking water

1 supplies. The Fund may also be used to provide alternative drinking water supplies as provided  
2 in this section if the Department determines that the concentration of one or more contaminants  
3 in a private drinking water well is increasing over time and that there is a significant risk that the  
4 concentration of a contaminant will exceed the federal maximum contaminant level or drinking  
5 water action level, or the State groundwater standard. A determination of the concentration of a  
6 contaminant shall be based on a sample of water collected from the private drinking water well  
7 within the past 12 months.

8 ...."  
9

## 10 **ROCKINGHAM/GUILFORD COUNTY FUNDS EXTENSION**

11 **SECTION 12.8.** Subsection 14.20A(b) of S.L. 2016-94, as amended by Section 1 of  
12 S.L. 2017-17 and Section 2 of S.L. 2019-75, reads as rewritten:

13 "**SECTION 14.20A.(b)** Notwithstanding G.S. 143C-6-23(f1)(1) and G.S. 143C-1-2, funds  
14 allocated by this section shall be held in reserve by the Office of State Budget and Management  
15 and the allocations to each County shall be released when the County and one or more of the  
16 municipalities specified in subsection (a) of this section reach agreement on the funds allocated  
17 to that County by this section through interlocal agreements or the formation of regional water  
18 and sewer authorities or a combination of interlocal agreements and regional water and sewer  
19 authorities. Funds not spent or encumbered by June 30, ~~2021~~, 2023, shall be returned by the local  
20 governments or regional water and sewer authority to the Office of State Budget and  
21 Management and revert to the General Fund."  
22

## 23 **REPURPOSE PREREGULATORY LANDFILL FUNDS AMENDMENT**

24 **SECTION 12.9.** Section 13.2 of S.L. 2018-5, as amended by Section 4.2 of S.L.  
25 2018-97, reads as rewritten:

26 "**SECTION 13.2.** Notwithstanding G.S. 130A-310.11(b), up to two million dollars  
27 (\$2,000,000) of the funds credited to the Inactive Hazardous Sites Cleanup Fund under  
28 G.S. 105-187.63 for the assessment and remediation of pre-1983 landfills shall instead be used  
29 by the Department of Environmental Quality's Division of Waste Management to provide a  
30 matching grant to Charlotte Motor Speedway, LLC, (CMS) for the purpose of remediation  
31 activities at the Charlotte Motor Speedway in Cabarrus County. The Division shall provide one  
32 dollar (\$1.00) for every ~~two non-State dollars (\$2.00)~~ one non-State dollar (\$1.00) provided in  
33 kind or otherwise, up to a maximum of two million dollars (\$2,000,000) for the matching grant  
34 described in this section. CMS may allocate all or a portion of the grant provided by this section  
35 to an entity that controls CMS or an entity controlled by CMS. Entities receiving such an  
36 allocation shall be considered a subgrantee as defined in G.S. 143C-6-23."  
37

## 38 **DAM SAFETY EMERGENCY FUND**

39 **SECTION 12.10.(a)** Part 3 of Article 21 of Chapter 143 of the General Statutes is  
40 amended by adding a new section to read:

### 41 **"§ 143-215.32A. Dam Safety Emergency Fund.**

42 (a) Establishment; Purpose. – There is established the Dam Safety Emergency Fund  
43 within the Department, as set forth in this section. The Fund shall be used to defray expenses  
44 incurred by the Department in developing and implementing an emergency dam safety remedial  
45 plan.

46 (b) Eligible Expenses. – The Fund may be used for expenses incurred in developing and  
47 implementing an emergency dam safety remedial plan that has been approved by the Department,  
48 including expenses incurred to contract with any third party for services related to plan  
49 development or implementation.

50 (c) Conditions for Use. – These funds shall be used upon the Department's determination  
51 that sufficient funds or corrective action cannot be obtained from other sources without incurring

1 a delay that would significantly increase the threat to life or risk of damage to property or the  
2 environment.

3 (d) Cost Recovery. – Costs of site investigation and the development and implementation  
4 of an emergency dam safety remedial plan, including attorney's fees and other expenses of  
5 bringing the cost recovery action, may be recovered from the owners of the dam by appropriate  
6 legal action by the Commission. Funds recovered pursuant to this subsection shall be used to  
7 reimburse the Dam Safety Emergency Fund.

8 (e) Standards for Funded Activities. – Emergency dam safety remedial plan development  
9 and implementation activities shall be conducted in accordance with standards set forth in  
10 G.S. 143-215.29."

11 **SECTION 12.10.(b)** G.S. 143-215.29(a) reads as rewritten:

12 "(a) Any project for which the Commission's approval is required under G.S. 143-215.26,  
13 143-215.27, and 143-215.28, and any project undertaken pursuant to an order of the Commission  
14 issued pursuant to this section or G.S. 143-215.32 or funded from the Fund established in  
15 G.S. 143-215.32A shall be designed and supervised by an engineer legally qualified in the State  
16 of North Carolina."  
17

## 18 **EROSION AND SEDIMENTATION FEE CHANGES**

19 **SECTION 12.10A.(a)** G.S. 113A-54.2(a) reads as rewritten:

20 "(a) An application and compliance fee of ~~sixty five dollars (\$65.00)~~ one hundred dollars  
21 (\$100.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of  
22 land actually disturbed during the life of the project shall be charged for the review of an erosion  
23 and sedimentation control plan and related compliance activities under this Article."  
24

25 **SECTION 12.10A.(b)** G.S. 113A-60(d) reads as rewritten:

26 "(d) A local government may submit to the Commission for its approval a limited erosion  
27 and sedimentation control program for its jurisdiction that grants the local government the  
28 responsibility only for the assessment and collection of fees and for the inspection of  
29 land-disturbing activities within the jurisdiction of the local government. The Commission shall  
30 be responsible for the administration and enforcement of all other components of the erosion and  
31 sedimentation control program and the requirements of this Article. The local government may  
32 adopt ordinances and regulations necessary to establish a limited erosion and sedimentation  
33 control program. An ordinance adopted by a local government that establishes a limited program  
34 shall conform to the minimum requirements regarding the inspection of land-disturbing activities  
35 of this Article and the rules adopted pursuant to this Article regarding the inspection of  
36 land-disturbing activities. The local government shall establish and collect a fee to be paid by  
37 each person who submits an erosion and sedimentation control plan to the local government. The  
38 amount of the fee shall be an amount equal to eighty percent (80%) of the amount established by  
39 the Commission pursuant to G.S. 113A-54.2(a) plus any amount that the local government  
40 requires to cover the cost of inspection and program administration activities by the local  
41 government. The total fee shall not exceed ~~one hundred dollars (\$100.00)~~ one hundred fifty  
42 dollars (\$150.00) per acre. A local government that administers a limited erosion and  
43 sedimentation control program shall pay to the Commission the portion of the fee that equals  
44 eighty percent (80%) of the fee established pursuant to G.S. 113A-54.2(a) to cover the cost to the  
45 Commission for the administration and enforcement of other components of the erosion and  
46 sedimentation control program. Fees paid to the Commission by a local government shall be  
47 deposited in the Sedimentation Account established by G.S. 113A-54.2(b). A local government  
48 that administers a limited erosion and sedimentation control program and that receives an erosion  
49 control plan and fee under this subsection shall immediately transmit the plan to the Commission  
50 for review. A local government may create or designate agencies or subdivisions of the local  
51 government to administer the limited program. Two or more units of local government may  
establish a joint limited program and enter into any agreements necessary for the proper

1 administration of the limited program. The resolutions establishing any joint limited program  
2 must be duly recorded in the minutes of the governing body of each unit of local government  
3 participating in the limited program, and a certified copy of each resolution must be filed with  
4 the Commission. Subsections (b) and (c) of this section apply to the approval and oversight of  
5 limited programs."

6 **SECTION 12.10A.(c)** This section is effective when it becomes law.  
7

## 8 VOLKSWAGEN SETTLEMENT

9 **SECTION 12.11.(a)** Section 10(b) of S.L. 2020-79 reads as rewritten:

10 **"SECTION 10.(b)** In accordance with Section 13.2 of S.L. 2017-57, as amended by Section  
11 13.11 of S.L. 2018-5 (the Settlement Directives), there is appropriated from the Volkswagen  
12 Litigation Environmental Mitigation Fund (Fund) the sum of thirty million six hundred  
13 eighty-one thousand eight hundred eighty-six dollars (\$30,681,886) to fund Phase 1 of the August  
14 28, 2018, Beneficiary Mitigation Plan (Plan) prepared as set forth in the Trust agreement and  
15 submitted by the Department of Environmental Quality to the General Assembly pursuant to the  
16 Settlement Directives. The funds appropriated in this act shall be allocated for the following  
17 purposes set forth in Phase 1 of the Plan:

- 18 (1) Diesel bus and vehicle replacements or upgrades.
- 19 (2) Zero emissions vehicle infrastructure – Level 2 charging stations.
- 20 (3) Zero emissions vehicle infrastructure – DC fast charging stations.

21 The Department of Environmental Quality in its capacity as the lead agency designated under  
22 the procedures set forth in the Trust agreement may transfer and use up to one million five  
23 hundred thirty-four thousand ninety-four dollars (\$1,534,094) for administrative purposes in  
24 executing the Plan.

25 Funds remaining from Phase 1 of the Plan that are unobligated and unencumbered at the end  
26 of the 2019-2021 fiscal biennium shall ~~be returned to the Trustee by the Department of~~  
27 ~~Environmental Quality as set forth in the Trust agreement.~~ remain available until expended."

28 **SECTION 12.11.(b)** This section is effective June 30, 2021.  
29

## 30 WATER INFRASTRUCTURE FUND ENHANCEMENT

31 **SECTION 12.12.(a)** G.S. 159G-22 is amended by adding a new subsection to read:

32 "(j) Unused CWSRF and DWSRF State Match. – Funds appropriated to the Department  
33 for the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund to provide  
34 State matching funds that are in excess of the amount required to draw down all available federal  
35 capitalization grant funds may also be used for water and wastewater infrastructure grants  
36 awarded from the Wastewater Reserve, the Drinking Water Reserve, or the Viable Utility  
37 Reserve."

38 **SECTION 12.12.(b)** G.S. 159G-39 reads as rewritten:

39 **"§ 159G-39. Review of applications and award of loan or grant.**

40 ...

41 (e) ~~Viable Utility Reserve Terms.~~ Approval. – The Department shall not award a grant  
42 from the Viable Utility Reserve Fund unless the Local Government Commission approves the  
43 award of the grant and the terms of the grant. Any emergency grant application submitted under  
44 G.S. 159G-31(e) shall be deemed approved by the Local Government Commission upon  
45 submission.

46 (f) Grant Terms. –

- 47 (1) Viable Utility Reserve. – The Department and the Local Government  
48 Commission may, in their discretion, impose specific performance measures  
49 or conditions on any grant awarded from the Viable Utility Reserve, including  
50 any grant submitted under G.S. 159G-31(e).

1           (2) Drinking Water Reserve or Wastewater Reserve. – The Department may  
2 impose specific performance measures or conditions on any grant awarded  
3 from the Drinking Water Reserve or Wastewater Reserve to ensure an  
4 adequately funded program for the repair, maintenance, and management of  
5 the water or wastewater infrastructure."

6           **SECTION 12.12.(c)** G.S. 159G-45(d) reads as rewritten:

7           "(d) The Authority and the Local Government Commission shall establish the frequency  
8 of the cycle for assessment and review of local government units under this section, ~~which shall~~  
9 ~~be no less than every two years.~~ section. The frequency of the cycle shall be not less than once  
10 every two years."

## 11 **BIRD ISLAND FUNDS**

12           **SECTION 12.12B.** Funds appropriated by S.L. 2018-5 for acquisition of the Sunset  
13 Beach West tract for the Bird Island Coastal Reserve may be used by the Department to complete  
14 various acquisition-related activities related to incorporation of the tract into the reserve, such as  
15 the purchase and installation of signage, updates to printed materials, property stewardship, and  
16 the planning and implementation of walking and kayak trails. These funds may also be used for  
17 outreach supplies and temporary staff to support public programs and activities.

## 18 **WATER AND SEWER INFRASTRUCTURE FUNDS**

19           **SECTION 12.13.(a)** Allocation. – Funds appropriated in this act from the State  
20 Fiscal Recovery Fund to the Department of Environmental Quality for the Water Infrastructure  
21 Fund shall be allocated for water and sewer infrastructure as follows:

- 22           (1) Four hundred fifty-six million four hundred thousand dollars (\$456,400,000)  
23 for the Viable Utility Reserve to be used for the purposes set forth in  
24 subdivisions (1) through (5) of G.S. 159G-32(d).
- 25           (2) Three hundred seventeen million four hundred fifty thousand dollars  
26 (\$317,450,000) for the Drinking Water Reserve and the Wastewater Reserve  
27 to provide project construction grants for public water systems and wastewater  
28 systems that the Department categorizes as at-risk. The limits set forth in  
29 G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by  
30 this subdivision.
- 31           (3) Seven hundred thirty-two million five hundred twenty-five thousand dollars  
32 (\$732,525,000) for the Drinking Water Reserve and the Wastewater Reserve  
33 to provide project construction grants for public water systems and wastewater  
34 systems not eligible for funding under subdivisions (1) and (2) of this  
35 subsection. The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants  
36 awarded from funds allocated by this subdivision.
- 37           (4) Eighty million dollars (\$80,000,000) to the Water Infrastructure Fund for the  
38 Drinking Water Reserve and the Wastewater Reserve for any of the following  
39 grants:
- 40           a. Asset inventory and assessment grants, as defined in  
41 G.S. 159G-33(a)(3a) and G.S. 159G-34(a)(3a).
- 42           b. Rate study grants intended to determine a rate structure that will enable  
43 a public water system or wastewater system to generate sufficient  
44 revenues to adequately fund management and operations, personnel,  
45 appropriate levels of maintenance, and reinvestment to facilitate the  
46 provision of reliable water or wastewater services.
- 47           c. Merger/regionalization feasibility grants, as defined in  
48 G.S. 159G-33(a)(3) and G.S. 159G-34(a)(3).
- 49  
50

- 1 d. Training grants to increase the capacity of a public water system or  
2 wastewater system to operate efficiently and maintain adequate  
3 maintenance and revenue collection practices.  
4 e. Planning grants to conduct project engineering, design, or other  
5 preconstruction activities.

6 **SECTION 12.13.(b)** Limitation on Certain Grants. – Notwithstanding  
7 G.S. 159G-36(c), the amount of grants awarded under subdivision (a)(4) of this section may not  
8 exceed four hundred thousand dollars (\$400,000) to the same grant recipient for the 2021-2023  
9 fiscal biennium.

10 **SECTION 12.13.(c)** Reversion of Unneeded Funds. – Funds in excess of the  
11 amounts needed for the projects listed in subsections (d), (e), and (f) of this section may be used  
12 by the Department for other water and sewer infrastructure projects subject to applicable law and  
13 the applicable directives and limitations set forth in subdivision (a)(1), (a)(2), or (a)(3) of this  
14 section. The unused funds from projects listed in subsection (d) of this section may be used for  
15 projects eligible for funding from the Viable Utility Reserve, and the unused funds from projects  
16 listed in subsections (e) and (f) of this section may be used for projects eligible for funding from  
17 the Drinking Water Reserve or the Wastewater Reserve. Reverted funds may also be used for  
18 grants to conduct project engineering, design, or other preconstruction activities by a local  
19 government or public entity eligible for grants from the same Reserve as the reverting local  
20 government or public entity.

21 **SECTION 12.13.(d)** VUR Projects. – Of the funds allocated by subdivision (a)(1)  
22 of this section, the following sums shall be granted to the indicated local governments and public  
23 entities for water and wastewater infrastructure projects:

- 24 (1) One million ninety-one thousand seven hundred ninety-seven dollars  
25 (\$1,091,797) to the Town of Andrews.  
26 (2) Five million dollars (\$5,000,000) to the Town of Bailey.  
27 (3) Five million dollars (\$5,000,000) to the Town of Bath.  
28 (4) Twelve million dollars (\$12,000,000) to the Town of Bladenboro.  
29 (5) Twenty-three million three hundred forty-nine thousand fifty-one dollars  
30 (\$23,349,051) to the Town of East Spencer.  
31 (6) One hundred fifty thousand dollars (\$150,000) to the Town of Ellerbe.  
32 (7) One million dollars (\$1,000,000) to the Town of Hot Springs.  
33 (8) Eight million three hundred fifty thousand dollars (\$8,350,000) to the Town  
34 of Madison.  
35 (9) Five million dollars (\$5,000,000) to the Town of Maysville.  
36 (10) One million five hundred thousand dollars (\$1,500,000) to the Town of  
37 Middlesex.  
38 (11) Two million dollars (\$2,000,000) to the Town of Norwood.  
39 (12) Ten million dollars (\$10,000,000) to Rockingham County.  
40 (13) Four million dollars (\$4,000,000) to the Town of Seaboard.  
41 (14) Two million eight hundred thousand dollars (\$2,800,000) to the City of  
42 Southport.  
43 (15) Four hundred thousand dollars (\$400,000) to the Town of Spring Lake.  
44 (16) One million seventy thousand dollars (\$1,070,000) to the Town of Topsail  
45 Beach.  
46 (17) Five million nine hundred ninety-four thousand dollars (\$5,994,000) to the  
47 City of Trinity.  
48 (18) Four hundred twenty-five thousand dollars (\$425,000) to the Town of Tryon.  
49 (19) Six hundred thousand dollars (\$600,000) to the Town of Walstonburg.

1           **SECTION 12.13.(e)** At-Risk Projects. – Of the funds allocated by subdivision (a)(2)  
2 of this section, the following sums shall be granted to the indicated local governments and public  
3 entities for water and wastewater infrastructure projects:

- 4           (1) Two million dollars (\$2,000,000) to the Town of Bakersville.
- 5           (2) One million dollars (\$1,000,000) to the Town of Beech Mountain.
- 6           (3) Twenty-two million seven hundred thirty-three thousand seven hundred  
7 dollars (\$22,733,700) to the Town of Benson.
- 8           (4) Four million eight hundred thousand dollars (\$4,800,000) to the Town of  
9 Blowing Rock.
- 10          (5) Three million dollars (\$3,000,000) to the Town of Boonville.
- 11          (6) Three hundred thousand dollars (\$300,000) to Burke County.
- 12          (7) Fifteen million three hundred thousand dollars (\$15,300,000) to Davidson  
13 County.
- 14          (8) One million five hundred thousand dollars (\$1,500,000) to the Town of  
15 Denton.
- 16          (9) Two million six hundred thousand dollars (\$2,600,000) to the Town of Four  
17 Oaks.
- 18          (10) Sixteen million ninety thousand dollars (\$16,090,000) to the Town of Kenly.
- 19          (11) Three million one hundred fifty thousand dollars (\$3,150,000) to the Town of  
20 Lillington.
- 21          (12) Two million dollars (\$2,000,000) to the Town of Littleton.
- 22          (13) Eleven million dollars (\$11,000,000) to McDowell County.
- 23          (14) Nine hundred fifty thousand dollars (\$950,000) to the Town of Micro.
- 24          (15) Three million five hundred thousand dollars (\$3,500,000) to the Town of  
25 Mount Gilead.
- 26          (16) One million nine hundred ninety-five thousand dollars (\$1,995,000) to the  
27 Town of Pine Level.
- 28          (17) Two million eight hundred twenty-four thousand two hundred dollars  
29 (\$2,824,200) to the Town of Ranlo.
- 30          (18) Three million one hundred thousand dollars (\$3,100,000) to the Town of Red  
31 Springs.
- 32          (19) One hundred thousand dollars (\$100,000) to the Town of Robbinsville.
- 33          (20) One million five hundred thousand dollars (\$1,500,000) to the Town of  
34 Roseboro.
- 35          (21) Nine hundred thousand dollars (\$900,000) to the Town of Salemburg.
- 36          (22) One hundred sixty thousand dollars (\$160,000) to the City of Saluda.
- 37          (23) Six million five hundred thousand dollars (\$6,500,000) to the Town of Selma.
- 38          (24) One million three hundred thousand dollars (\$1,300,000) to the Town of  
39 Sparta.
- 40          (25) One million two hundred five thousand one hundred thirty dollars  
41 (\$1,205,130) to the Town of Taylorsville.
- 42          (26) Seven million dollars (\$7,000,000) to Transylvania County.
- 43          (27) One hundred thousand dollars (\$100,000) to the Town of Winton.

44           **SECTION 12.13.(f)** Other Projects. – Of the funds allocated by subdivision (a)(3)  
45 of this section for project construction grants, the following sums shall be granted to the indicated  
46 local governments and public entities for water and wastewater infrastructure projects:

- 47           (1) Three hundred fifteen thousand dollars (\$315,000) to the Village of  
48 Alamance.
- 49           (2) Three million six hundred nineteen thousand dollars (\$3,619,000) to  
50 Alexander County.
- 51           (3) Ten million dollars (\$10,000,000) to the Town of Angier.

- 1 (4) Ten million dollars (\$10,000,000) to the City of Burlington.
- 2 (5) Thirty-five million dollars (\$35,000,000) to the Water and Sewer Authority of
- 3 Cabarrus County.
- 4 (6) Nine million two hundred twelve thousand forty-one dollars (\$9,212,041) to
- 5 the Town of Canton for the repair of damages to the water and wastewater
- 6 systems serving the town and for water and wastewater system storm damage
- 7 mitigation projects related to impacts from Tropical Storm Fred.
- 8 (7) Thirty million dollars (\$30,000,000) to the Cape Fear Public Utility Authority.
- 9 (8) Eight million eight hundred thousand dollars (\$8,800,000) to Catawba
- 10 County.
- 11 (9) One million dollars (\$1,000,000) to Clay County.
- 12 (10) Twenty-four million dollars (\$24,000,000) to the Town of Clayton to be
- 13 allocated as follows:
- 14 a. Four million dollars (\$4,000,000) for improvements to the Town's
- 15 water storage infrastructure.
- 16 b. Twenty million dollars (\$20,000,000) for a wastewater treatment
- 17 facility.
- 18 (11) Nineteen million dollars (\$19,000,000) to Cleveland County Water.
- 19 (12) One million two hundred thousand dollars (\$1,200,000) to the Town of Clyde
- 20 to be allocated as follows:
- 21 a. Five hundred thousand dollars (\$500,000) for water or wastewater
- 22 system improvements.
- 23 b. Seven hundred thousand dollars (\$700,000) for the repair of damages
- 24 to the water and wastewater systems serving the town caused by
- 25 Tropical Storm Fred and for projects intended to mitigate future
- 26 damage to the water system caused by flooding.
- 27 (13) Eight million four hundred thousand dollars (\$8,400,000) to Davie County.
- 28 (14) Thirty million four hundred fifty thousand dollars (\$30,450,000) to the City
- 29 of Dunn.
- 30 (15) Two hundred thousand dollars (\$200,000) to the City of Elizabeth City.
- 31 (16) Thirteen million six hundred thousand dollars (\$13,600,000) to the Town of
- 32 Elizabethtown.
- 33 (17) Two million four hundred thousand dollars (\$2,400,000) to the Town of Elon.
- 34 (18) Three hundred twenty thousand dollars (\$320,000) to the Town of Faison.
- 35 (19) One hundred seventy-five thousand dollars (\$175,000) to the Town of
- 36 Franklin.
- 37 (20) Nine million seven hundred three thousand dollars (\$9,703,000) to Gaston
- 38 County.
- 39 (21) Eighteen million four thousand dollars (\$18,004,000) to the City of Gastonia
- 40 to be allocated as follows:
- 41 a. Four million four hundred twenty-five thousand dollars (\$4,425,000)
- 42 for wastewater outfalls.
- 43 b. Five million five hundred seventy-nine thousand dollars (\$5,579,000)
- 44 for rehabilitation of a supervisory control and data acquisition system.
- 45 c. Eight million dollars (\$8,000,000) for smart meters.
- 46 (22) Three million seven hundred fifty thousand dollars (\$3,750,000) to the City
- 47 of Graham.
- 48 (23) One hundred fifty thousand dollars (\$150,000) to the Town of Granite Falls.
- 49 (24) Four hundred one thousand four hundred forty-seven dollars (\$401,447) to the
- 50 Town of Green Level.



- 1 (25) Ten million dollars (\$10,000,000) to the City of Greensboro for the extension
- 2 of water and sewer lines to the National Guard site on Camp Burton Road.
- 3 (26) Two million dollars (\$2,000,000) to the Handy Sanitary District.
- 4 (27) Three million eight hundred thousand dollars (\$3,800,000) to Harnett County.
- 5 (28) Twelve million seven hundred thousand dollars (\$12,700,000) to Henderson
- 6 County for the improvement of wastewater treatment in the Edneyville area
- 7 of the County. If the County fails to obtain a permit by December 31, 2023,
- 8 or withdraws its permit application for the project, then these funds will
- 9 instead be allocated to the City of Hendersonville.
- 10 (29) Five million dollars (\$5,000,000) to the City of Hendersonville.
- 11 (30) One hundred thousand dollars (\$100,000) to the Town of Highlands.
- 12 (31) Twenty million dollars (\$20,000,000) to the City of Jacksonville.
- 13 (32) Twenty-two million dollars (\$22,000,000) to the City of King.
- 14 (33) Thirty-nine million dollars (\$39,000,000) to the City of Kings Mountain for a
- 15 wastewater expansion project southwest of the City.
- 16 (34) Ten million two hundred eighty thousand dollars (\$10,280,000) to the Town
- 17 of LaGrange.
- 18 (35) Eight million dollars (\$8,000,000) to the Town of Lake Lure.
- 19 (36) Two hundred thousand dollars (\$200,000) to Lincoln County.
- 20 (37) Eight hundred thousand dollars (\$800,000) to the City of Locust.
- 21 (38) Twelve million dollars (\$12,000,000) to Madison County.
- 22 (39) Five million dollars (\$5,000,000) to the Town of Midland.
- 23 (40) Two million five hundred thousand dollars (\$2,500,000) to Montgomery
- 24 County.
- 25 (41) One million five hundred thousand dollars (\$1,500,000) to the City of Mount
- 26 Airy.
- 27 (42) Eight million dollars (\$8,000,000) to the Town of Mt. Pleasant.
- 28 (43) Two hundred thirty thousand dollars (\$230,000) to the City of New Bern.
- 29 (44) Five hundred thousand dollars (\$500,000) to the Town of North Wilkesboro.
- 30 (45) Eight million seven hundred thousand dollars (\$8,700,000) to the Town of
- 31 Pembroke.
- 32 (46) Three million two hundred thousand dollars (\$3,200,000) to the City of
- 33 Reidsville.
- 34 (47) Seven hundred fifty thousand dollars (\$750,000) to Richmond County.
- 35 (48) One million seven hundred seventeen thousand dollars (\$1,717,000) to
- 36 Sampson County.
- 37 (49) Thirty-four million dollars (\$34,000,000) to the City of Sanford.
- 38 (50) Seven hundred thousand dollars (\$700,000) to the Town of Seven Devils.
- 39 (51) Seven million four hundred thousand dollars (\$7,400,000) to the City of
- 40 Shelby.
- 41 (52) Three million dollars (\$3,000,000) to the Town of Smithfield.
- 42 (53) Thirty-five million dollars (\$35,000,000) to the South Granville Water and
- 43 Sewer Authority.
- 44 (54) Seven hundred fifty thousand dollars (\$750,000) to the Southern Wayne
- 45 Sanitation District.
- 46 (55) Three million seven hundred thousand dollars (\$3,700,000) to the Town of
- 47 Spring Hope.
- 48 (56) Twenty million dollars (\$20,000,000) to the City of Statesville.
- 49 (57) Eight hundred thousand dollars (\$800,000) to the Town of Stedman.
- 50 (58) Eighteen million three hundred twenty-six thousand two hundred fifty dollars
- 51 (\$18,326,250) to the Stokes County Water and Sewer Authority.

- 1 (59) Four million dollars (\$4,000,000) to the Town of Surf City.
- 2 (60) Five hundred thousand dollars (\$500,000) to the Town of Swepsonville.
- 3 (61) Five hundred thousand dollars (\$500,000) to the City of Thomasville.
- 4 (62) Two million four hundred forty-five thousand dollars (\$2,445,000) to the
- 5 Town of Troutman.
- 6 (63) Eight million dollars (\$8,000,000) to Union County for land acquisition,
- 7 design, permitting, and construction of any of the following:
- 8 a. A new water reclamation facility in the Crooked Creek watershed.
- 9 b. An expansion of the Poplin Road pump station.
- 10 (64) Thirty-five million dollars (\$35,000,000) to Union County for the Yadkin
- 11 Regional Water Supply Project.
- 12 (65) Eight hundred one thousand nine hundred eighty-three dollars (\$801,983) to
- 13 the Town of Valdese, for the extension of water and sewer lines to serve
- 14 proposed residential and commercial development on Lake Rhodhiss.
- 15 (66) Eighty thousand dollars (\$80,000) to the Town of Walkertown for a sewer
- 16 extension along Sullivantown Road.
- 17 (67) Six million dollars (\$6,000,000) to the Town of Wallace.
- 18 (68) Three million one hundred thousand dollars (\$3,100,000) to the City of
- 19 Winston-Salem.
- 20 (69) Thirteen million dollars (\$13,000,000) to Yancey County.

21 **SECTION 12.13.(g)** Economic Development Projects. – Of the funds allocated by  
22 subdivision (a)(3) of this section for project construction grants, the Department of  
23 Environmental Quality shall transfer the sum of forty-two million four hundred eleven thousand  
24 four hundred forty-four dollars (\$42,411,444) to the Department of Commerce to provide the  
25 following grants for water and sewer infrastructure projects intended to advance economic  
26 development or affordable housing objectives for the recipients:

- 27 (1) One million one hundred sixty-five thousand four hundred forty-four dollars
- 28 (\$1,165,444) to Alexander County.
- 29 (2) Four million dollars (\$4,000,000) to the Anson Economic Development
- 30 Corporation.
- 31 (3) Five million eight hundred seventy-one thousand dollars (\$5,871,000) to the
- 32 City of Burlington.
- 33 (4) Two hundred fifty thousand dollars (\$250,000) to Habitat for Humanity of
- 34 Gaston County.
- 35 (5) Eight million dollars (\$8,000,000) to the Town of Holly Springs. This
- 36 allocation shall be conditional upon the provision of seven million dollars
- 37 (\$7,000,000) in matching funds from non-State sources, including no less than
- 38 two million dollars (\$2,000,000) from the Town.
- 39 (6) One million one hundred twenty-five thousand dollars (\$1,125,000) to the
- 40 Town of Mocksville.
- 41 (7) Twenty-two million dollars (\$22,000,000) to the Wayne County Development
- 42 Alliance for Project Butter.

43 The Department of Commerce may use three percent (3%) of the funds allocated by  
44 this subsection for administrative costs.

45 **SECTION 12.13.(h)** National Guard Project Planning. – Of the funds allocated by  
46 subdivision (a)(3) of this section for project construction grants, the Department of  
47 Environmental Quality shall transfer the sum of five hundred thousand dollars (\$500,000) to the  
48 Department of Public Safety to provide a planning grant to the North Carolina National Guard  
49 for a water and sewer infrastructure project at the site formerly known as Fountain Correctional  
50 Center for Women.

1           **SECTION 12.13.(i)** Administrative Costs. – The Department may use three percent  
2 (3%) of the funds allocated to the Viable Utility Reserve, the Drinking Water Reserve, and the  
3 Wastewater Reserve by this section, other than the funds transferred in subsections (g) and (h) of  
4 this section, for administrative costs. The Department shall not charge the grant fee authorized  
5 by G.S. 159G-24 for grants made from funds subject to the set aside of administrative costs  
6 authorized by this subsection.

7           **SECTION 12.13.(j)** Report. – The Department shall include in the report required  
8 by G.S. 159G-26 a report on the status of projects funded under this section. This report may be  
9 provided in tabular or summary form and need not include information beyond that described in  
10 G.S. 159G-26(b)(4).

## 11 **STORMWATER INFRASTRUCTURE FUNDS**

12           **SECTION 12.14.(a)** Establishment of the Fund. – Funds appropriated in this act  
13 from the State Fiscal Recovery Fund to the Department of Environmental Quality for stormwater  
14 infrastructure shall be used by the Department to establish the Local Assistance for Stormwater  
15 Infrastructure Investments Fund (Fund) as a special fund in the Department. The Fund shall be  
16 used to provide grants to eligible entities as defined in this section for projects that will improve  
17 or create infrastructure for controlling stormwater quantity and quality.

18           **SECTION 12.14.(b)** Directed Projects. – Of the funds allocated by this section, the  
19 following sums shall be granted to the indicated local governments and public entities for  
20 stormwater projects:  
21

- 22           (1) Four hundred thousand dollars (\$400,000) to the Town of Angier.
- 23           (2) Three hundred fifty thousand dollars (\$350,000) to the Town of Autryville.
- 24           (3) Seven hundred thousand dollars (\$700,000) to the City of Brevard.
- 25           (4) Five hundred thousand dollars (\$500,000) to the City of Dunn.
- 26           (5) Nine million eight hundred thousand dollars (\$9,800,000) to the Fayetteville  
27 Public Works Commission.
- 28           (6) One million five hundred thousand dollars (\$1,500,000) to the Town of Four  
29 Oaks.
- 30           (7) One million three hundred fifty thousand dollars (\$1,350,000) to the City of  
31 Hope Mills.
- 32           (8) Two million two hundred thousand dollars (\$2,200,000) to the Town of  
33 Madison.
- 34           (9) One million five hundred thousand dollars (\$1,500,000) to the City of  
35 Mooresville.
- 36           (10) Seventy-five thousand dollars (\$75,000) to the City of New Bern.
- 37           (11) Seventy-five thousand dollars (\$75,000) to the Town of Pine Level.

38           **SECTION 12.14.(c)** Allocation of Undirected Funds. – The Department shall use  
39 seventy percent (70%) of the remaining funds allocated in this section for construction grants as  
40 specified in subdivision (e)(1) of this section and thirty percent (30%) of the remaining funds  
41 allocated in this section for planning grants as specified in subdivision (e)(2) of this section.

42           **SECTION 12.14.(d)** Eligible Entity. – An eligible entity for a grant under this  
43 section shall be a city or county that (i) documents in a form and manner as the Department may  
44 specify a stormwater quality or quantity issue and (ii) demonstrates that it would experience a  
45 significant hardship raising the revenue necessary to finance stormwater management activities  
46 within its jurisdiction based on income and unemployment data, population trends, and any other  
47 data determined relevant by the Department. A regional council of government created pursuant  
48 to Part 2 of Article 20 of Chapter 160A of the General Statutes or a nonprofit entity is also an  
49 eligible entity under this section if the regional council of government or nonprofit entity partners  
50 with a city or county.

1           **SECTION 12.14.(e)** Grant Types. – The Department shall make the following types  
2 of grants from the Fund:

- 3           (1) Construction grants. – A construction grant is available for the development  
4 and implementation of a new stormwater utility or stormwater control  
5 measure (SCM), the rehabilitation of existing SCMs, the retrofitting of  
6 existing stormwater conveyances to provide SCMs for quantity and quality  
7 control purposes, or the installation of innovative technologies or nature-based  
8 solutions. The Department shall allow nature-based solutions where feasible  
9 and possible.
- 10          (2) Planning grants. – A planning grant is available for research or investigative  
11 studies, alternatives analyses, the preparation of engineering concept plans or  
12 engineering designs, and similar activities intended to help an eligible entity  
13 determine the best solutions for the entity's stormwater quality or quantity  
14 issue and to engineer and permit the solutions. The Department shall allow  
15 nature-based solutions where feasible and possible.

16           **SECTION 12.14.(f)** Limitation. – The following limits apply to grants from the  
17 Fund:

- 18           (1) Construction grants may not exceed fifteen million dollars (\$15,000,000).  
19           (2) Planning grants may not exceed five hundred thousand dollars (\$500,000).

20           **SECTION 12.14.(g)** Administration. – The Department may use up to three percent  
21 (3%) of the funds allocated by this section for administrative expenses. The Department may  
22 adopt any policies or procedures regarding the application process, applicant record keeping and  
23 reporting, and any other administrative details not inconsistent with this section.

24           **SECTION 12.14.(h)** Definition. – For purposes of this section, "nature-based  
25 solutions" are sustainable planning, design, environmental management, and engineering  
26 practices that weave natural features or processes into the built environment to store, infiltrate,  
27 and treat water by enlisting natural features and processes in efforts to promote resilience, reduce  
28 flood risks, improve water quality, protect coastal property, restore and protect wetlands, stabilize  
29 shorelines, and add recreational space.

30           **SECTION 12.14.(i)** Reversion. – If funds allocated under this section are granted to  
31 an eligible entity for a purpose that is disallowed by federal law, the eligible entity shall return  
32 those funds to the Department of Environmental Quality, which shall return them to the Local  
33 Assistance for Stormwater Infrastructure Investments Fund, to be granted to other eligible  
34 entities.

35           **SECTION 12.14.(j)** Report. – The Department shall submit a report no later than  
36 September 1, 2022, and annually thereafter to the chairs of the Joint Legislative Oversight  
37 Committee on Agriculture and Natural and Economic Resources and the Fiscal Research  
38 Division on the projects and activities funded by this section until all funds have been expended  
39 by grant recipients. The Department shall include in its initial report and may include in  
40 subsequent reports recommendations regarding legislative changes or additional funding needed  
41 to assist small and financially distressed communities to comply with stormwater standards and  
42 requirements and to mitigate the adverse impacts of extreme weather events on  
43 stormwater-related flood events. The reports shall also include, at a minimum, the following:

- 44           (1) The beginning and ending balance of the Fund for the fiscal year.  
45           (2) A listing of grant recipients, amount provided to each recipient, and the grant  
46 type funded.  
47           (3) An overview of the use of funds by grant recipients, including a description  
48 of projects constructed or planning milestones achieved.

49  
50 **RECONCILE TITLE V AIR QUALITY RULE EFFECTIVE DATE**

1           **SECTION 12.17.** Notwithstanding the time lines set forth in G.S. 150B-21.3 for the  
2 effective date of rules, or any other provision of law pertaining to procedures for the adoption of  
3 rules, 15A NCAC 02Q .0203 (Permit and Application Fees), as adopted by the Environmental  
4 Management Commission on January 14, 2021, and approved by the Rules Review Commission  
5 on February 18, 2021, shall take effect when this act becomes law.  
6

#### 7 **SOUTHERN STATES ENERGY BOARD FUNDS**

8           **SECTION 12.18.(a)** G.S. 104D-3 reads as rewritten:

##### 9 **"§ 104D-3. Submission of budgets of Board.**

10           (a) Pursuant to Article III(a) of the compact, the Board shall submit its budgets of  
11 estimated expenditures to the Director of the Budget for presentation to the General Assembly.

12           (b) Each fiscal year, the Office of State Budget and Management shall pay the amount  
13 necessary to cover the State's responsibility for the budgets of the Board as required by Article  
14 III(b) of the compact. The Office shall transfer funds from the agency that administratively  
15 houses the State Energy Office to meet the requirements prescribed under this section."

16           **SECTION 12.18.(b)** The Office of State Budget and Management (Office) shall  
17 determine if arrears exist as to the amount owed to the Southern States Energy Board. If the  
18 Office determines any arrears exist, then the Office shall pay the State's share owed for that fiscal  
19 year and transfer funds from the agency that administratively housed the State Energy Office or  
20 its equivalent during the fiscal year for which the arrearage is owed.  
21

#### 22 **AMEND DAM SAFETY EXEMPTION**

23           **SECTION 12.21.** G.S. 143-215.25A reads as rewritten:

##### 24 **"§ 143-215.25A. Exempt dams.**

25           (a) Except as otherwise provided in this Part, this Part does not apply to any dam:

26           ...

27           (8) That is less than 20 feet in height or that has an impoundment capacity of less  
28 than 15 acre-feet, when a qualified engineer who demonstrates to the  
29 satisfaction of the Department experience in dam design conducts dam failure  
30 analyses based on both storm-induced failure and normal weather geologic,  
31 structural, or seismic failure scenarios and determines that the dam is not a  
32 high hazard dam.

33           ...."

#### 34 **REVISE MINING COMMISSION CHAIR DESIGNATION AND EX OFFICIO** 35 **MEMBERSHIP**

36           **SECTION 12.23.(a)** G.S. 143B-292 reads as rewritten:

##### 37 **"§ 143B-292. North Carolina Mining Commission – officers.**

38           (a) Officers. – The North Carolina Mining Commission shall have a chair and a  
39 vice-chair. The chair shall be designated by the Governor from among the members of the  
40 Commission to serve as chair at the pleasure of the Governor. The vice-chair shall be elected by  
41 and from the members of the Commission and shall serve for a term of two years or until the  
42 expiration of the vice-chair's regularly appointed term.  
43

44           (b) Alternate Leadership in Absence of Chair Designation. – If the Governor has not  
45 designated a chair by July 1 of the year following the expiration of the term of the previous chair,  
46 then the vice-chair shall exercise the powers and duties of the chair until the Governor designates  
47 a chair or the expiration of the vice-chair's regularly appointed term, whichever first occurs. Upon  
48 the expiration of the vice-chair's regularly appointed term, the Commission shall elect a new  
49 vice-chair in the manner described in subsection (a) of this section who shall act as chair as set  
50 forth in this subsection until the Governor designates a chair as set forth in subsection (a) of this  
51 section."

1           **SECTION 12.23.(b)** Notwithstanding G.S. 143B-292(b), as enacted by subsection  
2 (a) of this section, if the Governor has not designated a chair from the current membership of the  
3 Commission by December 15, 2021, then the vice-chair shall exercise the powers and duties of  
4 the chair until the Governor designates a chair or the expiration of the vice-chair's regularly  
5 appointed term, whichever first occurs.

6           **SECTION 12.23.(c)** G.S. 143B-291(a1) reads as rewritten:

7           "(a1) Members, Selection. – The North Carolina Mining Commission shall consist of eight  
8 members appointed as follows:

- 9           (1) One member who is the ~~chair~~ executive director of the North Carolina State  
10 University Minerals Research ~~Laboratory Advisory Committee, Laboratory,~~  
11 or the executive director's designee, ex officio and nonvoting.

12           ...."

### 13 **ENVIRONMENTAL PERMITTING STAFF FUNDING DIRECTIVES**

14           **SECTION 12.24.(a)** Limitation. – Funds appropriated by this act to the Department  
15 of Environmental Quality for support of permitting activities may be used to create new positions  
16 with duties limited to permit application processing, permit issuance, and related activities  
17 supporting permit issuance and renewals. These funds shall not be used for enforcement, public  
18 outreach, public education, or management positions.

19           **SECTION 12.24.(b)** Report. – The Department shall report on its implementation  
20 of this provision to the chairs of the Joint Legislative Oversight Committee on Agriculture and  
21 Natural and Economic Resources and the Fiscal Research Division no later than March 15, 2022.

### 22 **PART XIII. LABOR**

#### 23 **BE PRO BE PROUD**

24           **SECTION 13.1.(a)** Program Established; Purpose. – Funds allocated in this act from  
25 the State Capital and Infrastructure Fund to the Department of Labor shall be used by the  
26 Department for the Be Pro Be Proud initiative, a three-year mobile statewide workforce  
27 development pilot program to be administered by the North Carolina Home Builders Educational  
28 and Charitable Foundation (Foundation). The purpose of the pilot program is to stimulate student,  
29 parent, and educator interest in technical professions within the construction, manufacturing,  
30 transportation, and utility industries by emphasizing the high-tech, high-wage potential of these  
31 student career paths. The program shall also support progress towards North Carolina's  
32 postsecondary attainment goals to increase postsecondary degrees and certificates in the skilled  
33 trade professions. Of the funds allocated in this section, the sum of four million dollars  
34 (\$4,000,000) shall be made available for equipment fabrication costs. Section 40.8 of this act  
35 shall apply as if the funds allocated by this section were a grant to a non-State entity except as  
36 otherwise provided in this subsection.

37           **SECTION 13.1.(b)** Components of the Program. – In meeting the goals of the pilot  
38 program, Be Pro Be Proud shall provide for at least the following:

- 39           (1) A custom-built mobile workshop that brings elements of up to 12 skilled  
40 professions to middle and high school students through simulators and virtual  
41 reality experiences. Students will learn about various careers, job  
42 responsibilities, and average statewide wages for each career while stepping  
43 virtually into these professions. Students may engage directly with partners  
44 and will be invited to sign up to learn more about one or more professions of  
45 interest.
- 46           (2) Information and data collection for students by setting up a digital profile on  
47 Be Pro Be Proud's national "Join the Movement" partnership. With the  
48 consent of parents and students participating in the mobile workshops, the data  
49  
50  
51

1 collected shall be shared with the Community Colleges System Office,  
2 Department of Public Instruction, Department of Commerce, myFutureNC  
3 Commission, industry associations, and companies that are prompted to  
4 connect with the potential student recruits. The database management system  
5 shall provide a connection for student internships, scholarships,  
6 apprenticeships, full-time jobs, and other opportunities.

7 (3) Follow-up opportunities for interested students to pursue their interests  
8 through hands-on leadership opportunities, including gaining onsite learning  
9 experiences, volunteering, and participating in networking opportunities with  
10 potential job and postsecondary school recruiters.

11 (4) Motivation for interested educators to stay engaged through a combination of  
12 outreach and professional development opportunities.

13 (5) Operation of the pilot program to coincide with the public school instructional  
14 calendar and various events for students that take place throughout the  
15 summer. A Be Pro Be Proud team shall operate the day-to-day functions of  
16 the statewide tour and engage with students. Additional volunteers shall be  
17 recruited to assist with the pilot program, including partner associations,  
18 companies, and schools, as well as teachers, parents, and students.

19 (6) In collaboration with the North Carolina Trucking Association (Association),  
20 the operation, implementation, and support for a workforce development  
21 program to increase operators with commercial drivers licenses,  
22 transportation dispatchers, and technicians across the State.

23 **SECTION 13.1.(c) Administration.** – The Department of Labor shall provide  
24 oversight of the Foundation's activities related to the Be Pro Be Proud initiative from funds  
25 available to the Department. The Foundation may use up to five percent (5%) of the total funds  
26 allocated by this section for its administrative costs.

27 **SECTION 13.1.(d) Collaboration.** – The Foundation shall coordinate with other  
28 interested public and private stakeholders to ensure the coordination of State efforts to develop a  
29 skilled trades workforce.

30 **SECTION 13.1.(e) Retention of Funds.** – Notwithstanding G.S. 143C-1-2(b), funds  
31 allocated in this act for the purposes set forth in this section shall not revert but shall remain  
32 available for nonrecurring expenditures for the purposes of this section until June 30, 2024.

33 **SECTION 13.1.(f) Report.** – The Department of Labor shall submit a report by April  
34 1 of each year in which it spends State funds appropriated by this act for the Be Pro Be Proud  
35 initiative to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural  
36 and Economic Resources and the Fiscal Research Division regarding the activities undertaken  
37 with the funds appropriated by this section.

## 38 **PART XIV. NATURAL AND CULTURAL RESOURCES**

### 39 **DISPOSITION OF LAND AT CERTAIN HISTORIC SITES**

40 **SECTION 14.1.(a)** G.S. 146-30 reads as rewritten:

#### 41 **"§ 146-30. Application of net proceeds.**

42 (a) The net proceeds of any disposition made in accordance with this Subchapter shall be  
43 handled in accordance with the following priority:

44 (1) First, in accordance with the provisions of any trust or other instrument of title  
45 whereby title to real property was acquired.

46 (2) Second, as provided by any other act of the General Assembly.

47 (3) Third, by depositing the net proceeds with the State Treasurer.

48 Nothing in this section, however, prohibits the disposition of any State lands by exchange for  
49 other lands, but if the appraised value in fee simple of any property involved in the exchange is  
50  
51

1 at least twenty-five thousand dollars (\$25,000), then the exchange shall not be made without  
 2 consultation with the Joint Legislative Commission on Governmental Operations.

3 ...  
 4 (d) Notwithstanding any other provision of this Subchapter, the following exceptions  
 5 apply:

- 6 ...
- 7 (11) Except as otherwise provided in this subsection, the net proceeds derived from  
 8 the sale of real property donated to the State and allocated to the Division of  
 9 State Historic Sites or the Division of State History Museums in the  
 10 Department of Natural and Cultural Resources shall be deposited in the State  
 11 Historic Sites and Museums Fund, created in G.S. 121-7.7, and shall be used  
 12 in accordance with that section.
  - 13 (12) The net proceeds derived from the sale of real property donated to the State  
 14 and allocated to the Tryon Palace Historic Site and Gardens in the Department  
 15 of Natural and Cultural Resources shall be deposited in the Tryon Palace  
 16 Historic Sites and Gardens Fund, created in G.S. 121-21.1, and shall be used  
 17 in accordance with that section.
  - 18 (13) The net proceeds derived from the sale of real property from the Bentonville  
 19 Battlefield State Historic Site donated to the State and allocated to the  
 20 Division of State Historic Sites in the Department of Natural and Cultural  
 21 Resources shall be deposited in the Bentonville Battlefield Fund, created in  
 22 G.S. 121-7.5, and shall be used in accordance with that section.
  - 23 (14) The net proceeds derived from the sale of real property from the North  
 24 Carolina Transportation Museum donated to the State and allocated to the  
 25 Department of Natural and Cultural Resources shall be deposited in the North  
 26 Carolina Transportation Museum Fund, created in G.S. 121-7.6, and shall be  
 27 used in accordance with that section."

28 **SECTION 14.1.(b)** G.S. 121-7.7(a) reads as rewritten:

29 "(a) Fund. – The State Historic Sites and Museums Fund is created as a special,  
 30 interest-bearing revenue fund in the Division of State Historic Sites and the Division of State  
 31 History Museums. The Fund consists of all receipts derived from the lease or rental of property  
 32 or facilities, disposition of structures or products of the land, donations, gifts, devises, and  
 33 admissions and fees collected at the State Historic Sites, State History Museums, and Maritime  
 34 Museums. The Fund also consists of the net proceeds derived from the sale of real property  
 35 pursuant to G.S. 146-30(d)(11). The revenues in the Fund may be used only for the operation,  
 36 interpretation, maintenance, preservation, development, and expansion of the individual State  
 37 Historic Site, State History Museum, and Maritime Museum where the receipts are generated.  
 38 The respective Division and the staff from each State Historic Site, State History Museum, and  
 39 Maritime Museum shall determine how the funds shall be used at that Historic Site, State History  
 40 Museum, and Maritime Museum."

41 **SECTION 14.1.(c)** G.S. 121-21.1 reads as rewritten:

42 **"§ 121-21.1. Tryon Palace Historic Sites and Gardens Fund.**

43 (a) Fund. – The Tryon Palace Historic Sites and Gardens Fund is hereby created as a  
 44 special, interest-bearing, and nonreverting fund in the Division of Tryon Palace Historic Sites  
 45 and Gardens. The Fund shall be treated as a special trust ~~fund and shall be credited with interest~~  
 46 ~~by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund fund and shall be~~  
 47 used for repair, renovation, expansion, and maintenance at Tryon Palace Historic Sites and  
 48 Gardens.

49 (b) ~~Disposition of Fees. — All entrance fee receipts shall be credited to the Tryon Palae~~  
 50 ~~Historic Sites and Gardens Fund.~~ Fund Sources. – The Fund consists of (i) all revenue derived  
 51 from admissions and fees collected at the Tryon Palace Historic Sites and Gardens, (ii) the net



1 proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(12), and (iii) interest  
2 on funds in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3.

3 (c) Report. – ~~The Tryon Palace Commission shall submit to the Joint Legislative~~  
4 ~~Oversight Committee on Agriculture and Natural and Economic Resources, the House of~~  
5 ~~Representatives Appropriations Committee on Agriculture and Natural and Economic~~  
6 ~~Resources, the Senate Appropriations Committee on Natural and Economic Resources,~~  
7 ~~Resources and the Fiscal Research Division by September 30 of each year a report on the Tryon~~  
8 ~~Palace Historic Sites and Gardens Fund that shall include the source and ~~amounts~~ amount of all~~  
9 ~~funds credited to the Fund and the purpose and amount of all expenditures from the Fund during~~  
10 ~~the prior fiscal year."~~

11 **SECTION 14.1.(d)** G.S. 121-7.5 reads as rewritten:

12 **"§ 121-7.5. Bentonville Battlefield Fund.**

13 (a) Fund. – ~~The Bentonville Battlefield Fund is created as a ~~special~~ special,~~  
14 ~~interest-bearing, and nonreverting fund in the Department of Natural and Cultural Resources,~~  
15 ~~Division of State Historic Sites. The interest earned by the Fund shall be credited to the Fund by~~  
16 ~~the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be treated as a~~  
17 ~~special trust fund and shall be used for operation, interpretation, maintenance, preservation,~~  
18 ~~development, and expansion at Bentonville Battlefield State Historic Site.~~

19 (b) ~~Disposition of Fees.~~ – ~~Notwithstanding Chapter 146 of the General Statutes, all~~  
20 ~~receipts derived from donations or the lease, rental, or other disposition of structures or products~~  
21 ~~of the land owned by or under the supervision or control of the Division of Historic Sites in~~  
22 ~~Johnston County shall be credited to the Fund.~~ Fund Sources. – Notwithstanding Chapter 146 of  
23 the General Statutes, the Fund consists of (i) all revenue derived from donations, gifts, devises,  
24 grants, admissions, and fees collected for the benefit of the Bentonville Battlefield State Historic  
25 Site, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(13),  
26 and (iii) interest on funds in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2  
27 and G.S. 147-69.3.

28 (c) ~~The monies credited to this Fund pursuant to this section are annually appropriated to~~  
29 ~~the Department of Natural and Cultural Resources.~~

30 (d) Report. – The Division of State Historic Sites shall submit to the Joint Legislative  
31 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
32 Research Division by September 30 of each year a report on the Bentonville Battlefield Fund  
33 that shall include the source and amount of all funds credited to the Fund and the purpose and  
34 amount of all expenditures from the Fund during the prior fiscal year."

35 **SECTION 14.1.(e)** G.S. 121-7.6 reads as rewritten:

36 **"§ 121-7.6. North Carolina Transportation Museum special fund.**

37 (a) Fund Established. – The North Carolina Transportation Museum Fund is created as a  
38 ~~special~~ special, interest-bearing, nonreverting enterprise fund in the Department of Natural and  
39 Cultural Resources. The Fund shall be treated as a special trust fund and shall be used to pay all  
40 costs associated with the operation, interpretation, development, expansion, preservation, and  
41 maintenance of the North Carolina Transportation Museum.

42 (b) ~~Monies Credited to the Fund.~~ – ~~Notwithstanding Chapter 146 of the General Statutes,~~  
43 ~~all receipts derived from the lease, rental, or other disposition of structures or products of the~~  
44 ~~land, as well as all admissions and fees, gifts, donations, grants, and bequests, shall be credited~~  
45 ~~to the Fund. The Fund shall be credited with interest by the State Treasurer pursuant to~~  
46 ~~G.S. 147-69.2 and G.S. 147-69.3.~~ Fund Sources. – Notwithstanding Chapter 146 of the General  
47 Statutes, the Fund consists of (i) all revenue derived from donations, gifts, devises, grants,  
48 admissions, and fees collected by or for the benefit of the North Carolina Transportation Museum  
49 Fund, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(14),  
50 and (iii) interest on funds in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2  
51 and G.S. 147-69.3.

1 (c) Emergency Reserve. – The Department of Natural and Cultural Resources shall  
2 establish, out of existing unobligated funds including lapsed salaries and unobligated special  
3 funds, an emergency reserve fund in the amount of three hundred thousand dollars (\$300,000).  
4 Any use of the emergency reserve will require reimbursement from museum receipts.

5 (d) Audit. – The Fund shall be subject to the oversight of the State Auditor pursuant to  
6 Article 5A of Chapter 147 of the General Statutes. The Fund shall reimburse the State Auditor  
7 for the cost of any audit.

8 (e) Report. – The Department of Natural and Cultural Resources shall submit to the Joint  
9 Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the  
10 Fiscal Research Division by September 30 of each year a report on the North Carolina  
11 Transportation Museum Fund that shall include the source and amount of all funds credited to  
12 the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal  
13 year."

#### 14 15 **TRYON PALACE FUNDS**

16 **SECTION 14.1A.(a)** G.S. 121-20 reads as rewritten:

17 "**§ 121-20. Commission to receive and expend funds donated or made available for**  
18 **restoration of Tryon's Palace; Commission to acquire and sell artifacts for**  
19 **Tryon's Palace.**

20 ...

21 (c) Funds (i) received by the Commission from donations, devises, or grants of cash or  
22 securities or (ii) generated from the sale of deaccessioned or unaccessed artifacts and furnishings in  
23 accordance with subsection (b) of this section are hereby appropriated for the purposes set forth  
24 in this section or in the terms of the donation, devise, or grant and shall require no further act of  
25 the General Assembly in order to be expended by the Commission. These expenditures must  
26 follow the applicable procedures and requirements set forth in this section.

27 (d) Beginning September 30, 2022, and annually thereafter, the Commission shall submit  
28 a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
29 Resources, the House of Representatives Appropriations Committee on Agriculture and Natural  
30 and Economic Resources, the Senate Appropriations Committee on Natural and Economic  
31 Resources, and the Fiscal Research Division of all funds held by the Commission. This report  
32 shall include an itemized accounting of all cash, cash equivalents, and other securities held by  
33 the Commission outside of the State Treasury that includes (i) the amount and source of the funds  
34 and any restrictions on their use, (ii) beginning and ending cash balances and value of cash  
35 equivalents and securities for the prior fiscal year for each account, and (iii) itemized revenues  
36 and expenditures for the prior fiscal year."

37 **SECTION 14.1A.(b)** This section is effective when it becomes law and applies to  
38 funds described by G.S. 121-20(c), as enacted by this section, already held by the Commission,  
39 as well as to future donations, devises, or grants.

#### 40 41 **U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING** 42 **CONFORMING CHANGE AND DNCR ATTRACTION RULEMAKING** 43 **EXEMPTIONS**

44 **SECTION 14.2.(a)** G.S. 143B-73 reads as rewritten:

45 "**§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

46 There is hereby created the U.S.S. North Carolina Battleship Commission of the Department  
47 of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules  
48 ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out  
49 the provisions and purposes of this ~~Part.~~ Part, including the following:

50 (1) The U.S.S. North Carolina Battleship Commission is authorized and  
51 empowered to adopt such rules ~~and regulations~~ not inconsistent with the

1 management responsibilities of the Secretary of the Department provided by  
 2 Chapter 143A of the General Statutes and laws of this State and this Chapter  
 3 that may be necessary and desirable for the operation and maintenance of the  
 4 U.S.S. North Carolina as a permanent memorial and exhibit commemorating  
 5 the heroic participation of the men and women of North Carolina in the  
 6 prosecution and victory of the Second World War and for the faithful  
 7 performance and fulfillment of its duties and obligations.

8 (2) The U.S.S. North Carolina Battleship Commission shall have the power and  
 9 duty to charge reasonable admission and related activity fees for admission to  
 10 the ship and to establish standards and adopt rules and regulations: ~~(i)~~  
 11 ~~establishing and providing for a proper charge for admission to the ship; and~~  
 12 ~~(ii) for the maintenance and operation of the ship as a permanent memorial~~  
 13 ~~and exhibit.~~

14 (3) The Commission shall adopt rules ~~and regulations~~ consistent with the  
 15 provisions of this Chapter. The Commission is exempt from the requirements  
 16 of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting,  
 17 amending, or repealing rules for operating hours and admission fees or related  
 18 activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall~~  
 19 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture~~  
 20 ~~and Natural and Economic Resources and the Fiscal Research Division on the~~  
 21 ~~amount and purpose of a fee change within 30 days following its effective~~  
 22 ~~date."~~

23 **SECTION 14.2.(b)** G.S. 150B-1(d) reads as rewritten:

24 **"§ 150B-1. Policy and scope.**

25 ...

26 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the  
 27 following:

28 ...

29 (23) The Department of Natural and Cultural Resources with respect to operating  
 30 hours, admission fees—fees, or related activity fees at historic sites and  
 31 museums pursuant to G.S. 121-7.3.

32 (24) Tryon Palace Commission with respect to operating hours, admission fees  
 33 fees, or related activity fees pursuant to G.S. 143B-71.

34 (25) U.S.S. Battleship Commission with respect to operating hours, admission fees  
 35 fees, or related activity fees pursuant to G.S. 143B-73.

36 ...."

37  
 38 **ADD MARKETING AS PERMISSIBLE USE OF ZOO AND AQUARIUM FUNDS**

39 **SECTION 14.3.(a)** G.S. 143B-135.188(b) reads as rewritten:

40 "(b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund. The  
 41 North Carolina Aquariums Fund shall be used for the following purposes with respect to the  
 42 aquariums and the pier operated by the Division of North Carolina Aquariums:

43 (1) Repair, renovation, expansion, maintenance, and educational exhibit  
 44 construction. Funds used for repair, renovation, and expansion projects may  
 45 be transferred to a capital projects fund to account for use of the funds for each  
 46 project.

47 (2) Payment of the debt service and lease payments related to the financing of  
 48 facility expansions, subject to G.S. 143B-135.190.

49 (3) Matching of private funds that are raised for these purposes.

50 (4) Marketing the North Carolina Aquariums."

51 **SECTION 14.3.(b)** G.S. 143B-135.209(a) reads as rewritten:

1       "(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina  
2 Zoo Fund shall be used for the following types of projects and activities at the North Carolina  
3 Zoological Park and to match private funds raised for these ~~types of projects: projects and~~  
4 activities:

- 5           (1) Repair, renovation, expansion, maintenance, and educational exhibit  
6 construction. Funds used for repair, renovation, and expansion projects may  
7 be transferred to a capital projects fund to account for use of the funds for each  
8 project.
- 9           (2) Renovations of exhibits in habitat clusters, visitor services facilities, and  
10 support facilities (including greenhouses and temporary animal holding  
11 areas).
- 12           (3) The acquisition, maintenance, or replacement of tram equipment as required  
13 to maintain adequate service to the public.
- 14           (4) Marketing the North Carolina Zoological Park."

#### 15 16 **INCREASE REPAIR AND RENOVATION PROJECT SPENDING CAP**

17       **SECTION 14.3A.(a)** G.S. 143B-135.188(d) reads as rewritten:

18       "(d) Approval. – The Secretary may approve the use of the North Carolina Aquariums  
19 Fund for repair and renovation projects at the aquariums-related facilities that comply with the  
20 following:

- 21           (1) The total project cost is less than ~~three hundred thousand dollars~~  
22 (\$300,000)-five hundred thousand dollars (\$500,000).

23       ...."

24       **SECTION 14.3A.(b)** G.S. 143B-135.209(c) reads as rewritten:

25       "(c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for  
26 repair and renovation projects at the North Carolina Zoological Park recommended by the  
27 Council that comply with the following:

- 28           (1) The total project cost is less than ~~three hundred thousand dollars~~  
29 (\$300,000)-five hundred thousand dollars (\$500,000).

30       ...."

#### 31 32 **NC TRANSPORTATION MUSEUM ROLLING STOCK**

33       **SECTION 14.3B.** No later than June 30, 2022, and notwithstanding Part 1 of Article  
34 3A of Chapter 143 of the General Statutes, the Department of Natural and Cultural Resources  
35 shall transfer to the North Carolina Transportation Museum Foundation any ownership interest  
36 in the caboose marked RNCX 400500 currently located at the North Carolina Transportation  
37 Museum.

#### 38 39 **SYMPHONY CHALLENGE GRANT**

40       **SECTION 14.6.(a)** Of the funds appropriated in this act to the Office of State Budget  
41 and Management – Special Appropriations, the sum of two million dollars (\$2,000,000) in  
42 recurring funds for each year of the 2021-2023 fiscal biennium shall be allocated to the North  
43 Carolina Symphony as provided in this section. It is the intent of the General Assembly that the  
44 North Carolina Symphony raise at least five million dollars (\$5,000,000) in non-State funds for  
45 the 2021-2022 fiscal year and five million dollars (\$5,000,000) in non-State funds for the  
46 2022-2023 fiscal year. The North Carolina Symphony cannot use funds transferred from the  
47 organization's endowment to its operating budget to achieve the fundraising targets set out in  
48 subsections (b) and (c) of this section.

49       **SECTION 14.6.(b)** For the 2021-2022 fiscal year, the North Carolina Symphony  
50 shall receive allocations from the Office of State Budget and Management as follows:

- 1 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State  
2 funding, the North Carolina Symphony shall receive the sum of six hundred  
3 thousand dollars (\$600,000).
- 4 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
5 non-State funding for a total amount of four million dollars (\$4,000,000) in  
6 non-State funds, the North Carolina Symphony shall receive the sum of seven  
7 hundred thousand dollars (\$700,000).
- 8 (3) Upon raising an additional sum of one million dollars (\$1,000,000) in  
9 non-State funding for a total amount of five million dollars (\$5,000,000) in  
10 non-State funds, the North Carolina Symphony shall receive the final sum of  
11 seven hundred thousand dollars (\$700,000) in the 2021-2022 fiscal year.

12 **SECTION 14.6.(c)** For the 2022-2023 fiscal year, the North Carolina Symphony  
13 shall receive allocations from the Office of State Budget and Management as follows:

- 14 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State  
15 funding, the North Carolina Symphony shall receive the sum of six hundred  
16 thousand dollars (\$600,000).
- 17 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
18 non-State funding for a total amount of four million dollars (\$4,000,000) in  
19 non-State funds, the North Carolina Symphony shall receive the sum of seven  
20 hundred thousand dollars (\$700,000).
- 21 (3) Upon raising an additional sum of one million dollars (\$1,000,000) in  
22 non-State funding for a total amount of five million dollars (\$5,000,000) in  
23 non-State funds, the North Carolina Symphony shall receive the final sum of  
24 seven hundred thousand dollars (\$700,000) in the 2022-2023 fiscal year.  
25

## 26 **SUPPORT FOR NC TRAILS**

27 **SECTION 14.7.(a)** Fund Created. – The Complete the Trails Fund (CTF) is  
28 established as a special fund within the Department of Natural and Cultural Resources. The Fund  
29 consists of appropriations or allocations directed by the General Assembly to the Fund,  
30 contributions, and grants from public or private sources. The CTF shall be administered by the  
31 North Carolina Trails Program within the Division of Parks and Recreation. Funds appropriated  
32 in this act to the Department for support of the North Carolina Trails System shall be allocated  
33 to the CTF for the purpose of planning, construction, promotion, and maintenance of component  
34 trails of the North Carolina Trails System. It is the intent of the General Assembly that, where  
35 practicable, these activities be carried out through partnerships with local governments or  
36 nonprofit organizations.

37 **SECTION 14.7.(b)** Eligible Activities. – Except as otherwise specified, funds  
38 distributed under this section may be used for any of the following:

- 39 (1) Planning, design, and related environmental assessment or permitting  
40 activities for natural surface trails and paddle trail facilities.
- 41 (2) Land and easement acquisition for natural surface and paddle trails.
- 42 (3) Construction or rehabilitation of natural surface trails, bridges and  
43 boardwalks, and trail facilities such as trailheads and camping sites.
- 44 (4) Trail signage.
- 45 (5) Maintenance activities, including the installation of water bars, relocation of  
46 eroded trail segments, and other activities that will mitigate or prevent future  
47 erosion or deterioration of trails.
- 48 (6) Matching funds for federal grants provided to a local government or nonprofit  
49 organization for any of the purposes set forth in this subsection.

1           **SECTION 14.7.(c)** Directive. – Wherever possible and appropriate, bridges,  
2 boardwalks, signage, and other trail facilities shall follow standard designs and specifications as  
3 the Department may specify.

4           **SECTION 14.7.(d)** Funding Requirements. – Funds appropriated by this act to the  
5 State Capital and Infrastructure Fund and allocated to the Department of Natural and Cultural  
6 Resources for the CTF shall be distributed as set forth in this subsection.

7           (1) Capacity building funds. – The sum of six hundred thousand dollars  
8 (\$600,000) shall be used for capacity building grants to partner local  
9 governments and nonprofit organizations. The Department shall identify  
10 partners for activities identified in subsection (b) of this section and enter into  
11 Memoranda of Understanding (MOUs) with those partners. Upon signing an  
12 MOU with one or more partners for a component of the North Carolina Trails  
13 System, the Department shall distribute fifty thousand dollars (\$50,000)  
14 among the local governments or nonprofit organizations that have signed  
15 MOUs for that component. Where there is more than one partner organization  
16 for a trail component, the Department shall apportion the funds under this  
17 subdivision based on relative scope of activity for which each partner  
18 organization assumes responsibility in the MOU. Funds allocated by this  
19 subdivision that are not spent or encumbered by June 30, 2023, shall be  
20 reallocated at the Department's discretion among the uses described in  
21 subdivisions (2) and (5) of this subsection.

22           (2) Development funds for land-based trails. – The sum of twenty-five million  
23 one hundred thousand dollars (\$25,100,000) shall be distributed by the  
24 Department in accordance with the partner organization MOUs developed  
25 under subdivision (1) of this subsection for each component of the State Trail  
26 System that is land-based, or has significant land-based components as  
27 follows:

28           a. The Department shall distribute fifteen million one hundred thousand  
29 dollars (\$15,100,000) to the partner organizations for each land-based  
30 trail in proportion to the number of miles of that trail not yet  
31 constructed. These funds may be used for any of the purposes  
32 described in subsection (b) of this section, provided that no more than  
33 fifteen percent (15%) of the funds may be used for the purpose set out  
34 in subdivision (b)(1) of this section.

35           b. The Department shall use ten million dollars (\$10,000,000) to provide  
36 grants for land or easement acquisition to partner organizations  
37 identified as set forth in subdivision (1) of this subsection.

38 Funds provided under this subdivision will be used only for trail development  
39 activities in North Carolina.

40           (3) Funds for new paddle trails. – The sum of one million twenty-five thousand  
41 dollars (\$1,025,000) shall be distributed by the Department in equal amounts  
42 to the partner organizations for the Roanoke River Paddle Trail authorized by  
43 subsection (g) of this section and for the Dan River Trail under the MOUs  
44 developed under subdivision (1) of this subsection. With respect to segments  
45 of the Dan River Trail that cross the boundary between the State and the  
46 Commonwealth of Virginia, the partner organizations for the Dan River Trail  
47 may expend trail development funds for the portions of those segments located  
48 within the State if the Commonwealth of Virginia or other non-State of North  
49 Carolina funding sources provide funding proportionate to the mileage of  
50 those segments located in the Commonwealth of Virginia. Trails funded under  
51 this subdivision are not eligible for funding under sub-subdivision (2)a. of this

1 subsection, but may apply for funds under sub-subdivision (2)b. of this  
2 subsection.

3 (4) Development funds for existing paddle trails. – The sum of four hundred  
4 twenty-five thousand dollars (\$425,000) shall be distributed by the  
5 Department in equal amounts to the partners for the Yadkin River Paddle Trail  
6 and the French Broad River Paddle Trail. These trails are not eligible for  
7 additional funding under subdivision (2) of this subsection.

8 (5) Funds for connecting trails. – The sum of two million one hundred fifty  
9 thousand dollars (\$2,150,000) shall be used to provide grants for planning and  
10 development of connecting trails to eligible local governments. For purposes  
11 of this subdivision, an "eligible local government" is a municipality that is (i)  
12 less than 25,000 in population and (ii) is located within 6 miles of an existing  
13 or planned segment of a component of the State Trails System. Two-thirds of  
14 the funds allocated by this subdivision shall be reserved for municipalities  
15 with a population less than 5,000 with no match required. The remaining funds  
16 allocated by this subdivision shall be reserved for other eligible local  
17 governments and shall be matched dollar for dollar with non-State funds.

18 (6) Saluda Grade study. – The Department shall use no more than two hundred  
19 thousand dollars (\$200,000) of the funds allocated by subdivision (5) of this  
20 subsection to contract with Conserving Carolina, a nonprofit corporation, to  
21 study the feasibility and cost of conversion of the Saluda Grade rail corridor  
22 in Polk County to provide a connecting trail from the Ecusta Trail to the  
23 French Broad River Paddle Trail. Any funds remaining after completion of  
24 the contract shall be used for the purposes described in subdivision (2) of this  
25 subsection.

26 **SECTION 14.7.(e)** Administrative Expenses. – Of the funds appropriated to the CTF  
27 by this act, the Department may use up to one percent (1%) for operating and administrative  
28 expenses.

29 **SECTION 14.7.(f)** Reports. – The Department shall provide a report no later than  
30 March 1, 2022, to the chairs of the Joint Legislative Oversight Committee on Agriculture and  
31 Natural Resources and the Fiscal Research Division regarding any adjustments to the funding  
32 allocations in this section needed to maximize progress toward completion of the State Trails  
33 System. The Department shall also report annually as part of the report required by  
34 G.S. 143B-135.102 on projects funded during the prior fiscal year. The report shall include a list  
35 of projects grouped by State Trail System components and shall also include, at a minimum, the  
36 project location, the amount of funding awarded, and project metrics such as feet of trail, number  
37 of bridges, other trail facilities, or boardwalks constructed, acres of land acquired, or easements  
38 obtained.

39 **SECTION 14.7.(g)** Authorize Roanoke River Paddle Trail. – The General Assembly  
40 authorizes the Department of Natural and Cultural Resources to add the Roanoke River Paddle  
41 Trail in Halifax, Northampton, Bertie, Martin, and Washington Counties to the State Parks  
42 System as a State trail, as provided in G.S. 143B-135.54(b). The Department shall support,  
43 promote, encourage, and facilitate the establishment of trail segments and facilities on State park  
44 lands and on lands of other federal, State, local, and private landowners. On segments of the  
45 Roanoke River Paddle Trail that cross or abut property controlled by agencies or owners other  
46 than the Department's Division of Parks and Recreation, the laws, rules, and policies of those  
47 agencies or owners shall govern the use of the property. The State may receive donations of  
48 appropriate land and may purchase other needed lands for the Roanoke River Paddle Trail with  
49 existing funds in the Land and Water Fund, the Parks and Recreation Trust Fund, the federal  
50 Land and Water Conservation Fund, and other available sources of funding.

51

1 **GRANTS TO ADAPT OR CONSTRUCT PARKS FACILITIES FOR PERSONS WITH**  
2 **DISABILITIES**

3 **SECTION 14.8.(a)** Grant Purposes. – Funds allocated in this act from the State  
4 Capital and Infrastructure Fund to the Parks and Recreation Trust Fund to provide matching  
5 grants to local parks facilities for children with disabilities and veterans with disabilities shall be  
6 used exclusively for grants to local government units or public authorities, as defined in  
7 G.S. 159-7, for construction of special facilities or adaptation of existing facilities that meet the  
8 unique needs of children with disabilities and veterans with disabilities or that enable them to  
9 participate in recreational and sporting activities, regardless of their abilities.

10 **SECTION 14.8.(b)** Match. – Notwithstanding any provision of G.S. 143B-135.56  
11 to the contrary, a local government unit or public authority receiving a grant under this section  
12 shall provide matching funds in the amount of one dollar (\$1.00) of local funds for every five  
13 dollars (\$5.00) of State funds.

14 **SECTION 14.8.(c)** Limitation. – Grants made under this section shall not exceed  
15 five hundred thousand dollars (\$500,000) per project.

16  
17 **AMERICAN INDIAN HERITAGE COMMISSION**

18 **SECTION 14.9.(a)** Article 2 of Chapter 143B of the General Statutes is amended by  
19 adding a new Part to read:

20 "Part 30A. American Indian Heritage Commission.

21 **"§ 143B-135.5. American Indian Heritage Commission established.**

22 (a) Creation and Duties. – There is created the American Indian Heritage Commission in  
23 the Department of Natural and Cultural Resources. The Commission shall advise and assist the  
24 Secretary of Natural and Cultural Resources in the preservation, interpretation, and promotion of  
25 American Indian history, arts, customs, and culture. The Commission shall have the following  
26 powers and duties:

27 (1) Assist in the coordination of American Indian cultural events.

28 (2) Advise the Secretary of Natural and Cultural Resources on the oversight and  
29 management of all State-managed American Indian historic sites.

30 (3) Promote public awareness of the annual American Indian Heritage Month  
31 Celebration.

32 (4) Encourage American Indian cultural tourism throughout the State of North  
33 Carolina.

34 (5) Advise the Secretary of Natural and Cultural Resources upon any matter the  
35 Secretary may refer to it.

36 (b) Members. – The Commission shall consist of 12 members. The initial board shall be  
37 selected on or before February 1, 2022, as follows:

38 (1) One representative recommended by each of the following tribes: Coharie,  
39 Eastern Band of Cherokee Nation, Haliwa-Saponi, Lumbee, Meherrin,  
40 Occaneechi Band of the Saponi Nation, Sappony, and Waccamaw-Siouan.

41 (2) One representative recommended by each of the following organizations:  
42 Cumberland County Association for Indian People, Guilford Native American  
43 Association, Metrolina Native American Association, and the Triangle Native  
44 American Society.

45 (c) Terms. – The members recommended by the Coharie, Eastern Band of Cherokee  
46 Nation, Haliwa-Saponi, and Lumbee Tribes and the members recommended by the Cumberland  
47 County Association for Indian People and the Guilford Native American Association shall serve  
48 initial terms of two years expiring on June 30, 2023. The members recommended by the  
49 Meherrin, Occaneechi Band of the Saponi Nation, Sappony, and Waccamaw-Siouan Tribes and  
50 the members recommended by the Metrolina Native American Association and the Triangle  
51 Native American Society shall serve initial terms of three years expiring on June 30, 2024. Upon



1 the expiration of the terms of the initial members of the Commission, each member shall be  
2 appointed to terms for three years and shall serve until a successor is appointed.

3 (d) Vacancies. – A vacancy shall be filled in the same manner as the original appointment.  
4 Appointees to fill vacancies shall serve the remainder of the unexpired term and until their  
5 successors have been duly appointed and qualified.

6 (e) Removal. – The Commission may remove a member for misfeasance, malfeasance,  
7 nonfeasance, or neglect of duty.

8 (f) Officers. – The chair shall be elected from among the membership. The Commission  
9 shall select its other officers from among the membership as it deems necessary. All officers  
10 serve for one year or until successors are qualified.

11 (g) Meetings; Quorum. – The Commission shall meet at least semiannually to conduct  
12 business. The Commission shall establish the procedures for calling, holding, and conducting  
13 regular and special meetings. A majority of Commission members shall constitute a quorum. The  
14 Department of Natural and Cultural Resources shall provide space for the Commission to meet.

15 (h) Compensation. – The Commission members shall receive no salary as a result of  
16 servicing on the Commission but shall receive per diem, subsistence, and travel expenses in  
17 accordance with the provisions of G.S. 138-5 and G.S. 138-6, as applicable.

18 (i) Staffing. – The Secretary of the Department of Natural and Cultural Resources shall  
19 be responsible for staffing the Commission."

20 **SECTION 14.9.(b)** This section is effective when it becomes law.

## 21 **AUTHORIZE BAKERS LAKE STATE NATURAL AREA**

22 **SECTION 14.10.(a)** The General Assembly authorizes the Department of Natural  
23 and Cultural Resources to add Bakers Lake State Natural Area in Bladen County to the State  
24 Parks System, as provided in G.S. 143B-135.54(b). The requirement of G.S. 143B-135.54(b) that  
25 additions be accompanied by adequate appropriations for land acquisition, development, and  
26 operations shall not apply to the authorization set forth in this section; provided, however, that  
27 the State may receive donations of appropriate land and may purchase other needed lands for the  
28 Bakers Lake State Natural Area with existing funds in the Land and Water Fund, the Parks and  
29 Recreation Trust Fund, the federal Land and Water Conservation Fund, and other available  
30 sources of funding.

31 **SECTION 14.10.(b)** This section is effective when it becomes law.

## 32 **SCIENCE MUSEUM GRANTS**

33 **SECTION 14.12.** The maximum grant amounts set forth in G.S. 143B-135.227(b1)  
34 shall not apply to the nonrecurring funds appropriated by this act to the Department of Natural  
35 and Cultural Resources for the 2021-2023 fiscal biennium for Science Museum grants and  
36 allocated as provided in the Committee Report described in Section 42.2 of this act.

## 37 **LAND AND WATER FUND PROJECT**

38 **SECTION 14.13.** Of the funds appropriated by this act to the North Carolina Land  
39 and Water Fund for grants, the sum of four million dollars (\$4,000,000) for fiscal year 2021-2022  
40 is allocated to Surry County for the Surry Community College stormwater and watershed  
41 restoration project.

## 42 **PART XV. WILDLIFE RESOURCES COMMISSION**

### 43 **ABANDONED AND DERELICT VESSELS**

44 **SECTION 15.1.(a)** Funds appropriated in this act to the Wildlife Resources  
45 Commission and allocated for removal of abandoned and derelict vessels shall be used by the  
46  
47  
48  
49  
50

1 Commission in the manner set forth in subdivision (10) of Section 2.1 of S.L. 2019-224, as  
2 amended by Section 4 of S.L. 2020-74.

3 **SECTION 15.1.(b)** The Joint Legislative Oversight Committee on Agriculture and  
4 Natural and Economic Resources shall assess the problem of abandoned and derelict vessels in  
5 the waters of the State and upon the lands of the State and determine measures needed (i) to  
6 facilitate the identification of owners or other responsible persons for abandoned or derelict  
7 vessels for the purpose of requiring those persons to take responsibility for their vessels and (ii)  
8 in cases where no responsible owner may be found, to provide the State with adequate authority  
9 and funding to expeditiously remove or otherwise dispose of the abandoned and derelict vessels.  
10 In its study, the Committee shall also consider the efficacy and need for new or revised insurance  
11 requirements for private vessel owners and for enhancement to civil or criminal remedies with  
12 respect to owners of abandoned or derelict vessels. The Committee shall provide its report to the  
13 2022 Regular Session of the 2021 General Assembly upon its convening.

## 14 **PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS**

### 15 **COLLECTION OF WORTHLESS CHECKS**

16  
17 **SECTION 16.1.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial  
18 Department may use any balance remaining in the Collection of Worthless Checks Fund on June  
19 30, 2021, for the purchase or repair of office or information technology equipment during the  
20 2021-2022 fiscal year and may use any balance remaining in the Collection of Worthless Checks  
21 Fund on June 30, 2022, for the purchase or repair of office or information technology equipment  
22 during the 2022-2023 fiscal year. Prior to using any funds under this section, the Judicial  
23 Department shall report to the chairs of the House of Representatives and Senate Appropriations  
24 Committees on Justice and Public Safety and the Office of State Budget and Management on the  
25 equipment to be purchased or repaired and the reasons for the purchases.

### 26 **MAGISTRATE/CLERK STAFFING PILOT PROJECT**

27  
28 **SECTION 16.2.(a)** Notwithstanding the minimum staffing number in  
29 G.S. 7A-133(c), the clerk of superior court in a county, with the written or emailed consent of  
30 the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate  
31 positions allocated to that county. To provide accessibility for law enforcement and citizens, the  
32 clerk of superior court's office shall provide some of the services traditionally provided by the  
33 magistrates' office during some or all of the regular courthouse hours.

34  
35 **SECTION 16.2.(b)** The Administrative Office of the Courts shall report by March  
36 1, 2022, to the chairs of the House of Representatives Appropriations Committee on Justice and  
37 Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding  
38 all hires made pursuant to subsection (a) of this section.

### 39 **DISTRICT ATTORNEYS/NO TRANSFER OF FUNDS**

40  
41 **SECTION 16.3.** No Transfer of Funds. – For each year of the 2021-2023 fiscal  
42 biennium, no funds may be transferred from Fund Code 12000-1600 (Office – District Attorney)  
43 without the consent of the Conference of District Attorneys as communicated by the Conference's  
44 Executive Director to the Administrative Office of the Courts.

### 45 **WAIVE EXPUNCTION COSTS FOR VICTIMS OF HUMAN TRAFFICKING**

46  
47 **SECTION 16.4.(a)** G.S. 15A-145.9 is amended by adding a new subsection to read:  
48 "(k) Costs Waived. – The costs of expunging the records shall not be taxed against the  
49 petitioner."

50 **SECTION 16.4.(b)** This section becomes effective December 1, 2021, and applies  
51 to expunction costs incurred on or after that date.

1  
2 **ESTABLISH JUDICIALLY MANAGED ACCOUNTABILITY AND RECOVERY**  
3 **COURTS**

4 **SECTION 16.5.(a)** Subchapter XIV of Chapter 7A of the General Statutes reads as  
5 rewritten:

6 **"SUBCHAPTER XIV. ~~DRUG TREATMENT COURTS.~~ ACCOUNTABILITY AND**  
7 **RECOVERY COURTS.**

8 "Article 62.

9 "~~North Carolina Drug Treatment Court Act.~~ Judicially Managed Accountability and Recovery  
10 Court Act.

11 **"§ 7A-790. Short title.**

12 This Article shall be known and may be cited as the "~~North Carolina Drug Treatment Court~~  
13 ~~Act of 1995~~." Judicially Managed Accountability and Recovery Court Act of 2021.

14 **"§ 7A-791. Purpose.**

15 The General Assembly recognizes that a critical need exists in this State for judicial programs  
16 that will reduce the incidence of alcohol and other ~~drug-substance~~ abuse or dependence and  
17 crimes, including the offense of driving while impaired, delinquent acts, and child abuse and  
18 neglect committed as a result of alcohol and other ~~drug-substance~~ abuse or ~~dependence, and~~  
19 ~~dependence~~; child abuse and neglect where alcohol and other ~~drug-substance~~ abuse or  
20 dependence are significant factors in the child abuse and ~~neglect, neglect; and offenses,~~  
21 ~~delinquent acts, and child abuse and neglect where mental, behavioral, or medical health is a~~  
22 ~~significant factor in commission of the offense or act.~~ It is the intent of the General Assembly by  
23 this Article to create a program to facilitate the creation and operation of local drug treatment  
24 court programs and driving while impaired (DWI) treatment court programs. judicially managed  
25 accountability and recovery courts.

26 **"§ 7A-792. Goals.**

27 The goals of the ~~drug treatment court programs~~ judicially managed accountability and  
28 recovery courts funded under this Article include the following:

- 29 (1) To reduce alcoholism and other ~~drug-substance~~ abuse and dependencies  
30 among adult and juvenile offenders and defendants and among respondents in  
31 juvenile petitions for abuse, neglect, or both;
- 32 (2) To reduce criminal and delinquent recidivism and the incidence of child abuse  
33 and neglect;
- 34 (3) To reduce the alcohol-related and other ~~drug-related~~ substance-related court  
35 workload;
- 36 (3a) To reduce the mental, behavioral, or medical health-related court workload;
- 37 (4) To increase the personal, familial, and societal accountability of adult and  
38 juvenile offenders and defendants and respondents in juvenile petitions for  
39 abuse, neglect, or both; and
- 40 (5) To promote effective ~~interaction and~~ interaction, collaboration, coordination,  
41 and use of resources among criminal and juvenile justice personnel, child  
42 protective services personnel, and community agencies.

43 **"§ 7A-793. Establishment of Program.**

44 The North Carolina ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery  
45 Court Program is established in the Administrative Office of the Courts to facilitate the ~~creation~~  
46 ~~creation, administration, and funding of local drug treatment court programs.~~ judicially managed  
47 accountability and recovery courts. The Director of the Administrative Office of the Courts shall  
48 provide any necessary staff for planning, organizing, and administering the program. Local drug  
49 treatment court programs funded pursuant to this Article shall be operated consistently with the  
50 guidelines adopted pursuant to G.S. 7A-795. Local ~~drug treatment court programs~~ judicially  
51 managed accountability and recovery courts established and funded pursuant to this Article may

1 consist of adult drug treatment court programs, juvenile drug treatment court programs, family  
2 drug treatment court programs, or any combination of these programs, programs approved by the  
3 Administrative Office of the Courts. With the consent of either the chief district court judge or  
4 the senior resident superior court judge, a judicially managed accountability and recovery court  
5 may be established.

6 **"§ 7A-794. Fund administration.**

7 ~~The Drug Treatment Court Program Fund is created in the Administrative Office of the~~  
8 ~~Courts and is administered by the Director of the Administrative Office of the Courts in~~  
9 ~~consultation with the State Drug Treatment Court Advisory Committee.~~ The Administrative  
10 Office of the Courts shall administer funding related to the North Carolina Judicially Managed  
11 Accountability and Recovery Court Program.

12 **"§ 7A-795. State ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery**  
13 **Court Advisory Committee.**

14 The State ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery Court  
15 Advisory Committee is established to develop and recommend to the Director of the  
16 Administrative Office of the Courts guidelines for the ~~drug treatment court judicially managed~~  
17 accountability and recovery court program and to monitor local ~~programs courts~~ wherever they  
18 are ~~implemented.~~ implemented and administered. The Committee shall be chaired by the Director  
19 or the Director's designee and shall consist of not less than seven members appointed by the  
20 Director and broadly representative of the courts, law enforcement, corrections, juvenile justice,  
21 child protective services, and substance abuse treatment communities. In developing guidelines,  
22 the Advisory Committee shall ~~consider the Substance Abuse and the Courts Action Plan and~~  
23 other recommendations of the Substance Abuse and the Courts State Task Force. provide  
24 minimum standards of judicially managed accountability and recovery courts.

25 **"§ 7A-796. Local ~~drug treatment court management~~ judicially managed accountability and**  
26 **recovery court committee.**

27 Each judicial district choosing to establish a ~~drug treatment court~~ judicially managed  
28 accountability and recovery court shall form a local ~~drug treatment court management~~ judicially

29 managed accountability and recovery court committee, which shall be comprised to assure

30 representation appropriate to the type or types of ~~drug treatment court~~ judicially managed

31 accountability and recovery court operations to be conducted in the district and shall consist of

32 persons appointed by the senior resident superior court judge with the concurrence of the chief

33 district court judge and the district attorney for that district, chosen from the following list:

- 34 (1) A judge of the superior court;
- 35 (2) A judge of the district court;
- 36 (3) A district attorney or assistant district attorney;
- 37 (4) A public defender or assistant public defender in judicial districts served by a  
38 public ~~defender;~~ defender, a member of the private criminal defense bar, or a  
39 member of the private bar who represents respondents in department of social  
40 services juvenile matters;
- 41 (5) An attorney representing a county department of social ~~services~~ services, the  
42 director or director's designee of the child welfare services division of a county  
43 department of social services, or a representative of the guardian ad litem from  
44 within the district;
- 45 (6) ~~A representative of the guardian ad litem;~~
- 46 (7) ~~A member of the private criminal defense bar;~~
- 47 (8) ~~A member of the private bar who represents respondents in department of~~  
48 ~~social services juvenile matters;~~
- 49 (9) A clerk of superior court;
- 50 (10) ~~The trial court administrator in judicial districts served by a trial court~~  
51 ~~administrator;~~

- 1           (11) ~~The director or member of the child welfare services division of a county~~  
 2           ~~department of social services within the district;~~  
 3           (12) The chief juvenile court counselor for the district;  
 4           (13) A probation officer;  
 5           (13a) The sheriff or sheriff's designee;  
 6           (14) A local law enforcement officer;  
 7           (15) A representative of the local school administrative unit;  
 8           (16) A representative of the local community ~~college;~~college or other adjacent  
 9           secondary educational institution with a school of social work;  
 10          (17) A representative of the treatment providers;  
 11          (18) A representative of the area mental health ~~program;~~entity managed care  
 12          organization;  
 13          (19) Any local ~~drug treatment recovery court~~ coordinator; and  
 14          (20) Any other persons selected by the local management committee.

15          The local ~~drug treatment court management~~ judicially managed accountability and recovery  
 16 court committee shall develop local guidelines and procedures, not inconsistent with the State  
 17 ~~guidelines,~~ guidelines and minimum standards, that are necessary for the operation and  
 18 evaluation of the local ~~drug treatment court.~~ judicially managed accountability and recovery  
 19 court.

20 **"§ 7A-797. Eligible population; drug treatment court procedures.**

21          The Director of the Administrative Office of the Courts, in conjunction with the State ~~Drug~~  
 22 ~~Treatment Court~~ Judicially Managed Accountability and Recovery Court Advisory Committee,  
 23 shall develop criteria for ~~eligibility~~ eligibility, minimum standards, and other procedural and  
 24 substantive guidelines for ~~drug treatment court~~ judicially managed accountability and recovery  
 25 court operation.

26 ...

27 **"§ 7A-799. Treatment not guaranteed.**

28          Nothing contained in this Article shall confer a right or an expectation of a right to treatment  
 29 or recovery management for a defendant or offender within the criminal or juvenile justice system  
 30 or a respondent in a juvenile petition for abuse, neglect, or both.

31 **"§ 7A-800. Payment of costs of treatment program.**

32          Each defendant, offender, or respondent in a juvenile petition for abuse, neglect, or both, who  
 33 receives treatment under a local ~~drug treatment court program~~ judicially managed accountability  
 34 and recovery court shall contribute to the cost of the alcohol and other ~~drug~~ substance abuse or  
 35 dependency treatment received in the ~~drug treatment court program,~~ judicially managed  
 36 accountability and recovery court, based upon guidelines developed by the local ~~drug treatment~~  
 37 ~~court management~~ judicially managed accountability and recovery court committee.

38 **"§ 7A-801. Monitoring and annual report.**

39          The Administrative Office of the Courts shall monitor all State-recognized and funded local  
 40 ~~drug treatment~~ judicially managed accountability and recovery courts, prepare an annual report  
 41 on the implementation, operation, and effectiveness of the statewide ~~drug treatment court~~  
 42 judicially managed accountability and recovery court program, and submit the report to the  
 43 General Assembly by March 1 of each year. Each ~~local drug treatment court program~~ judicially  
 44 managed accountability and recovery court shall submit evaluation reports to the Administrative  
 45 Office of the Courts as requested.

46 **"§ 7A-802. Exemption from Article.**

47          This Article does not apply to drug treatment courts or judicially managed accountability and  
 48 recovery courts in existence on or before December 1, 2021, to the extent that compliance with  
 49 this Article would disqualify the court for grant funding provided by the National Association of  
 50 Drug Court Professionals."

1           **SECTION 16.5.(b)** Pilot Program. – The Administrative Office of the Courts, in  
2 coordination with the District Attorney's Offices in Cumberland County, Harnett County,  
3 Haywood County, Onslow County, Pitt County, Robeson County, and Wayne County shall  
4 establish a pilot program in each county that creates a judicially managed accountability and  
5 recovery court, as governed by Article 62 of Chapter 7A of the General Statutes. The goals of  
6 each accountability and recovery court are to reduce alcoholism and other substance abuse and  
7 dependencies among offenders; to reduce recidivism; to reduce the drug-related court workload;  
8 to reduce the mental, behavioral, or medical health-related court workload; to increase the  
9 personal, familial, and societal accountability of offenders; and to promote effective interaction,  
10 collaboration, coordination, and use of resources among criminal justice personnel. The  
11 judicially managed accountability and recovery courts established in this subsection in  
12 Cumberland County and Onslow County shall prioritize participation of offenders that are  
13 veterans of the United States Armed Forces.

14           **SECTION 16.5.(c)** Report. – The Administrative Office of the Courts shall report to  
15 the Joint Legislative Oversight Committee on Justice and Public Safety on the results of these  
16 pilot programs no later than February 1 of each year following a year in which a pilot program  
17 receives funding from the State.

18           **SECTION 16.5.(d)** Policy. – It is the intent of the General Assembly that  
19 appropriations made to aid Cumberland County, Harnett County, Haywood County, Onslow  
20 County, Pitt County, Robeson County, and Wayne County in the original creation and operation  
21 of each county's judicially managed accountability and recovery court will not continue beyond  
22 the 2022-2023 fiscal year but will instead be replaced by local expenditures, grants, and other  
23 available funding sources.

24           **SECTION 16.5.(e)** This section becomes effective January 1, 2022.

25  
26 **APPOINTED DISTRICT COURT JUDGES SHALL RUN IN NEXT GENERAL**  
27 **ELECTION**

28           **SECTION 16.6.(a)** G.S. 7A-142 reads as rewritten:

29 "**§ 7A-142. Vacancies in office.**

30           (a) A vacancy in the office of district judge occurring for causes other than expiration of  
31 term shall be filled for the unexpired term by appointment of the Governor. The Governor, as  
32 provided in this section.

33           (b) An appointee shall hold office until January 1 next following the election for members  
34 of the General Assembly that is held more than 60 days after the vacancy occurs, at which time  
35 an election shall be held to fill the unexpired term of office. Provided, that when the unexpired  
36 term of the office in which the vacancy has occurred expires on the first day of January  
37 succeeding the next election for members of the General Assembly, the Governor shall appoint  
38 to fill the vacancy for the unexpired term of office.

39           (c) Prior to the appointment, the bar of the judicial district, as defined in G.S. 84-19, shall  
40 nominate five persons who are residents of the judicial district who are duly authorized to practice  
41 law in the district for consideration by the Governor. The nominees shall be selected by vote of  
42 only those bar members who reside in the district. In the event fewer than five persons are  
43 nominated, upon providing the nominations to the Governor, the bar shall certify that there were  
44 insufficient nominations in the district to comply with this section. Prior to filling the vacancy,  
45 the Governor shall give due consideration to the nominations provided by the bar of the judicial  
46 district."

47           **SECTION 16.6.(b)** This section is effective when it becomes law and applies to  
48 appointments made on or after that date.

49  
50 **MODIFY DISTRICT COURT JUDGE NUMBERS, DISTRICTS, AND RESIDENCY**  
51 **REQUIREMENTS AND ADD MAGISTRATES TO VARIOUS COUNTIES**

1           **SECTION 16.7.(a)** G.S. 7A-133 reads as rewritten:  
 2   "**§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of**  
 3   **court, by counties.**

4       (a) Each district court district shall have the numbers of judges as set forth in the  
 5 following table:

<u>District</u>	<u>Judges</u>	<u>County</u>
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates
		Pasquotank
		Perquimans
2	4	Martin
		Beaufort
		Tyrrell
		Hyde
		Washington
3A	6	Pitt
3B	6	Craven
		Pamlico
		Carteret
4	9	Sampson
		Duplin
		Jones
		Onslow
5	9	New Hanover
		Pender
6	4	Northampton
		Bertie
		Hertford
		Halifax
7	7	Nash
		Edgecombe
		Wilson
8	6	Wayne
		Greene
		Lenoir
9	5	Granville
		(part of Vance
		see subsection
		(b))
		Franklin
		Person
9B	2	Warren
		(part of Vance
		see subsection (b))
10A	3	(part of Wake
		see subsection (b))
10B	3	(part of Wake
		see subsection (b))

1	10C	3	(part of Wake
2			see subsection (b))
3	10D	5	(part of Wake
4			see subsection (b))
5	10E	3	(part of Wake
6			see subsection (b))
7	10F	3	(part of Wake
8			see subsection (b))
9	11	11	Harnett
10			Johnston
11			Lee
12	12	10	Cumberland
13	13	<u>67</u>	Bladen
14			Brunswick
15			Columbus
16	14	7	Durham
17	15A	4	Alamance
18	15B	5	Orange
19			Chatham
20	16A	4	Scotland
21			Anson
22			Richmond
23	16B	6	Robeson
24	17A	4	Caswell
25			Rockingham
26	17B	4	Stokes
27			Surry
28	18	14	Guilford
29	19A	6	Cabarrus
30	19B	5	Randolph
31	19C	5	Rowan
32	19D	<u>45</u>	Hoke
33			Moore
34	20A	3	Montgomery
35			Stanly
36	20B	1	(part of Union
37			see subsection
38			(b))
39	20C	2	(part of Union
40			see subsection
41			(b))
42	20D	2	Union
43	21	11	Forsyth
44	22A	6	Alexander
45			Iredell
46	22B	6	Davidson
47			Davie
48	23	4	Alleghany
49			Ashe
50			Wilkes
51			Yadkin



1	24	4	Avery
2			Madison
3			Mitchell
4			Watauga
5			Yancey
6	25	10	Burke
7			Caldwell
8			Catawba
9	26	21	Mecklenburg
10	27A	7	Gaston
11	27B	6	Cleveland
12			Lincoln
13	28	7	Buncombe
14	29A	4	McDowell
15			Rutherford
16	29B	<u>4</u> <del>5</del>	Henderson
17			Polk
18			Transylvania
19	30	6	Cherokee
20			Clay
21			Graham
22			Haywood
23			Jackson
24			Macon
25			Swain.

26 ...  
 27 (b2) The qualified voters of District Court District 13 shall elect all ~~six~~seven judges  
 28 established for the District in subsection (a) of this section, but only persons who reside in Bladen  
 29 County may be candidates for one of those judgeships, only persons who reside in Columbus  
 30 County may be candidates for two of those judgeships, and only persons who reside in Brunswick  
 31 County may be candidates for ~~three~~four of those judgeships. These district court judgeships shall  
 32 be numbered and assigned for residency purposes as follows:

33 ...  
 34 (7) Seat number seven, established for residents of Brunswick County by this  
 35 section, shall be the seat created on January 1, 2023.

36 ...  
 37 (b8) The qualified voters of District Court District 19D shall elect all judges established  
 38 for District 19D in subsection (a) of this section, but only persons who reside in Hoke County  
 39 may be candidates for one of the judgeships, and only persons who reside in Hoke or Moore  
 40 County may be candidates for the remaining judgeships.

41 ...."  
 42 **SECTION 16.7.(b)** G.S. 7A-133, as amended by subsection (a) of this section, reads  
 43 as rewritten:

44 "**§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of**  
 45 **court, by counties.**

46 (a) Each district court district shall have the numbers of judges as set forth in the  
 47 following table:

<u>District</u>	<u>Judges</u>	<u>County</u>
49 1	5	Camden
50		Chowan
51		Currituck

1			Dare
2			Gates
3			Pasquotank
4			Perquimans
5	2	4	Martin
6			Beaufort
7			Tyrrell
8			Hyde
9			Washington
10	3A	6	Pitt
11	3B	6	Craven
12			Pamlico
13			Carteret
14	4	9	Sampson
15			Duplin
16			Jones
17			Onslow
18	5	9	New Hanover
19			Pender
20	6	4	Northampton
21			Bertie
22			Hertford
23			Halifax
24	7	7	Nash
25			Edgecombe
26			Wilson
27	8	6	Wayne
28			Greene
29			Lenoir
30	9	5	Granville
31			(part of Vance
32			see subsection
33			(b))
34			Franklin
35			Person
36	9B	2	Warren
37			(part of Vance
38			see subsection (b))
39	10A	3	(part of Wake
40			see subsection (b))
41	10B	3	(part of Wake
42			see subsection (b))
43	10C	3	(part of Wake
44			see subsection (b))
45	10D	5	(part of Wake
46			see subsection (b))
47	10E	3	(part of Wake
48			see subsection (b))
49	10F	3	(part of Wake
50			see subsection (b))
51	11	11	Harnett

1			Johnston
2			Lee
3	12	10	Cumberland
4	13	7	Bladen
5			Brunswick
6			Columbus
7	14	7	Durham
8	15A	4	Alamance
9	15B	5	Orange
10			Chatham
11	16A	4	Scotland
12			Anson
13			Richmond
14	16B	6	Robeson
15	17A	4	Caswell
16			Rockingham
17	17B	4	Stokes
18			Surry
19	18	14	Guilford
20	19A	6	Cabarrus
21	19B	5	Randolph
22	19C	5	Rowan
23	19D	5	Hoke
24			Moore
25	20A	3	Montgomery
26			Stanly
27	<del>20B</del>	<del>4</del>	<del>(part of Union</del>
28			<del>see subsection</del>
29			<del>(b))</del>
30	<del>20C</del>	<del>2</del>	<del>(part of Union</del>
31			<del>see subsection</del>
32			<del>(b))</del>
33	<del>20D</del> <u>20B</u>	<del>25</del> <u>25</u>	Union
34	21	11	Forsyth
35	22A	6	Alexander
36			Iredell
37	22B	6	Davidson
38			Davie
39	23	4	Alleghany
40			Ashe
41			Wilkes
42			Yadkin
43	24	4	Avery
44			Madison
45			Mitchell
46			Watauga
47			Yancey
48	25	10	Burke
49			Caldwell
50			Catawba
51	26	21	Mecklenburg

1	27A	7	Gaston
2	27B	6	Cleveland
3			Lincoln
4	28	7	Buncombe
5	29A	4	McDowell
6			Rutherford
7	29B	5	Henderson
8			Polk
9			Transylvania
10	30	6	Cherokee
11			Clay
12			Graham
13			Haywood
14			Jackson
15			Macon
16			Swain.

(b) For district court districts of less than a whole county, or with part or all of one county with part of another, the composition of the district is as follows:

- ...
  - (3) ~~District Court District 20C consists of the remainder of Union County not in District Court District 20B.~~
  - (4) ~~District Court District 20B consists of Precinct 01: Tract 204.01: Block Group 2: Block 2040, Block 2057, Block 2058, Block 2060, Block 2061, Block 2062, Block 2064, Block 2065; Tract 204.02: Block Group 2: Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2006, Block 2007, Block 2008, Block 2009, Block 2010, Block 2011, Block 2012, Block 2013, Block 2014, Block 2015, Block 2016, Block 2017, Block 2018, Block 2023, Block 2024, Block 2025, Block 2026, Block 2027, Block 2028, Block 2029, Block 2030, Block 2031, Block 2032, Block 2033, Block 2034; Block Group 3: Block 3000, Block 3003, Block 3004, Block 3005, Block 3006, Block 3007, Block 3008, Block 3009, Block 3010, Block 3011, Block 3012, Block 3013, Block 3014, Block 3015, Block 3016, Block 3017, Block 3018, Block 3019, Block 3020, Block 3021, Block 3022, Block 3023, Block 3024, Block 3025, Block 3026, Block 3027, Block 3028, Block 3029, Block 3030, Block 3031, Block 3032, Block 3033, Block 3034, Block 3035, Block 3036, Block 3037, Block 3038, Block 3039, Block 3040, Block 3041, Block 3042, Block 3043, Block 3044, Block 3045, Block 3046, Block 3047; Block Group 4: Block 4035, Block 4054, Block 4055; Precinct 02: Tract 205: Block Group 1: Block 1000, Block 1001, Block 1002, Block 1003, Block 1004, Block 1005, Block 1006, Block 1007, Block 1009, Block 1010, Block 1011, Block 1012, Block 1013, Block 1014, Block 1015, Block 1016, Block 1017, Block 1018, Block 1019, Block 1020, Block 1021, Block 1022, Block 1023, Block 1037, Block 1038; Block Group 2: Block 2081, Block 2082, Block 2092, Block 2099, Block 2100, Block 2101, Block 2102; Tract 206: Block Group 3: Block 3036, Block 3038, Block 3039, Block 3040, Block 3048; Block Group 4: Block 4053; Precinct 03, Precinct 04, Precinct 06: Tract 202.02: Block Group 1: Block 1012, Block 1013, Block 1014, Block 1015, Block 1017, Block 1018, Block 1021, Block 1022, Block 1023; Tract 204.01: Block Group 2: Block 2000, Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2033, Block 2034, Block 2035, Block 2036, Block 2041, Block 2042, Block 2043, Block 2044, Block 2045, Block 2056, Block 2063, Block 2999; Precinct~~

~~08, Precinct 09, Precinct 10, Precinct 13, Precinct 23: Tract 206: Block Group 4: Block 4051; Precinct 25: Tract 206: Block Group 4: Block 4036; Precinct 34, Precinct 36, Precinct 43 of Union County.~~

...

The names and boundaries of voting tabulation districts specified for Wake County, and Vance County in this section are as shown on the 2010 Census Redistricting TIGER/Line Shapefiles. Precinct boundaries for Union County are those shown on the Legislative Services Office's redistricting computer database on January 1, 2005; and for other counties are those reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census in the IVTD Version of the TIGER files.

...."

**SECTION 16.7.(c)** G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min.	Additional Seats of Court
Camden	3	
Chowan	3	
Currituck	3	
Dare	<del>4</del> <u>5</u>	
Gates	2	
Pasquotank	4	
Perquimans	<del>3</del> <u>4</u>	
Martin	3	
Beaufort	4	
Tyrrell	3	
Hyde	3.5	
Washington	3	
Pitt	<del>10.5</del> <u>11.5</u>	Farmville Ayden Havelock
Craven	8	
Pamlico	3	
Carteret	6	
Sampson	5	
Duplin	4	
Jones	2	
Onslow	11	
New Hanover	<del>11</del> <u>12</u>	
Pender	<del>3.8</del> <u>4.8</u>	
Halifax	7	Roanoke Rapids, Scotland Neck
Northampton	3	
Bertie	3	
Hertford	3	
Nash	9	Rocky Mount
Edgecombe	7	Rocky Mount
Wilson	7	
Wayne	9	Mount Olive
Greene	3	
Lenoir	7	La Grange
Granville	5	

1	Vance	6	
2	Warren	3	
3	Franklin	4	
4	Person	4	
5	Caswell	3	
6	Wake	18.5	Apex, Wendell,
7			Fuquay-Varina,
8			Wake Forest
9	Harnett	8	Dunn
10	Johnston	10	Benson,
11			Clayton,
12			Selma
13	Lee	5	
14	Cumberland	19	
15	Bladen	3	
16	Brunswick	8	
17	Columbus	5	Tabor City
18	Durham	13	
19	Alamance	12	Burlington
20	Orange	7	Chapel Hill
21	Chatham	4	Siler City
22	Scotland	5	
23	Hoke	3	
24	Robeson	12	Fairmont,
25			Maxton,
26			Pembroke,
27			Red Springs,
28			Rowland,
29			St. Pauls
30	Rockingham	7	Reidsville,
31			Eden,
32			Madison
33	Stokes	3	
34	Surry	6	Mt. Airy
35	Guilford	<del>24.4</del> <u>25.4</u>	High Point
36	Cabarrus	9	Kannapolis
37	Montgomery	3	
38	Randolph	9	Liberty
39	Rowan	9	
40	Stanly	5	
41	Union	<del>7</del> <u>9</u>	
42	Anson	3	
43	Richmond	5	Hamlet
44	Moore	<del>5</del> <u>6</u>	Southern
45			Pines
46	Forsyth	<del>15</del> <u>16</u>	Kernersville
47	Alexander	3	
48	Davidson	<del>8</del> <u>9</u>	Thomasville
49	Davie	3	
50	Iredell	9	Mooresville
51	Alleghany	2	

1	Ashe	3	
2	Wilkes	6	
3	Yadkin	3	
4	Avery	3	
5	Madison	3	
6	Mitchell	3	
7	Watauga	4	
8	Yancey	3	
9	Burke	5.6	
10	Caldwell	6	
11	Catawba	10	Hickory
12	Mecklenburg	26.50	
13	Gaston	17	
14	Cleveland	7	
15	Lincoln	5	
16	Buncombe	15	
17	Henderson	6.5	
18	McDowell	3	
19	Polk	3	
20	Rutherford	6	
21	Transylvania	3	
22	Cherokee	3	
23	Clay	2	
24	Graham	2	
25	Haywood	5	Canton
26	Jackson	3	
27	Macon	3	
28	Swain	3."	

29           **SECTION 16.7.(d)** The Hoke County judicial residency requirement for District  
30 Court District 19D created in subsection (a) of this section shall apply to the judgeship added to  
31 District Court District 19D in subsection (a) of this section.

32           **SECTION 16.7.(e)** Subsections (a) and (d) of this section become effective January  
33 1, 2023, and elections conducted in 2022 shall be held accordingly. Subsection (c) of this section  
34 becomes effective January 1, 2022. Subsection (b) of this section becomes effective January 1,  
35 2025, and elections conducted in 2024 shall be held accordingly. The remainder of this section  
36 is effective when it becomes law.

37

**ADD SUPERIOR COURT JUDGES TO CERTAIN DISTRICTS**

38           **SECTION 16.7A.(a)** G.S. 7A-41(a) reads as rewritten:

39           "(a) The counties of the State are organized into judicial divisions and superior court  
40 districts, and each superior court district has the counties, and the number of regular resident  
41 superior court judges set forth in the following table, and for districts of less than a whole county,  
42 as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
48 First	1	49 Camden, Chowan, 50 Currituck, 51 Dare, Gates, Pasquotank,	2

1			Perquimans	
2	First	2	Beaufort, Hyde,	1
3			Martin,	
4			Tyrrell, Washington	
5	First	3A	Pitt	2
6	Second	3B	Carteret, Craven,	3
7			Pamlico	
8	Second	4	Duplin, Jones,	2
9			Onslow, Sampson	
10	Second	5A	(part of New Hanover,	1
11			Pender	
12			see subsection (b))	5
13		5B	(part of New Hanover,	1
14			see subsection (b))	
15		5C	(part of New Hanover,	1
16			see subsection (b))	
17	First	6A	Halifax	1
18	First	6B	Bertie, Hertford,	1
19			Northampton	
20	First	7A	Nash	1
21	First	7B	(part of Wilson,	1
22			part of Edgecombe,	
23			see subsection (b))	
24	First	7C	(part of Wilson,	1
25			part of Edgecombe,	
26			see subsection (b))	
27	Second	8A	Lenoir and Greene	1
28	Second	8B	Wayne	1
29	First	9	Franklin, Granville,	2
30			Person, Vance, Warren	
31	Third	10A	(part of Wake,	1
32			see subsection (b))	
33	Third	10B	(part of Wake,	1
34			see subsection (b))	
35	Third	10C	(part of Wake,	1
36			see subsection (b))	
37	Third	10D	(part of Wake,	1
38			see subsection (b))	
39	Third	10E	(part of Wake,	1
40			see subsection (b))	
41	Third	10F	(part of Wake,	1
42			see subsection (b))	
43	Third	11A	Harnett,	1
44			Lee	
45	Third	11B	Johnston	<del>1</del> <sub>2</sub>
46	Third	12A	(part of Cumberland,	1
47			see subsection (b))	
48	Third	12B	(part of Cumberland,	1
49			see subsection (b))	
50	Third	12C	(part of Cumberland,	2
51			see subsection (b))	



1	Second	13A	Bladen, Columbus	1
2	Second	13B	Brunswick	1
3	First	14A	(part of Durham,	1
4			see subsection (b))	
5	First	14B	(part of Durham,	3
6			see subsection (b))	
7	Third	15A	Alamance	2
8	Fourth	15B	Orange, Chatham	2
9	Third	16A	Anson, Richmond,	2
10			Scotland	
11	Second	16B	Robeson	2
12	Fourth	17A	Caswell, Rockingham	2
13	Fourth	17B	Stokes, Surry	1
14	Fourth	18A	(part of Guilford,	1
15			see subsection (b))	
16	Fourth	18B	(part of Guilford,	1
17			see subsection (b))	
18	Fourth	18C	(part of Guilford,	1
19			see subsection (b))	
20	Fourth	18D	(part of Guilford,	1
21			see subsection (b))	
22	Fourth	18E	(part of Guilford,	1
23			see subsection (b))	
24	Fourth	19A	Cabarrus	1
25	Third	19B	Randolph	2
26	Fourth	19C	Rowan	1
27	Third	19D	Hoke, Moore	2
28	Third	20A	Montgomery, Stanly	2
29	Third	20B	Union	2
30	Fourth	21A	(part of Forsyth,	1
31			see subsection (b))	
32	Fourth	21B	(part of Forsyth,	<del>1</del>
33			see subsection (b))	
34	Fourth	21C	(part of Forsyth,	1
35			see subsection (b))	
36	Fourth	21D	(part of Forsyth,	1
37			see subsection (b))	
38	Fourth	22A	Alexander, Iredell	2
39	Fourth	22B	Davidson, Davie	2
40	Fourth	23	Alleghany, Ashe,	1
41			Wilkes, Yadkin	
42	Fifth	24	Avery, Madison,	2
43			Mitchell,	
44			Watauga, Yancey	
45	Fifth	25A	Burke, Caldwell	2
46	Fifth	25B	Catawba	2
47	Fifth	26A	(part of Mecklenburg,	1
48			see subsection (b))	
49	Fifth	26B	(part of Mecklenburg,	1
50			see subsection (b))	
51	Fifth	26C	(part of Mecklenburg,	1

1			see subsection (b))	
2		26D	(part of Mecklenburg,	1
3			see subsection (b))	
4		26E	(part of Mecklenburg,	1
5			see subsection (b))	
6		26F	(part of Mecklenburg,	1
7			see subsection (b))	
8		26G	(part of Mecklenburg,	1
9			see subsection (b))	
10		26H	(part of Mecklenburg,	1
11			see subsection (b))	
12	Fifth	27A	Gaston	2
13	Fifth	27B	Cleveland, Lincoln	2
14	Fifth	28	Buncombe	2
15	Fifth	29A	McDowell,	1
16			Rutherford	
17	Fifth	29B	Henderson, Polk,	1
18			Transylvania	
19	Fifth	30A	Cherokee, Clay,	1
20			Graham, Macon,	
21			Swain	
22	Fifth	30B	Haywood, Jackson	1."

23 **SECTION 16.7A.(b)** This section becomes effective January 1, 2023, and elections  
 24 conducted in 2022 shall be held accordingly.

25  
 26 **REQUEST INCREASE OF BUSINESS COURT JUDGE DESIGNATIONS**

27 **SECTION 16.7B.(a)** G.S. 7A-45.1(a1) reads as rewritten:

28 "(a1) The Chief Justice is requested, pursuant to the authority under G.S. 7A-45.3 to  
 29 designate business court judges, to maintain at least ~~five~~six business court judgeships from  
 30 among the special superior court judgeships authorized under this section."

31 **SECTION 16.7B.(b)** The Chief Justice is requested, pursuant to the authority under  
 32 Section 11 of Article IV of the North Carolina Constitution to make assignments of judges of the  
 33 Superior Court, to assign a duly designated business court judge to preside in Wake County in  
 34 the business court courtroom funded by this act.

35 **SECTION 16.7B.(c)** This section is effective when it becomes law.

36  
 37 **MODIFY ASSISTANT DISTRICT ATTORNEY ALLOCATION**

38 **SECTION 16.8.(a)** G.S. 7A-60(a1) reads as rewritten:

39 "(a1) The counties of the State are organized into prosecutorial districts, and each district  
 40 has the counties and the number of full-time assistant district attorneys set forth in the following  
 41 table:

42			<i>No. of Full-Time</i>
43	<i>Prosecutorial</i>		<i>Asst. District</i>
44	<i>District</i>	<i>Counties</i>	<i>Attorneys</i>
45	1	Camden, Chowan, Currituck,	12
46		Dare, Gates, Pasquotank,	
47		Perquimans	
48	2	Beaufort, Hyde, Martin,	8
49		Tyrrell, Washington	
50	3	Pitt	<del>12</del> <u>14</u>
51	4	Carteret, Craven, Pamlico	<del>13</del> <u>14</u>

1	5	Duplin, Jones, Onslow,	20
2		Sampson	
3	6	New Hanover, Pender	20
4	7	Bertie, Halifax, Hertford,	11
5		Northampton	
6	8	Edgecombe, Nash, Wilson	<del>19</del> <u>21</u>
7	9	Greene, Lenoir, Wayne	<del>15</del> <u>16</u>
8	10	Wake	<del>42</del> <u>43</u>
9	11	Franklin, Granville, Person	<del>15</del> <u>17</u>
10		Vance, Warren	
11	12	Harnett, Lee	12
12	13	Johnston	<del>11</del> <u>13</u>
13	14	Cumberland	25
14	15	Bladen, Brunswick, Columbus	15
15	16	Durham	18
16	17	Alamance	12
17	18	Orange, Chatham	10
18	20	Robeson	13
19	21	Anson, Richmond, Scotland	<del>9</del> <u>11</u>
20	22	Caswell, Rockingham	9
21	23	Stokes, Surry	8
22	24	Guilford	<del>35</del> <u>39</u>
23	25	Cabarrus	10
24	26	Mecklenburg	58
25	27	Rowan	9
26	29	Hoke, Moore	9
27	28	Montgomery, Stanly	6
28	30	Union	11
29	31	Forsyth	27
30	32	Alexander, Iredell	<del>13</del> <u>14</u>
31	33	Davidson, Davie	<del>12</del> <u>13</u>
32	34	Alleghany, Ashe, Wilkes,	9
33		Yadkin	
34	35	Avery, Madison, Mitchell,	8
35		Watauga, Yancey	
36	36	Burke, Caldwell, Catawba	<del>20</del> <u>21</u>
37	37	Randolph	10
38	38	Gaston	<del>16</del> <u>18</u>
39	39	Cleveland,	13
40		Lincoln	
41	40	Buncombe	14
42	41	McDowell, Rutherford	8
43	42	Henderson, Polk, Transylvania	<del>9</del> <u>10</u>
44	43	Cherokee, Clay, Graham,	<del>13</del> <u>14</u>
45		Haywood, Jackson, Macon,	
46		Swain."	

**SECTION 16.8.(b)** This section becomes effective January 1, 2022.

**TECHNICAL CORRECTION OF CONFLICTING LANGUAGE REGARDING  
CONTINUANCES IN COURT CASES**

**SECTION 16.9.(a)** Section 2 of S.L. 2020-72 is repealed.

1           **SECTION 16.9.(b)** This section is effective when it becomes law.

2  
3   **JUDICIAL DEPARTMENT/USE OF OUTSIDE COUNSEL**

4           **SECTION 16.10.(a)** G.S. 7A-343 is amended by adding a new subdivision to read:

5           "(17) Review requests for private counsel for the defense of a Judicial Department  
6           official or employee. The Director may approve the expenditure of lapsed  
7           salary savings to retain private counsel to provide litigation services for the  
8           defense of an official or employee of the Judicial Department in any action  
9           arising from conduct undertaken in the course of the official's or employee's  
10           official duties and in which the Attorney General has declined to provide the  
11           litigation services. For purposes of this subdivision, the terms "litigation  
12           services" and "private counsel" are as defined in G.S. 147-17 and  
13           G.S. 114-2.3."

14           **SECTION 16.10.(b)** G.S. 143C-6-9(b) reads as rewritten:

15           "(b) Lapsed salary savings shall not be used to pay for litigation services provided by  
16 private counsel. As used in this subsection, litigation services and private counsel are as defined  
17 in G.S. 147-17(c1) and G.S. 114-2.3(d). This subsection does not apply to litigation services  
18 provided by private counsel retained by the Judicial Department for the defense of an official or  
19 employee of the Department in any action arising from conduct undertaken in the course of the  
20 official's or employee's official duties and in which the Attorney General has declined to provide  
21 the litigation services."

22           **SECTION 16.10.(c)** G.S. 114-2.3(a) reads as rewritten:

23           "(a) Every agency, institution, department, bureau, board, or commission of the State,  
24 authorized by law to retain private counsel, shall obtain written permission from the Attorney  
25 General prior to employing private counsel. This section does not apply to counties, cities, towns,  
26 other municipal corporations or political subdivisions of the State, or any agencies of these  
27 municipal corporations or political subdivisions, or to county or city boards of education. This  
28 subsection does not apply to private counsel retained by the Judicial Department for the defense  
29 of an official or employee of the Department in any action arising from conduct undertaken in  
30 the course of the official's or employee's official duties and in which the Attorney General has  
31 declined to provide the litigation services."

32           **SECTION 16.10.(d)** G.S. 147-17(a) reads as rewritten:

33           "(a) No department, officer, agency, institution, commission, bureau or other organized  
34 activity of the State which receives support in whole or in part from the State shall employ private  
35 counsel, except with the approval of the Governor. The Governor shall give his approval only if  
36 the Attorney General has advised him, as provided in subsection (b) of this section, that it is  
37 impracticable for the Attorney General to render the legal services. In any case or proceeding,  
38 civil or criminal, in or before any court or agency of this State or any other state or the United  
39 States, or in any other matter in which the State of North Carolina is interested, the Governor  
40 may employ private counsel as he may deem proper or necessary to represent the interest of the  
41 State, and may fix the compensation for their services, subject to the provisions of subsection  
42 (c1) of this section. This subsection does not apply to private counsel retained by the Judicial  
43 Department for the defense of an official or employee of the Department in any action arising  
44 from conduct undertaken in the course of the official's or employee's official duties and in which  
45 the Attorney General has declined to provide the litigation services."

46           **SECTION 16.10.(e)** This section is effective when it becomes law.

47  
48   **COURTHOUSE RESPONSIVENESS RESOURCES**

49           **SECTION 16.11.** Of the funds appropriated in this act from the State Fiscal  
50 Recovery Fund to the Administrative Office of the Courts for temporary court personnel to  
51 address a backlog in cases due to the COVID-19 pandemic, up to seven hundred ninety-nine

1 thousand one hundred seventy dollars (\$799,170) may be used to support up to 12.25 time-limited  
2 positions in the 2021-2022 fiscal year. Beginning in the 2022-2023 fiscal year, any remaining  
3 funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office  
4 of the Courts for temporary court personnel to address a backlog in cases due to the COVID-19  
5 pandemic may be used to support up to 24.5 time-limited positions until the funds are expended.  
6

## 7 **CLARIFYING DUTIES OF COURT OF APPEALS DOCUMENT MANAGEMENT** 8 **SHOP**

9 **SECTION 16.12.(a)** G.S. 7A-20(b) reads as rewritten:

10 "(b) Subject to approval of the Supreme Court, the Court of Appeals shall promulgate from  
11 time to time a fee bill for services rendered by the clerk, and such fees shall be remitted to the  
12 State Treasurer. Charges to litigants for document management and the reproduction of appellate  
13 records and briefs shall be fixed by rule of the Supreme Court and remitted to the Appellate  
14 Courts Printing and Computer Operations Fund established in G.S. 7A-343.3. The operations of  
15 the Court of Appeals shall be subject to the oversight of the State Auditor pursuant to Article 5A  
16 of Chapter 147 of the General Statutes."

17 **SECTION 16.12.(b)** G.S. 7A-343.3 reads as rewritten:

### 18 **"§ 7A-343.3. Appellate Courts Printing and Computer Operations Fund.**

19 The Appellate Courts Printing and Computer Operations Fund is established within the  
20 Judicial Department as a nonreverting, interest-bearing special revenue account. Accordingly,  
21 interest and other investment income earned by the Fund shall be credited to it. All moneys  
22 collected through charges to litigants for document management and the reproduction of  
23 appellate records and briefs under G.S. 7A-11 and G.S. 7A-20(b) shall be remitted to the State  
24 Treasurer and held in this Fund. Moneys in the Fund shall be used to support the ~~print shop~~  
25 document management shop operations of the Supreme Court and the Court of Appeals,  
26 including personnel, maintenance, and capital costs. The Judicial Department may create and  
27 maintain receipt-supported positions for these purposes but shall report to the Chairs of the Senate  
28 and House of Representatives Appropriations Subcommittees on Justice and Public Safety prior  
29 to creating such new positions."

30 **SECTION 16.12.(c)** This section becomes effective January 1, 2022, and applies to  
31 services rendered on or after that date.  
32

## 33 **MODIFY TRIAL COURT COSTS**

34 **SECTION 16.15.(a)** G.S. 7A-304(a) reads as rewritten:

35 "(a) In every criminal case in the superior or district court, wherein the defendant is  
36 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the  
37 prosecuting witness, the following costs shall be assessed and collected. No costs may be  
38 assessed when a case is dismissed. Only upon entry of a written order, supported by findings of  
39 fact and conclusions of law, determining that there is just cause, the court may (i) waive costs  
40 assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a),  
41 (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or  
42 costs without providing notice and opportunity to be heard by all government entities directly  
43 affected. The court shall provide notice to the government entities directly affected of (i) the date  
44 and time of the hearing and (ii) the right to be heard and make an objection to the remission or  
45 waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be  
46 made to the government entities affected by first-class mail to the address provided for receipt of  
47 court costs paid pursuant to the order. The costs referenced in this subsection are listed below:  
48

49 ...

49 ~~(3b) For the services, staffing, and operations of the Criminal Justice Education~~  
50 ~~and Training Standards Commission, the sum of three dollars (\$3.00) to be~~  
51 ~~remitted to the Department of Justice.~~

1 (3c) For legal representation to indigent defendants and others entitled to counsel  
2 under North Carolina law, the sum of ~~two-five~~ dollars (~~\$2.00~~)-(\$5.00) to be  
3 remitted to the Office of Indigent Defense ~~Services~~-Services for the Private  
4 Assigned Counsel Fund.

5 ...."

6 **SECTION 16.15.(b)** This section becomes effective February 1, 2022, and applies  
7 to costs assessed on or after that date.

## 9 EVIDENCE AND DISTRICT COURT SPEEDY TRIALS

10 **SECTION 16.17.(a)** The General Assembly finds all of the following:

- 11 (1) All criminal defendants have the right to court proceedings free from  
12 unreasonable delay, a right that is in jeopardy due to a perpetual district court  
13 case backlog, one which has been exacerbated by the COVID-19 pandemic.
- 14 (2) All criminal defendants have the right to court proceedings free from  
15 unreasonable delay, a right that is jeopardized when a district court case  
16 backlog exists.
- 17 (3) The North Carolina court system is bifurcated into the district and superior  
18 courts, and due to this bifurcation, the district courts function essentially as a  
19 preliminary proceeding that assures that the prosecution of a criminal  
20 defendant proceeds without the unreasonable delay that would be unavoidable  
21 if the district courts did not exist.
- 22 (4) The bifurcation of the North Carolina court system provides a criminal  
23 defendant with the unique opportunity to a "second bite of the apple" in the  
24 defendant's case.
- 25 (5) In superior court a defendant may exercise the defendant's right to a trial by  
26 jury, along with other rights, the exercise of which is unavailable in district  
27 court.
- 28 (6) The legal protections from being placed twice in jeopardy for the same  
29 conduct preclude the State from appealing an unfavorable outcome at trial in  
30 district court.
- 31 (7) A criminal defendant in a case before the district court may request, prior to  
32 trial, to have the case transferred to the superior court and may appeal to the  
33 superior court for a trial de novo following a final disposition in district court,  
34 retaining all rights that had previously been afforded the criminal defendant  
35 in district court.
- 36 (8) Though preliminary in nature, a district court can issue a final and binding  
37 disposition in a case before it.
- 38 (9) In a criminal proceeding in district court, the finder of fact is the district court  
39 judge presiding over the proceeding, who is legally trained to weigh the  
40 credibility, relevance, and veracity of evidence, including witness testimony.
- 41 (10) Simultaneous, two-way audio and video remote testimony in real time using  
42 state of the art technology allows a defendant to observe and cross-examine a  
43 witness, a district court judge to observe and question a witness to weigh the  
44 credibility and veracity of the witness's testimony, and a witness to observe a  
45 defendant against whom the witness is testifying.
- 46 (11) A witness in any court proceeding is one who, being duly sworn or affirmed,  
47 testifies as to the witness's knowledge of specific facts relevant to the case for  
48 which the witness testifies.
- 49 (12) A forensic or chemical analyst, and each person in the chain of custody of  
50 evidence produced by the analyst, does not play a role in initiating a criminal

charge against a criminal defendant or in deciding whether or not to prosecute a criminal defendant.

(13) The testimony of a forensic or chemical analyst is based upon objective, scientifically based testing that allows the analyst to reach dispassionate conclusions that may be presumed reliable and trustworthy.

(14) The testimony of a witness called to establish the chain of custody of evidence is not adversarial in nature and merely conveys the fact of a ministerial function performed by the witness in the course of the witness's work.

(15) In order to safeguard a criminal defendant's right to proceedings free from unreasonable delay, it is reasonable and prudent to allow forensic and chemical analysts, and each person in the chain of custody of evidence produced by the analysts, to provide real-time, remote, two-way audio and video testimony before the district courts of this State using state of the art technology and equipment that enable the criminal defendant, the judge, and the attorneys in the case to observe the demeanor of the forensic analyst throughout the direct examination and cross-examination of the forensic analyst and that enable the forensic analyst to likewise observe the demeanor of the criminal defendant.

**SECTION 16.17.(b)** G.S. 8-58.20 reads as rewritten:

**"§ 8-58.20. Forensic analysis admissible as evidence.**

(a) In any criminal prosecution, a laboratory report of a written forensic analysis, including an analysis of the defendant's DNA, or a forensic sample alleged to be the defendant's DNA, as that term is defined in G.S. 15A-266.2(2), that states the results of the analysis and that is signed and sworn to by the person performing the analysis ~~may~~ shall be admissible in evidence without the testimony of the analyst who prepared the report in accordance with the requirements of this section.

...

(g) Procedure for Establishing Chain of Custody of Evidence Subject to Forensic Analysis Without Calling Unnecessary Witnesses. –

...

Nothing in this subsection precludes the right of any party to call any ~~witness or witness,~~ except an analyst regarding the results of forensic testing and the testimony of each person in the associated chain of custody made available via remote testimony in real time in district court pursuant to G.S. 15A-1225.3. Nothing in this subsection precludes the right of any party to introduce any evidence supporting or contradicting the evidence contained in the statement.

...."

**SECTION 16.17.(c)** G.S. 15A-1225.3 reads as rewritten:

**"§ 15A-1225.3. Forensic analyst remote testimony.**

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

(1) Criminal proceeding. – Any hearing or trial in superior court in a prosecution of a person charged with violating a criminal law of this State and any hearing or proceeding conducted under Subchapter II of Chapter 7B of the General Statutes where a juvenile is alleged to have committed an offense that would be a criminal offense if committed by an adult.

(1a) District court proceeding. – Any hearing or trial in district court in a prosecution of a person charged with violating a criminal law of this State.

(2) Remote testimony. – A method by which a forensic analyst testifies from a location other than the location where the hearing or trial is being conducted and outside the physical presence of a party or parties.

(b) ~~Remote Testimony Authorized in Real Time~~ Authorized for Criminal Proceeding. –

In any criminal proceeding, the testimony of an analyst regarding the results of forensic testing

1 admissible pursuant to G.S. 8-58.20, and reported by that analyst, shall be permitted by remote  
2 testimony if all of the following occur:

- 3 (1) The State has provided a copy of the report to the attorney of record for the  
4 defendant, or to the defendant if that person has no attorney, as required by  
5 G.S. 8-58.20(d). For purposes of this subdivision, "report" means the full  
6 laboratory report package provided to the district attorney.
- 7 (2) The State notifies the attorney of record for the defendant, or the defendant if  
8 that person has no attorney, at least 15 business days before the proceeding at  
9 which the evidence would be used of its intention to introduce the testimony  
10 regarding the results of forensic testing into evidence using remote testimony.
- 11 (3) The defendant's attorney of record, or the defendant if that person has no  
12 attorney, fails to file a written objection with the court, with a copy to the  
13 State, at least five business days before the proceeding at which the testimony  
14 will be presented that the defendant objects to the introduction of the remote  
15 testimony.

16 If the defendant's attorney of record, or the defendant if that person has no attorney, fails to  
17 file a written objection as provided in this subsection, then the objection shall be deemed waived  
18 and the analyst shall be allowed to testify by remote testimony.

19 (b1) Remote Testimony in Real Time Authorized in District Court. – In any district court  
20 proceeding, the testimony of an analyst regarding the results of forensic testing admissible  
21 pursuant to G.S. 8-58.20, and reported by that analyst, and the testimony of each person in the  
22 associated chain of custody admissible pursuant to G.S. 8-58.20(g) shall be permitted by remote  
23 testimony if each of the following occurs:

- 24 (1) The State has provided a copy of the report to the attorney of record for the  
25 defendant, or to the defendant if that person has no attorney, as required by  
26 G.S. 8-58.20(d) and (g). For purposes of this subdivision, "report" means the  
27 full laboratory report package provided to the district attorney.
- 28 (2) The State notifies the attorney of record for the defendant, or the defendant if  
29 that person has no attorney, at least 15 business days before the proceeding at  
30 which the evidence would be used of its intention to introduce the testimony  
31 regarding the results of forensic testing into evidence using remote testimony  
32 in real time.

33 Nothing in this subsection shall be construed to determine the admissibility of evidence in a  
34 criminal proceeding in superior court, including a trial de novo pursuant to G.S. 15A-1431.

35 (c) Testimony. – The method used for remote testimony authorized by this section shall  
36 allow the trier of fact and all parties to observe the demeanor of the ~~analyst-remote witness~~ as the  
37 ~~analyst-witness~~ testifies in a similar manner as if the ~~analyst-witness~~ were testifying in the location  
38 where the hearing or trial is being conducted. The court shall ensure that the defendant's attorney,  
39 or the defendant if that person has no attorney, has a full and fair opportunity for examination  
40 and cross-examination of the ~~analyst-witness~~.

41 (d) Nothing in this section shall preclude the right of any party to call any ~~witness-witness~~,  
42 except an analyst regarding the results of forensic testing and the testimony of each person in the  
43 associated chain of custody made available via remote testimony in real time in a district court  
44 proceeding pursuant to subsection (b1) of this section.

45 (e) Nothing in this section shall obligate the Administrative Office of the Courts or the  
46 State Crime Laboratory to incur expenses related to remote testimony absent an appropriation of  
47 funds for that purpose."

48 **SECTION 16.17.(d)** G.S. 20-139.1 reads as rewritten:

49 **"§ 20-139.1. Procedures governing chemical analyses; admissibility; evidentiary**  
50 **provisions; controlled-drinking programs.**

51 ...



(c1) Admissibility. – The results of a chemical analysis of blood or urine reported by the North Carolina State Crime Laboratory, the Charlotte, North Carolina, Police Department Laboratory, or any other laboratory approved for chemical analysis by the Department of Health and Human Services (DHHS), are admissible as evidence in all administrative hearings, and in any court, without further authentication and without the testimony of the analyst. For the purposes of this section, a "laboratory approved for chemical analysis" by the DHHS includes, but is not limited to, any hospital laboratory approved by DHHS pursuant to the program resulting from the federal Clinical Laboratory Improvement Amendments of 1988 (CLIA).

The results shall be certified by the person who performed the analysis. The provisions of this subsection may be utilized in any administrative hearing, but can only be utilized in cases tried in the district and superior court divisions, or in an adjudicatory hearing in juvenile court, if:

- (1) The State notifies the defendant no later than 15 business days after receiving the report and at least 15 business days before the proceeding at which the evidence would be used of its intention to introduce the report into evidence under this subsection and provides a copy of the report to the ~~defendant,~~ and defendant.
- (2) The defendant fails to file a written objection with the court, with a copy to the State, at least five business days before the proceeding at which the report would be used that the defendant objects to the introduction of the report into evidence.

If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection as provided in this subsection, then the objection shall be deemed waived and the report shall be admitted into evidence without the testimony of the analyst. Upon filing a timely objection, the admissibility of the report shall be determined and governed by the appropriate rules of evidence.

If the proceeding at which the report would be introduced into evidence under this subsection is continued, the notice provided by the State, the written objection filed by the defendant, or the failure of the defendant to file a written objection shall remain effective at any subsequent calendaring of that proceeding.

The report containing the results of any blood or urine test may be transmitted electronically or via facsimile. A copy of the affidavit sent electronically or via facsimile shall be admissible in any court or administrative hearing without further authentication. A copy of the report shall be sent to the charging officer, the clerk of superior court in the county in which the criminal charges are pending, the Division of Motor Vehicles, and the Department of Health and Human Services.

Nothing in this subsection precludes the right of any party to call any ~~witness-witness,~~ except a chemical analyst in district court as provided in subsection (c6) of this section, or to introduce any evidence supporting or contradicting the evidence contained in the report.

...  
 (c3) Procedure for Establishing Chain of Custody Without Calling Unnecessary Witnesses. –

- (4) Nothing in this subsection precludes the right of any party to call any ~~witness~~ or-witness, except an analyst regarding the results of chemical testing and the testimony of each person in the associated chain of custody made available via remote testimony in real time in district court pursuant to subsection (c6) of this section. Nothing in this subsection precludes the right of any party to introduce any evidence supporting or contradicting the evidence contained in the statement.

...

1 (c5) ~~The~~ Except as provided in subsection (c6) of this section, testimony of an analyst  
2 regarding the results of a chemical analysis of blood or urine admissible pursuant to subsection  
3 (c1) of this section, and reported by that analyst, shall be permitted by remote testimony, as  
4 defined in G.S. 15A-1225.3, in all administrative hearings, and in any superior court if all of the  
5 following occur:

6 ...

7 If the defendant's attorney of record, or the defendant if that person has no attorney, fails to  
8 file a written objection as provided in this subsection, then the objection shall be deemed waived  
9 and the analyst shall be allowed to testify by remote testimony.

10 The method used for remote testimony authorized by this subsection shall allow the trier of  
11 fact and all parties to observe the demeanor of the analyst as the analyst testifies in a similar  
12 manner as if the analyst were testifying in the location where the hearing or trial is being  
13 conducted. The court shall ensure that the defendant's attorney, or the defendant if that person  
14 has no attorney, has a full and fair opportunity for examination and cross-examination of the  
15 analyst.

16 Nothing in this section shall preclude the right of any party to call any witness. Nothing in  
17 this subsection shall obligate the Administrative Office of the Courts or the State Crime  
18 Laboratory to incur expenses related to remote testimony absent an appropriation of funds for  
19 that purpose.

20 (c6) The testimony of an analyst regarding the results of a chemical analysis of blood or  
21 urine admissible pursuant to subsection (c1) of this section, and reported by that analyst, and the  
22 testimony of each person in the associated chain of custody admissible pursuant to subsection  
23 (c3) of this section shall be permitted by remote testimony, as defined in G.S. 15A-1225.3, in  
24 district court, if each of the following occurs:

25 (1) The State has provided a copy of the report to the attorney of record for the  
26 defendant, or to the defendant if that person has no attorney, as required by  
27 subsections (c1) and (c3) of this section.

28 (2) The State notifies the attorney of record for the defendant, or the defendant if  
29 that person has no attorney, at least 15 business days before the proceeding at  
30 which the evidence would be used of its intention to introduce the testimony  
31 regarding the chemical analysis into evidence using remote testimony.

32 The method used for remote testimony authorized by this subsection shall allow the trier of  
33 fact and all parties to observe the demeanor of the remote witness as the witness testifies in a  
34 similar manner as if the witness were testifying in the location where the hearing or trial is being  
35 conducted. The court shall ensure that the defendant's attorney, or the defendant if that person  
36 has no attorney, has a full and fair opportunity for examination and cross-examination of the  
37 witness.

38 Nothing in this subsection shall obligate the Administrative Office of the Courts or the State  
39 Crime Laboratory to incur expenses related to remote testimony absent an appropriation of funds  
40 for that purpose.

41 Nothing in this subsection shall preclude the right of any party to call any witness, except an  
42 analyst regarding the results of chemical testing and the testimony of each person in the  
43 associated chain of custody made available via remote testimony in real time in district court  
44 pursuant to this subsection.

45 ...

46 (e2) Except as governed by subsection (c1) or (c3) of this section, the State can only use  
47 the provisions of subsection (e1) of this section if:

48 (1) The State notifies the defendant no later than 15 business days after receiving  
49 the affidavit and at least 15 business days before the proceeding at which the  
50 affidavit would be used of its intention to introduce the affidavit into evidence

1 under this subsection and provides a copy of the affidavit to the ~~defendant,~~  
2 ~~and~~defendant.

3 ...

4 The failure to file a timely objection as provided in this subsection shall be deemed a waiver  
5 of the right to object to the admissibility of the affidavit, and the affidavit shall be admitted into  
6 evidence without the testimony of the analyst. Upon filing a timely objection, the admissibility  
7 of the report shall be determined and governed by the appropriate rules of evidence. The case  
8 shall be continued until the analyst can be present. The criminal case shall not be dismissed due  
9 to the failure of the analyst to appear, unless the analyst willfully fails to appear after being  
10 ordered to appear by the court. If the proceeding at which the affidavit would be introduced into  
11 evidence under this subsection is continued, the notice provided by the State, the written  
12 objection filed by the defendant, or the failure of the defendant to file a written objection shall  
13 remain effective at any subsequent calendaring of that proceeding.

14 Nothing in subsection (e1) or subsection (e2) of this section precludes the right of any party  
15 to call any ~~witness or witness,~~ except an analyst regarding the results of chemical testing and the  
16 testimony of each person in the associated chain of custody made available via remote testimony  
17 in real time in district court pursuant to subsection (c6) of this section. Nothing in subsection (e1)  
18 or subsection (e2) of this section precludes the right of any party to introduce any evidence  
19 supporting or contradicting the evidence contained in the affidavit.

20 ...."

21 **SECTION 16.17.(e)** This section becomes effective January 1, 2022, and applies to  
22 criminal proceedings, administrative hearings, and adjudicatory hearings in juvenile court  
23 beginning on or after that date.

## 24 **MODIFY TRAVEL REIMBURSEMENT FOR APPELLATE JUDGES AND JUSTICES**

25 **SECTION 16.18.(a)** G.S. 7A-10(b1) reads as rewritten:

26 "(b1) In addition to the reimbursement for travel and subsistence expenses authorized by  
27 subsection (b) of this section, and notwithstanding G.S. 138-6, each justice whose permanent  
28 residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage  
29 the justice travels each ~~week~~-trip to the City of Raleigh from the justice's home for business of  
30 the court. The reimbursement authorized by this subsection shall be calculated for each justice  
31 by multiplying the actual round-trip mileage from that justice's home to the City of Raleigh by a  
32 rate-per-mile established by the Director of the Administrative Office of the Courts, but not to  
33 exceed the business standard mileage rate set by the Internal Revenue Service. The duty station  
34 for any justice of the Supreme Court whose permanent residence is at least 30 miles from the  
35 City of Raleigh and outside of Wake County at the time the justice takes office as a justice of the  
36 Supreme Court shall be the county seat of the county in which the justice's permanent residence  
37 is located at the time of election or appointment to the office of justice of the Supreme Court for  
38 the purpose of determining eligibility for mileage reimbursement. If a justice who has previously  
39 qualified for mileage reimbursement under this subsection relocates the justice's permanent  
40 residence outside of the county of residence used in determining that justice's eligibility for  
41 reimbursement under this subsection, that justice shall not be eligible for reimbursement for  
42 mileage and the justice's duty station shall be Wake County."

43 **SECTION 16.18.(b)** G.S. 7A-18(a1) reads as rewritten:

44 "(a1) In addition to the reimbursement for travel and subsistence expenses authorized by  
45 subsection (a) of this section, and notwithstanding G.S. 138-6, each judge whose permanent  
46 residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage  
47 the judge travels each ~~week~~-trip to the City of Raleigh from the judge's home for business of the  
48 court. The reimbursement authorized by this subsection shall be calculated for each judge by  
49 multiplying the actual round-trip mileage from that judge's home to the City of Raleigh by a  
50 rate-per-mile established by the Director of the Administrative Office of the Courts, but not to  
51

1 exceed the business standard mileage rate set by the Internal Revenue Service. The duty station  
2 for any judge of the Court of Appeals whose permanent residence is at least 30 miles from the  
3 City of Raleigh and outside of Wake County at the time the judge takes office as a judge of the  
4 Court of Appeals shall be the county seat of the county in which that judge's permanent residence  
5 is located at the time of election or appointment to the office of judge of the Court of Appeals for  
6 the purpose of determining eligibility for mileage reimbursement. If a judge who has previously  
7 qualified for mileage reimbursement under this subsection relocates the judge's permanent  
8 residence outside of the county of residence used in determining that judge's eligibility under this  
9 subsection, that judge shall not be eligible for reimbursement for mileage and the judge's duty  
10 station shall be Wake County."

11  
12 **GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES TO**  
13 **VICTIMS OF HUMAN TRAFFICKING**

14 **SECTION 16.20A.(a)** Of the funds appropriated in this act from the State Fiscal  
15 Recovery Fund to the Human Trafficking Commission (Commission), the sum of three million  
16 two hundred sixty thousand dollars (\$3,260,000) in nonrecurring funds for the 2021-2022 fiscal  
17 year shall be used to award and administer grants to organizations that provide direct services to  
18 victims of human trafficking. The Commission shall develop the grant program and, in  
19 consultation with the North Carolina Council for Women and Youth Involvement, establish  
20 program guidelines. The following criteria shall apply to the grant program:

- 21 (1) Each applicant shall submit a detailed proposal of its human trafficking  
22 service program as provided in subsection (b) of this section.
- 23 (2) The Commission shall establish matching requirements for grants, as it deems  
24 appropriate, and shall accept in-kind matching in lieu of cash matching.
- 25 (3) The Commission shall allocate grant funds in each fiscal year of the  
26 2021-2023 fiscal biennium.
- 27 (4) The Commission shall post the program guidelines on its website and  
28 distribute them directly to the eligible nonprofit organizations.
- 29 (5) Grant recipients shall comply with all reporting requirements in  
30 G.S. 143C-6-23 and the contract between the recipient and the Commission.
- 31 (6) Only the following nonprofit organizations are eligible to participate in the  
32 grant program:
  - 33 a. A Fresh Start CLT Inc
  - 34 b. SAFE Place Inc.
  - 35 c. AbolitionNC
  - 36 d. Beloved Haven, Inc.
  - 37 e. Christian Recovery Centers, Inc. (Brunswick Christian Recovery  
38 Center)
  - 39 f. Changing Destinies Ministry
  - 40 g. CrossRoads: Sexual Assault Response & Resource Center, Inc.
  - 41 h. Wayne Pregnancy Care Center, Inc. (Cry Freedom Missions)
  - 42 i. Five 14 Revolution, Inc.
  - 43 j. Haven House, Inc.
  - 44 k. Help, Incorporated: Center Against Violence
  - 45 l. Ministry Seven (Hendersonville Rescue Mission)
  - 46 m. Hyde County Hotline, Inc.
  - 47 n. JusticeMatters, Inc.
  - 48 o. LILY PAD HAVEN, INC.
  - 49 p. On Eagles Wings
  - 50 q. THE OUTER BANKS HOTLINE, INCORPORATED
  - 51 r. Randolph County Family Crisis Center, Inc.

- 1 s. Resources, Education, Assistance, Counseling and Housing of Macon  
2 County, Inc. (REACH of Macon and Jackson)  
3 t. The Salvation Army (Salvation Army Project Fight)  
4 u. Onslow County Partnership for Children, Inc. (The One Place Child  
5 Advocacy Center)  
6 v. Triad Ladder of Hope  
7 w. World Relief Corporation of National Association of Evangelicals  
8 (World Relief Triad)

9 **SECTION 16.20A.(b)** Each grantee shall submit to the Commission a detailed  
10 proposal of its human trafficking service program which shall, at a minimum, include all of the  
11 following:

- 12 (1) A description of the geographic area the organization serves and the needs of  
13 victims of human trafficking in that area.  
14 (2) A plan to address the needs of victims, including the goals and objectives of  
15 each proposed initiative.  
16 (3) The time line for implementing each proposed initiative to achieve the desired  
17 objective and the names of any partners with whom the organization will be  
18 working and the role of those partners in the proposed initiative.  
19 (4) A list of the specific services each proposed initiative will deliver, which may  
20 include case management, client safety, client well-being, and other services,  
21 including health, transportation, housing, education, and employment  
22 assistance.  
23 (5) The anticipated planning and administrative costs for each proposed initiative,  
24 sorted by type, including staffing, fixed costs, contracts, and information  
25 technology.  
26 (6) A description of the organization's capacity to implement its plan to address  
27 the needs of victims, including the organization's staffing level, systems,  
28 partnerships, existing funding, and existing programs.  
29 (7) A description of the applicant's plans and capability to continue each proposed  
30 initiative beyond June 30, 2023, if the applicant plans to do so.  
31 (8) Any additional information deemed appropriate by the Commission.

32 **SECTION 16.20A.(c)** The Commission shall review each proposal submitted and,  
33 if it determines it meets the requirements of subsection (b) of this section, shall enter into a  
34 contract with the grantees to provide the human trafficking services. If the Commission  
35 determines a proposal does not contain all of the information required by subsection (b) of this  
36 section, the Commission shall notify the grantee of the deficiency, which shall be corrected  
37 before any funds for the 2021-2022 fiscal year are disbursed. Funds allocated for the 2021-2022  
38 fiscal year shall be disbursed to each grantee in a lump sum only after the grantee has submitted  
39 a complete detailed proposal. Funds allocated for the 2022-2023 fiscal year shall be disbursed by  
40 the Commission to the grantees on a quarterly basis so long as the grantees have submitted the  
41 detailed proposal required by subsection (b) of this section in the 2021-2022 fiscal year. The  
42 Commission shall post on its website the detailed proposal required by subsection (b) of this  
43 section and the report required by subsection (d) of this section.

44 **SECTION 16.20A.(d)** On or before March 1 and September 1 of 2022 and 2023,  
45 each grantee shall submit a report to the Commission that includes all of the following:

- 46 (1) Progress on the development and implementation of each of its program  
47 initiatives.  
48 (2) Progress on meeting goals and objectives for each program initiative.  
49 (3) The number of human trafficking victims assisted through each program  
50 initiative.

- 1 (4) A description and explanation of any delays in implementation of program  
2 initiatives.
- 3 (5) A description and explanation of any changes in the proposal submitted  
4 pursuant to subsection (b) of this section.
- 5 (6) Planning and administrative costs to date for each program initiative, sorted  
6 by type, including staffing, fixed costs, contracts, and information technology.
- 7 (7) Any additional information required by the Commission.

8 **SECTION 16.20A.(e)** On or before March 1 and September 1 of 2022 and 2023, the  
9 Commission shall submit a report on the grant program established pursuant to this section to the  
10 Senate Appropriations Committee on Justice and Public Safety, the House of Representatives  
11 Appropriations Committee on Justice and Public Safety, the Joint Legislative Oversight  
12 Committee on Justice and Public Safety, and the Fiscal Research Division that contains all of the  
13 following:

- 14 (1) The number of applications received.
- 15 (2) The number of grants awarded.
- 16 (3) The names and locations of the grant recipients.
- 17 (4) The amount of each grant awarded.
- 18 (5) A description of the human trafficking program initiatives that were funded  
19 by the grant awarded, including the geographic area in which services were  
20 provided.
- 21 (6) The total number of victims of human trafficking that were served, to date, by  
22 each grant recipient.

23 **SECTION 16.20A.(f)** The Commission may use up to two hundred twenty thousand  
24 dollars (\$220,000) of the funds appropriated in this section to administer the grant programs for  
25 victims of human trafficking described in this section and in Section 16.20B of this act in the  
26 2021-2023 fiscal biennium.

## 27 28 **GRANTS TO DEVELOP, STRENGTHEN, OR EXPAND HUMAN TRAFFICKING** 29 **VICTIM SERVICE PROGRAMS**

30 **SECTION 16.20B.(a)** Of the funds appropriated in this act from the State Fiscal  
31 Recovery Fund to the Administrative Office of the Courts, Human Trafficking Commission  
32 (Commission), the sum of one million one hundred forty thousand dollars (\$1,140,000) in  
33 nonrecurring funds for the 2021-2022 fiscal year shall be used to develop, strengthen, or expand  
34 human trafficking victim service programs. These funds shall be allocated each fiscal year of the  
35 2021-2023 fiscal biennium as follows:

- 36 (1) Two hundred fifty thousand dollars (\$250,000) to Compassion to Act  
37 Incorporated, a nonprofit corporation.
- 38 (2) Three hundred twenty thousand dollars (\$320,000) to the North Carolina  
39 Institute Against Human Trafficking.

40 **SECTION 16.20B.(b)** Each grantee shall submit to the Commission a detailed  
41 proposal of its human trafficking service program which shall, at a minimum, include all of the  
42 following:

- 43 (1) A description of the geographic area the organization serves and the needs of  
44 victims of human trafficking in that area.
- 45 (2) A plan to address the needs of victims, including the goals and objectives of  
46 each proposed initiative.
- 47 (3) The time line for implementing each proposed initiative to achieve the desired  
48 objective and the names of any partners with whom the organization will be  
49 working and the role of those partners in the proposed initiative.
- 50 (4) A list of the specific services each proposed initiative will deliver, which may  
51 include case management, client safety, client well-being, and other services,

1 including health, transportation, housing, education, and employment  
2 assistance.

3 (5) The anticipated planning and administrative costs for each proposed initiative,  
4 sorted by type, including staffing, fixed costs, contracts, and information  
5 technology.

6 (6) A description of the organization's capacity to implement its plan to address  
7 the needs of victims, including the organization's staffing level, systems,  
8 partnerships, existing funding, and existing programs.

9 (7) A description of the applicant's plans and capability to continue each proposed  
10 initiative beyond June 30, 2023, if the applicant plans to do so.

11 (8) Any additional information deemed appropriate by the Commission.

12 **SECTION 16.20B.(c)** The Commission shall review each proposal submitted and,  
13 if it determines it meets the requirements of subsection (b) of this section, shall enter into a  
14 contract with the grantees to provide the human trafficking services. If the Commission  
15 determines a proposal does not contain all of the information required by subsection (b) of this  
16 section, the Commission shall notify the grantee of the deficiency, which shall be corrected  
17 before any funds for the 2021-2022 fiscal year are disbursed. Funds allocated for the 2021-2022  
18 fiscal year shall be disbursed to each grantee in a lump sum only after the grantee has submitted  
19 a complete detailed proposal. Funds allocated for the 2022-2023 fiscal year shall be disbursed by  
20 the Commission to the grantees on a quarterly basis so long as the grantees have submitted the  
21 detailed proposal required by subsection (b) of this section in the 2021-2022 fiscal year. The  
22 Commission shall post on its website the detailed proposal required by subsection (b) of this  
23 section and the report required by subsection (d) of this section. Grant recipients shall comply  
24 with all reporting requirements in G.S. 143C-6-23 and the contract between the recipient and the  
25 Commission.

26 **SECTION 16.20B.(d)** On or before March 1 and September 1 of 2022 and 2023,  
27 each grantee shall submit a report to the Commission that includes all of the following:

28 (1) Progress on the development and implementation of each of its program  
29 initiatives.

30 (2) Progress on meeting goals and objectives for each program initiative.

31 (3) The number of human trafficking victims assisted through each program  
32 initiative.

33 (4) A description and explanation of any delays in implementation of program  
34 initiatives.

35 (5) A description and explanation of any changes in the proposal submitted  
36 pursuant to subsection (b) of this section.

37 (6) Planning and administrative costs to date for each program initiative, sorted  
38 by type, including staffing, fixed costs, contracts, and information technology.

39 (7) Any additional information required by the Commission.

40 **SECTION 16.20B.(e)** On or before March 1 and September 1 of 2022 and 2023, the  
41 Commission shall submit a report on the grants awarded pursuant to subsection (a) of this section  
42 to the Senate and House Appropriations Committees on Justice and Public Safety, the Joint  
43 Legislative Oversight Committee on Justice and Public Safety, and the Fiscal Research Division  
44 that contains all of the following:

45 (1) The number of applications received.

46 (2) The number of grants awarded.

47 (3) The names and locations of the grant recipients.

48 (4) The amount of each grant awarded.

49 (5) A description of the human trafficking program initiatives that were funded  
50 by each grant awarded, including the geographic area in which services were  
51 provided.

- 1 (6) The total number of victims of human trafficking that were served, to date, by  
2 each grant recipient.  
3

4 **COMPETITIVE GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING**  
5 **SERVICES TO VICTIMS OF HUMAN TRAFFICKING**

6 **SECTION 16.21.(a)** Of the funds appropriated in this act from the State Fiscal  
7 Recovery Fund to the Administrative Office of the Courts, Human Trafficking Commission  
8 (Commission), the sum of four million four hundred thousand dollars (\$4,400,000) in  
9 nonrecurring funds for the 2021-2022 fiscal year shall be used to develop and implement a grant  
10 program to provide funds to eligible organizations for economic assistance and to enhance  
11 services to victims of human trafficking. The Commission may use up to three hundred thousand  
12 dollars (\$300,000) of the funds appropriated in this section in each fiscal year of the 2021-2023  
13 fiscal biennium to establish three time-limited positions to administer the grant program.

14 **SECTION 16.21.(b)** The following criteria shall apply to the grant program:

- 15 (1) Grant applicants shall satisfy all of the following:  
16 a. Be a nonprofit corporation.  
17 b. Provide direct services to victims of human trafficking, which may  
18 include case management, client safety, client well-being, and other  
19 services, including health, transportation, housing, education, and  
20 employment assistance.  
21 c. Demonstrate an economic loss resulting from the COVID-19  
22 pandemic.  
23 d. Be ineligible for a grant under the provisions of G.S. 50B-9 and  
24 G.S. 143B-394.21.
- 25 (2) The Commission shall coordinate outreach efforts with the North Carolina  
26 Council for Women and Youth Involvement (Council), State agencies, and  
27 local partners to make information regarding the grant funds available to  
28 eligible organizations within two weeks after this section becomes law.
- 29 (3) The amount of the grant shall not exceed the organization's economic loss  
30 resulting from the COVID-19 pandemic.
- 31 (4) The Commission shall, upon receipt of all applications by the deadline set  
32 under grant program deadlines, expeditiously award and disburse grant funds.
- 33 (5) Grant recipients shall comply with all reporting requirements in  
34 G.S. 143C-6-23 and the contract between the recipient and the Commission.

35 **SECTION 16.21.(c)** If all funds appropriated as provided in subsection (a) of this  
36 section are not disbursed in the first round of grants, the Commission shall award a second round  
37 of grants to eligible organizations for the purpose of developing, strengthening, or expanding  
38 human trafficking victim service programs to help mitigate the increased risk of human  
39 trafficking as a result of the COVID-19 pandemic. The following criteria shall apply to the second  
40 round of the grant program:

- 41 (1) Grant applicants shall satisfy all of the following:  
42 a. Be a nonprofit corporation.  
43 b. Provide direct services to victims of human trafficking, which may  
44 include case management, client safety, client well-being, and other  
45 services, including health, transportation, housing, education, and  
46 employment assistance.  
47 c. Be ineligible for a grant under the provisions of G.S. 50B-9 and  
48 G.S. 143B-394.21.  
49 d. Submit a detailed proposal of its human trafficking service program  
50 which shall, at a minimum, include all of the following:



- 1 1. A description of the geographic area the organization serves
- 2 and the needs of victims of human trafficking in that area.
- 3 2. A plan to address the needs of victims, including the goals and
- 4 objectives of each proposed initiative.
- 5 3. The time line for implementing each proposed initiative to
- 6 achieve the desired objective and the names of any partners
- 7 with whom the organization will be working and the role of
- 8 those partners in the proposed initiative.
- 9 4. A list of the specific services each proposed initiative will
- 10 deliver, which may include case management, client safety,
- 11 client well-being, and other services, including health,
- 12 transportation, housing, education, and employment
- 13 assistance.
- 14 5. The anticipated planning and administrative costs for each
- 15 proposed initiative, sorted by type, including staffing, fixed
- 16 costs, contracts, and information technology.
- 17 6. A description of the organization's capacity to implement its
- 18 plan to address the needs of victims, including the
- 19 organization's staffing level, systems, partnerships, existing
- 20 funding, and existing programs.
- 21 7. A description of the applicant's plans and capability to continue
- 22 each proposed initiative beyond June 30, 2022, if the applicant
- 23 plans to do so.
- 24 8. Any additional information deemed appropriate by the
- 25 Commission.
- 26 (2) The Commission shall, in consultation with the North Carolina Council for
- 27 Women and Youth Involvement (Council), develop program guidelines and
- 28 shall coordinate outreach efforts with the Council, State agencies, and local
- 29 partners to make information regarding the grant funds available to eligible
- 30 organizations.
- 31 (3) The Commission shall set the maximum amount of each grant based upon the
- 32 availability of funds.
- 33 (4) No later than June 30, 2022, each grantee shall submit a report to the
- 34 Commission that includes all of the following:
- 35 a. Progress on the development and implementation of each of its
- 36 program initiatives.
- 37 b. Progress on meeting goals and objectives for each program initiative.
- 38 c. The number of human trafficking victims assisted through each
- 39 program initiative.
- 40 d. A description and explanation of any delays in implementation of
- 41 program initiatives.
- 42 e. A description and explanation of any changes in the proposal
- 43 submitted pursuant to sub-subdivision d. of subdivision (1) of this
- 44 subsection.
- 45 f. Planning and administrative costs to date for each program initiative,
- 46 sorted by type, including staffing, fixed costs, contracts, and
- 47 information technology.
- 48 g. Any additional information required by the Commission.
- 49 (5) Grant recipients shall comply with all reporting requirements in
- 50 G.S. 143C-6-23 and the contract between the recipient and the Commission.

- 1 (6) The Commission shall post on its website the detailed proposal required by  
2 sub-subdivision d. of subdivision (1) of this subsection and the report required  
3 by subdivision (4) of this subsection.

4 **SECTION 16.21.(d)** Within 60 days of disbursing grants in the first round and the  
5 second round, if applicable, the Commission shall submit a report on the grants awarded to the  
6 Senate Appropriations Committee on Justice and Public Safety, the House of Representatives  
7 Appropriations Committee on Justice and Public Safety, the Joint Legislative Oversight  
8 Committee on Justice and Public Safety, and the Fiscal Research Division that contains all of the  
9 following:

- 10 (1) The number of applications received.  
11 (2) The number of grants awarded.  
12 (3) The names and locations of the grant recipients.  
13 (4) The amount of each grant awarded.  
14 (5) A description of the human trafficking program initiatives that were funded  
15 by each grant awarded under subsection (c) of this section, including the  
16 geographic area in which services were provided.  
17 (6) The total number of victims of human trafficking that were served, to date, by  
18 each recipient receiving a grant under subsection (c) of this section.  
19

20 **FACILITY IMPROVEMENT GRANTS FOR ORGANIZATIONS THAT PROVIDE**  
21 **SERVICES TO VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ASSAULT**

22 **SECTION 16.22.(a)** Of the funds appropriated in this act to the Administrative  
23 Office of the Courts, Human Trafficking Commission (hereinafter "Commission"), for the  
24 2022-2023 fiscal year, the sum of four million eight hundred thousand dollars (\$4,800,000) in  
25 nonrecurring funds shall be used to establish a grant program to provide funds to qualifying  
26 domestic violence and sexual assault agencies for the purpose of making one-time facility  
27 upgrades or undertaking construction projects. The following criteria shall apply to the grant  
28 program:

- 29 (1) Only organizations that qualify for existing domestic violence or sexual  
30 assault grant programs pursuant to G.S. 50B-9 and G.S. 143B-394.21,  
31 respectively, are eligible.  
32 (2) The maximum amount of each grant shall be forty-five thousand dollars  
33 (\$45,000). Additional grant funds shall be made available during a second  
34 round of applications based on availability of funds. The maximum amount of  
35 second-round grants shall be determined by the Commission. The provisions  
36 of this section shall apply if a second round of grants is administered.  
37 (3) The Commission shall establish matching requirements for grants, as it deems  
38 appropriate, and may accept in-kind matching in lieu of cash matching.  
39 (4) The Commission shall establish policies and procedures for the distribution of  
40 grants awarded pursuant to this section.

41 **SECTION 16.22.(b)** The Commission shall submit a written report on the  
42 administration of the grants authorized by subsection (a) of this section to the Senate and House  
43 Appropriations Committees on Justice and Public Safety, Joint Legislative Oversight Committee  
44 on Justice and Public Safety, and the Fiscal Research Division within 60 days after the grants  
45 have been made. The report shall contain all of the following:

- 46 (1) The names of the grant recipients, the number of grants awarded, the average  
47 amount of each grant awarded, and the range of the amounts of the grants.  
48 (2) A description of the facility upgrades and construction projects that were  
49 funded by the grants.  
50

**ECONOMIC ASSISTANCE FUNDS FOR ORGANIZATIONS THAT PROVIDE SERVICES TO VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ASSAULT**

**SECTION 16.23.** Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office of the Courts, Human Trafficking Commission (Commission), the sum of fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to reduce the negative economic impact of the COVID-19 pandemic on organizations that provide domestic violence and sexual assault services across the State. The Commission shall allocate the funds as follows:

- (1) Seven million five hundred thousand dollars (\$7,500,000) to domestic violence organizations across the State eligible to receive grants pursuant to G.S. 50B-9(b). Eligible grant recipients shall receive an equal amount as provided in G.S. 50B-9(b).
- (2) Seven million five hundred thousand dollars (\$7,500,000) to sexual assault programs and organizations across the State eligible to receive grants pursuant to G.S. 143B-394.21. Eligible grant recipients shall receive an amount based on the formula provided in G.S. 143B-394.21.

**PART XVII. INDIGENT DEFENSE SERVICES**

**DEBT SETOFF MODIFICATION**

**SECTION 17.3.(a)** Notwithstanding the time limitations applicable to notice by a State agency pursuant to G.S. 105A-8, for notices to a debtor a State agency failed to timely send between March of 2020 and February of 2021 for reasons beyond the control of the Office of Indigent Defense Services, including the inability to obtain the information necessary to send the notice, the Office may send notice to the debtor within 30 days of the date this section becomes law; provided, the notice and rights afforded to the debtor otherwise complies with the requirements of G.S. 105A-8.

**SECTION 17.3.(b)** This section is effective when this act becomes law.

**NEW PUBLIC DEFENDER DISTRICT 27B**

**SECTION 17.4.(a)** G.S. 7A-498.7(a) reads as rewritten:

"(a) The following counties of the State are organized into the defender districts listed below, and in each of those defender districts an office of public defender is established:

Defender District	Counties
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans
3A	Pitt
3B	Craven, Pamlico, Carteret
5	New Hanover
10	Wake
12	Cumberland
14	Durham
15B	Orange, Chatham
16A	Scotland, Hoke
16B	Robeson
18	Guilford
21	Forsyth
26	Mecklenburg
27A	Gaston
<u>27B</u>	<u>Cleveland, Lincoln</u>

1           28                   Buncombe  
2           29A                   McDowell, Rutherford  
3           29B                   Henderson, Polk, Transylvania

4           After notice to, and consultation with, the affected district bar, senior resident superior court  
5 judge, and chief district court judge, the Commission on Indigent Defense Services may  
6 recommend to the General Assembly that a district or regional public defender office be  
7 established. A legislative act is required in order to establish a new office or to abolish an existing  
8 office."

9           **SECTION 17.4.(b)** The Office of Indigent Defense Services may use up to the sum  
10 of two million one hundred fifty thousand dollars (\$2,150,000) of funds appropriated in this act  
11 to create 21 new positions for the Public Defender District 27B created in subsection (a) of this  
12 section. These positions shall include the public defender, up to 13 assistant public defenders,  
13 and up to seven support positions.

## 14 15 **PART XVIII. JUSTICE**

### 16 17 **NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB**

18           **SECTION 18.1.** Article 9 of Chapter 114 of the General Statutes is amended by  
19 adding a new section to read:

#### 20 **"§ 114-63.1. No hiring of sworn personnel to fill vacant positions.**

21           The Department of Justice shall not hire sworn personnel to fill vacant positions in the North  
22 Carolina State Crime Laboratory. Nothing in this section shall be construed to require the  
23 termination of sworn personnel or to affect North Carolina State Crime Laboratory personnel  
24 who are sworn and employed by the Laboratory as of the effective date of this section and who  
25 continue to meet the sworn status retention standards mandated by the North Carolina Criminal  
26 Justice Education and Standards Commission."

### 27 28 **REGULATE THE CREATION OF LAW ENFORCEMENT OFFICER CRITICAL** 29 **INCIDENT OR DISCIPLINE DATABASES**

30           **SECTION 18.4A.(a)** Subpart A of Part 4 of Article 13 of Chapter 143B of the  
31 General Statutes is amended by adding a new section to read:

#### 32 **"§ 143B-907. Public law enforcement database regulation.**

33           Unless specifically authorized to do so by an act of the General Assembly, no State agency  
34 or political subdivision of the State may create or maintain a database that compiles and makes  
35 available to the public information or data regarding (i) critical incidents as defined by  
36 G.S. 17C-2(3a) or G.S. 17E-2(4) or (ii) disciplinary actions taken against law enforcement  
37 officers."

38           **SECTION 18.4A.(b)** This section is effective when it becomes law and applies to  
39 databases created before, on, or after that date.

### 40 41 **EXPAND CRIMINAL JUSTICE FELLOWS PROGRAM**

42           **SECTION 18.6.(a)** G.S. 17C-20 reads as rewritten:

#### 43 **"§ 17C-20. Definitions.**

44           As used in this Article, the following definitions apply:

- 45           ...
- 46           (5)   Eligible county. – A county with a population of less than ~~125,000~~ 200,000
- 47                   according to the latest federal decennial census ~~or a county designated as a~~
- 48                   development tier one area pursuant to G.S. 143B-437.08, ~~or both census.~~

49           ...."

50           **SECTION 18.6.(b)** G.S. 17C-22 reads as rewritten:

#### 51 **"§ 17C-22. North Carolina Criminal Justice Fellows Program established; administration.**

1 ...  
2 (b) Program Administrator. – The Director of the Division shall select a member of the  
3 Division staff, with the consent of the Committee, to serve as the Program administrator. The  
4 Program administrator will be responsible for all administrative duties and oversight of the  
5 Program as established by the Committee. The Program administrator will conduct recruitment  
6 efforts to include the following:

- 7 ...  
8 (3) Target high school seniors who demonstrate an interest in ~~becoming~~ being  
9 employed in ~~a-an eligible~~ criminal justice ~~professionals~~ profession.  
10 (4) Engage with employees of eligible criminal justice ~~professionals~~ professions  
11 and leaders in eligible counties for input in the Program.  
12 (5) Attend high school career days, job fairs, and other activities ~~in-eligible~~  
13 ~~counties~~ to recruit qualified individuals into the Program.

14 ...  
15 (d) Eligibility Criteria. – An applicant must be domiciled in ~~an-eligible county~~ this State  
16 at the time of application, a resident for tuition purposes as defined in G.S. 116-143.1(a)(2), a  
17 high school graduate or a high school senior who will graduate from high school by the end of  
18 the current academic year, and demonstrate the intent upon completion of the Program to be  
19 employed ~~as-a-in an eligible~~ criminal justice ~~professional~~ profession in an eligible county. An  
20 applicant who has been convicted of any of the following is ineligible to receive a forgivable  
21 loan:

22 ...  
23 (h) Recipient Obligations. – A recipient must become and remain a full-time student at a  
24 North Carolina community college in an Applied Associate Degree in Criminal Justice or in a  
25 Committee-approved related field of study at all times during each of the recipient's two  
26 academic years of community college study and pursue continuously studies that will qualify the  
27 recipient to be employed in an eligible criminal justice profession upon graduation. The recipient  
28 must maintain a minimum cumulative 2.0 GPA throughout the course of study and also maintain  
29 appropriate credit hours for each semester to obtain an Applied Associate Degree in Criminal  
30 Justice or Committee-approved field of study within two years. The recipient must also accept  
31 employment in an eligible county ~~as-a-in an eligible~~ criminal justice ~~professional~~ profession for  
32 at least four out of five years following graduation. The Committee may adopt additional  
33 recipient obligations it deems appropriate.

34 ...."

35 **SECTION 18.6.(c)** G.S. 17C-23(b) reads as rewritten:

36 "(b) Forgiveness. – The Committee shall forgive the loan and any interest accrued on the  
37 loan if, within five years after obtaining an Applied Associate Degree in Criminal Justice or  
38 Committee-approved field of study, the recipient is employed on a full-time basis for a period of  
39 at least four years in an eligible county in an eligible criminal justice profession. The recipient  
40 shall provide the Committee within 60 days of completion of the Program verification of the  
41 recipient's intent to seek employment ~~as-a-in an eligible~~ criminal justice ~~professional~~ profession  
42 in an eligible county. The recipient shall provide verification of employment to the Committee  
43 each year until the obligation is satisfied. The Committee shall also forgive the loan if it finds  
44 that it is impossible for the recipient to meet the terms of the loan, after or before graduation, due  
45 to death or permanent disability of the recipient."

46 **SECTION 18.6.(d)** This section is effective when it becomes law and applies to  
47 Criminal Justice Fellows Program applicants selected on or after that date.

#### 49 **PROHIBIT COLLUSIVE SETTLEMENTS BY THE ATTORNEY GENERAL**

50 **SECTION 18.7.(a)** G.S. 114-2.2 is amended by adding a new subsection to read:

1        "(a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or  
2 provision of the North Carolina Constitution, and the Speaker of the House of Representatives  
3 and the President Pro Tempore of the Senate (i) have jointly intervened on behalf of the General  
4 Assembly in accordance with G.S. 1-72.2 or (ii) are otherwise jointly named in their official  
5 capacities as parties to the dispute, claim, or controversy, a consent judgment shall be jointly  
6 approved by the Speaker of the House of Representatives and the President Pro Tempore of the  
7 Senate, or by and through counsel of their choice, before the judgment may be entered."

8            **SECTION 18.7.(b)** G.S. 114-2.4 is amended by adding a new subsection to read:

9        "(a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or  
10 provision of the North Carolina Constitution, and the Speaker of the House of Representatives  
11 and the President Pro Tempore of the Senate (i) have intervened on behalf of the General  
12 Assembly in accordance with G.S. 1-72.2 or (ii) are otherwise jointly named in their official  
13 capacities as parties to the dispute, claim, or controversy, a proposed settlement agreement or  
14 other agreement that would dispose of the dispute, claim, or controversy shall be jointly approved  
15 by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, or  
16 by and through counsel of their choice, before the agreement may be entered."

17            **SECTION 18.7.(c)** G.S. 163-22.2 reads as rewritten:

18        **"§ 163-22.2. Power of State Board to promulgate temporary rules and regulations.**

19        In the event any portion of Chapter 163 of the General Statutes or any State election law or  
20 form of election of any county board of commissioners, local board of education, or city officer  
21 is held unconstitutional or invalid by a State or federal court or is unenforceable because of  
22 objection interposed by the United States Justice Department under the Voting Rights Act of  
23 1965 and such ruling adversely affects the conduct and holding of any pending primary or  
24 election, the State Board of Elections shall have authority to make reasonable interim rules and  
25 regulations with respect to the pending primary or election as it deems advisable so long as they  
26 do not conflict with any provisions of this Chapter 163 of the General Statutes and such rules and  
27 regulations shall become null and void 60 days after the convening of the next regular session of  
28 the General Assembly. ~~The State Board of Elections shall also be authorized, upon~~  
29 ~~recommendation of the Attorney General, to enter into agreement with the courts in lieu of~~  
30 ~~protracted litigation until such time as the General Assembly convenes."~~

31            **SECTION 18.7.(d)** Subsections (a) and (b) of this section are effective when they  
32 become law and apply to consent judgments, settlement agreements, or other agreements that  
33 would dispose of a dispute, claim, or controversy entered on or after that date. Subsection (c) of  
34 this section is effective when it becomes law and applies to rulings on or after that date.

## 35 36 **CRIME LAB STUDY**

37            **SECTION 18.9.** Of the funds appropriated in this act to the Department of Justice  
38 (Department) for the 2021-2022 fiscal year, the Department shall utilize up to one million five  
39 hundred thousand dollars (\$1,500,000) to conduct a study, in partnership with Elizabeth City  
40 State University, on the siting of an Eastern Regional Laboratory to be located on the campus of  
41 Elizabeth City State University. The Department shall report on the study outlined in this section  
42 to the Chairs of the House Justice and Public Safety Appropriations Committee, the Chairs of the  
43 Senate Appropriations on Justice and Public Safety Committee, and the Fiscal Research Division  
44 on or before February 1, 2023. The report shall include (i) the estimated cost of completing the  
45 laboratory, (ii) the estimated cost of operating the laboratory during its first five years of  
46 operation, (iii) an estimated time line for completion of the laboratory, and (iv) any other relevant  
47 information.

## 48 49 **PART XIX. PUBLIC SAFETY**

### 50 51 **PART XIX-A. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION**

**JPS GRANT REPORTING**

**SECTION 19A.1.(a)** Article 29 of Chapter 7A of the General Statutes is amended by adding a new section to read:

**"§ 7A-350.1. Annual report on grant funds received or preapproved for receipt.**

The Judicial Department shall report by May 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on grant funds received or preapproved for receipt by the Department. The report shall include information on the amount of grant funds received or preapproved for receipt by the Department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the Department intends to continue the program beyond the end of the grant period, the Department shall report on the proposed method for continuing the funding of the program at the end of the grant period. The Department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant."

**SECTION 19A.1.(b)** Article 1 of Chapter 114 of the General Statutes is amended by adding a new section to read:

**"§ 114-2.5B. Annual report on grant funds received or preapproved for receipt.**

The Department of Justice shall report by May 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on grant funds received or preapproved for receipt by the Department. The report shall include information on the amount of grant funds received or preapproved for receipt by the Department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the Department intends to continue the program beyond the end of the grant period, the Department shall report on the proposed method for continuing the funding of the program at the end of the grant period. The Department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant."

**SECTION 19A.1.(c)** Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:

**"§ 143B-602.2. Annual report on grant funds received or preapproved for receipt.**

The Department of Public Safety shall report by May 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on grant funds received or preapproved for receipt by the Department. The report shall include information on the amount of grant funds received or preapproved for receipt by the Department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the Department intends to continue the program beyond the end of the grant period, the Department shall report on the proposed method for continuing the funding of the program at the end of the grant period. The Department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant."

**NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

**SECTION 19A.2.(a)** Notwithstanding any other provision of law, and except as otherwise provided in subsection (b) of this section, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Public Safety to any other State agency during the 2021-2023 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium.

**SECTION 19A.2.(b)** This section shall not apply to consolidation of information technology positions into the Department of Information Technology pursuant to G.S. 143B-1325.

**ALLOCATION OF GRANT FUNDS TO VARIOUS SHERIFFS' OFFICES**

**SECTION 19A.3.(a)** Of the funds appropriated in this act to the Department of Public Safety in the 2021-2022 fiscal year to be used to provide grant funds to county sheriffs' offices, the funds shall be allocated in equal amounts to the sheriffs' offices located in counties with a population of 210,000 or fewer, based upon 2019 Certified County Population Estimates from the State Demographer in the Office of State Budget and Management.

**SECTION 19A.3.(b)** Funds provided to sheriffs' offices pursuant to this section shall be used for expenses incurred by the offices from enforcing the laws of this State and carrying out other duties set by law.

**SECTION 19A.3.(c)** Funds provided to sheriffs' offices pursuant to this section shall be supplemental to and shall not supplant local funding for sheriffs' offices.

**INTERNET CRIMES AGAINST CHILDREN INVESTIGATIONS**

**SECTION 19A.4.(a)** Of the funds appropriated in this act to the Department of Public Safety, the sum of three million dollars (\$3,000,000) in nonrecurring funds in the 2021-2022 fiscal year shall be allocated to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation, to be used as grants to sheriffs' offices and other local law enforcement agencies to investigate reports of internet crimes against children.

**SECTION 19A.4.(b)** The grant funds allocated under subsection (a) of this section shall be administered by the North Carolina Sheriffs' Association, which shall develop guidelines and procedures for the administration and distribution of grants to participating sheriffs' offices and local law enforcement agencies. These guidelines and procedures shall include the following requirements and limitations:

- (1) The maximum grant amount shall not exceed seventy-five thousand dollars (\$75,000) per recipient per fiscal year.
- (2) Recipient agencies shall be required to enter into a memorandum of agreement with the State Bureau of Investigation (SBI) governing the investigation of internet crimes against children.

**SECTION 19A.4.(c)** The North Carolina Sheriffs' Association shall submit the following reports to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, to the chairs of the House and Senate Appropriations Committees on Justice and Public Safety, and to the Fiscal Research Division:

- (1) No later than February 1, 2022, a report on the guidelines and procedures that will govern distribution and administration of grant funds distributed pursuant to this section.
- (2) No later than October 1 of each year of the 2021-2023 fiscal biennium, as long as funds remain, a report on grant funds distributed pursuant to this section.

**SECTION 19A.4.(d)** It is the intent of the General Assembly to strongly encourage sheriffs to enter into memoranda of agreement with the SBI to expeditiously investigate reports and tips regarding internet crimes against children and to consult with the SBI Computer Crimes Unit and North Carolina Internet Crimes Against Children Task Force.

**SECTION 19A.4.(e)** Funds provided to sheriffs' offices pursuant to this section shall be supplemental to and shall not supplant local funding for sheriffs' offices.

**SECTION 19A.4.(f)** Notwithstanding any other provision of law, funds allocated under subsection (a) of this section shall not revert until June 30, 2023.

**TRANSFER AND RENAME THE BOXING COMMISSION**

**SECTION 19A.7.(a)** The Boxing Commission created under G.S. 143-652.2 is transferred to the Department of Public Safety and renamed the "North Carolina Boxing and Combat Sports Commission." This transfer has all of the elements of a Type II transfer, as



1 described in G.S. 143A-6, except that the management functions of the Commission shall not be  
2 performed under the direction and supervision of the Secretary of Public Safety.

3 **SECTION 19A.7.(b)** G.S. 143-651(4b) reads as rewritten:

4 "(4b) Commission. – The ~~Boxing~~ North Carolina Boxing and Combat Sports  
5 Commission."

6 **SECTION 19A.7.(c)** G.S. 143-652.1(b) reads as rewritten:

7 "(b) Enforcement. – Except as otherwise authorized under G.S. 143-652.2(f), the  
8 Executive Director of the Commission shall investigate and enforce violations of this Article  
9 through the ALE Division. The ALE Division shall assist the Executive Director in investigating  
10 and enforcing violations of this Article."

11 **SECTION 19A.7.(d)** G.S. 143-652.2 reads as rewritten:

12 "**§ 143-652.2. ~~Boxing~~ The North Carolina Boxing and Combat Sports Commission.**

13 (a) Creation. – The ~~Boxing~~ North Carolina Boxing and Combat Sports Commission is  
14 created for the purposes set forth in G.S. 143-652.1. The Commission shall be administratively  
15 located within the Department of ~~Commerce, Public Safety,~~ but shall exercise its powers  
16 independently of the Secretary of ~~Commerce, Public Safety.~~ The Commission shall consist of six  
17 voting members and two nonvoting advisory members. All the members shall be residents of  
18 North Carolina. The members shall be appointed as follows:

19 ...

20 (4) One voting member shall be appointed by the Secretary of ~~Commerce~~ Public  
21 Safety for an initial term of three years.

22 ...

23 Appointments by the General Assembly pursuant to subdivisions (2) and (3) of this  
24 subsection shall be made in accordance with G.S. 120-121. The member appointed pursuant to  
25 subdivision (6) of this subsection may serve on the Commission only if an agreement exists and  
26 remains in effect between the Tribal Council of the Eastern Band of the Cherokee and the  
27 Commission authorizing the Commission to regulate professional boxing matches within the  
28 Cherokee Indian Reservation as provided by the Professional Boxing Safety Act of 1996.

29 The two nonvoting advisory members appointed pursuant to subdivisions (7) and (8) of this  
30 subsection shall advise the Commission on matters concerning the health and physical condition  
31 of boxers and health issues relating to the conduct of exhibitions and boxing matches. They may  
32 prepare and submit to the Commission for its approval any rules that in their judgment will  
33 safeguard the physical welfare of all participants engaged in boxing.

34 Terms for all members of the Commission except for the initial appointments shall be for  
35 three years.

36 The Governor shall designate which member of the Commission is to serve as chair. A  
37 member appointed pursuant to subdivision (1) or (6) of this subsection shall serve at the  
38 Governor's pleasure. The other members of the Commission may be removed from office by the  
39 member's appointing authority for cause. Members of the Commission are subject to the conflicts  
40 of interest requirements of 15 U.S.C. § 6308 (contained in the Professional Boxing Safety Act of  
41 1996, as amended). Each member, before entering upon the duties of a member, shall take and  
42 subscribe an oath to perform the duties of the office faithfully, impartially, and justly to the best  
43 of the member's ability. A record of these oaths shall be filed in the Department of  
44 ~~Commerce, Public Safety.~~

45 ...

46 (f) Staff Assistance. – The Commission shall hire a person to serve as Executive Director  
47 of the Commission. If necessary, the Executive Director may train and contract with independent  
48 contractors for the purpose of regulating and monitoring events, issuing licenses, collecting fees,  
49 and enforcing rules of the Commission. The Executive Director may initiate and review criminal  
50 background checks on persons requesting to work as independent contractors for the Commission  
51 or persons applying to be licensed by the Commission. The Commission may also hire additional

1 staff. The Executive Director is exempt from provisions of the North Carolina Human Resources  
2 Act as provided by G.S. 126-5. All other staff of the Commission are subject to the North  
3 Carolina Human Resources Act.

4 ...."

5 **SECTION 19A.7.(e)** G.S. 126-5(c1) is amended by adding a new subdivision to  
6 read:

7 "(37) The Executive Director of the North Carolina Boxing and Combat Sports  
8 Commission created pursuant to G.S. 143-652.2."

9 **SECTION 19A.7.(f)** The initial appointment to the North Carolina Boxing and  
10 Combat Sports Commission under G.S. 143-652.2(a)(4), as amended by subsection (d) of this  
11 section, shall be for a term commencing July 1, 2021. The term of the member serving on the  
12 Boxing Commission pursuant to G.S. 143-652.2(a)(4) as of June 30, 2021, expires on the  
13 effective date of this section.

14 **SECTION 19A.7.(g)** Funds in the State Boxing Revenue Account within the  
15 Department of Commerce as of the effective date of this section shall be transferred into the State  
16 Boxing Revenue Account within the Department of Public Safety. Once these funds have been  
17 transferred, the State Boxing Revenue Account within the Department of Commerce shall be  
18 closed.

19 **SECTION 19A.7.(h)** The North Carolina Boxing and Combat Sports Commission  
20 shall take all steps necessary to ensure the Commission is fully receipt-supported by the  
21 beginning of the 2023-2025 fiscal biennium, including the adjustment of fees authorized to be  
22 collected under G.S. 143-655. By October 1, 2022, the Commission shall submit a report to the  
23 Joint Legislative Oversight Committee on Justice and Public Safety detailing the steps taken by  
24 the Commission to complete the requirement set forth in this subsection.

25 **SECTION 19A.7.(i)** The implementation of this section shall not affect any  
26 investigation pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the  
27 effective date of this section. Any hearing or proceeding pursuant to Article 68 of Chapter 143  
28 of the General Statutes ongoing as of the effective date of this section shall continue. Prosecutions  
29 for offenses or violations committed prior to the effective date of this section are not abated or  
30 affected by this section, and the statutes that would be applicable but for this section shall remain  
31 applicable to those prosecutions.

32 **SECTION 19A.7.(j)** This section becomes effective January 1, 2022.

33  
34 **TRANSFER THE CRIMINAL JUSTICE INFORMATION NETWORK TO THE**  
35 **DEPARTMENT OF PUBLIC SAFETY**

36 **SECTION 19A.7A.(a)** Chapter 143B of the General Statutes is amended by adding  
37 a new Part to read:

38 "Part 8. Criminal Justice Information."

39 **SECTION 19A.7A.(b)** G.S. 143B-1390, 143B-1391, 143B-1392, 143B-1393, and  
40 143B-1394 in Part 9 of Article 15 of Chapter 143B of the General Statutes are recodified as  
41 G.S. 143B-1203, 143B-1204, 143B-1205, 143B-1206, and 143B-1207 in Part 8 of Chapter 143B  
42 of the General Statutes, as created by subsection (a) of this section.

43 **SECTION 19A.7A.(c)** Part 8 of Chapter 143B of the General Statutes, as created  
44 and amended by this section, reads as rewritten:

45 "Part 8. Criminal Justice Information.

46 **"§ 143B-1203. Definitions. Transfer; definitions.**

47 (a) The statutory authority, powers, duties, functions, records, personnel, property, and  
48 unexpended balances of appropriations, allocations, or other funds of the Criminal Justice  
49 Information Network Governing Board are transferred to the Department of Public Safety as a  
50 Type II transfer as defined in G.S. 143A-6.

51 (b) As used in this Part:

1 (1) "Board" means the Criminal Justice Information Network Governing Board  
2 established by ~~G.S. 143B-1391~~. G.S. 143B-1204.

3 (1a) "Department" means the Department of Public Safety.  
4 ...

5 **"§ 143B-1204. Criminal Justice Information Network Governing Board – creation;  
6 purpose; membership; conflicts of interest.**

7 (a) The Criminal Justice Information Network Governing Board is established within the  
8 ~~Department of Information Technology, Department,~~ as a Type II transfer, to operate the State's  
9 Criminal Justice Information Network, the purpose of which shall be to provide the governmental  
10 and technical information systems infrastructure necessary for accomplishing State and local  
11 governmental public safety and justice functions in the most effective manner by appropriately  
12 and efficiently sharing criminal justice and juvenile justice information among law enforcement,  
13 judicial, and corrections agencies. The Board is established within the ~~Office of the State Chief  
14 Information Officer, Department~~ for organizational and budgetary purposes only and the Board  
15 shall exercise all of its statutory powers in this Part independent of control by the ~~Office of the  
16 State Chief Information Officer, Department.~~

17 (b) The Board shall consist of 21 members, appointed as follows:

18 (1) Five members appointed by the Governor, including one member who is a  
19 director or employee of a State correction agency for a term to begin  
20 September 1, 1996 and to expire on June 30, 1997, one member who is an  
21 employee of the ~~North Carolina Department of Public Safety~~ for a term  
22 beginning September 1, 1996 and to expire on June 30, 1997, one member  
23 selected from the North Carolina Association of Chiefs of Police for a term to  
24 begin September 1, 1996 and to expire on June 30, 1999, one member who is  
25 an employee of the Juvenile Justice Section of the Division of Adult  
26 Correction and Juvenile Justice of the ~~Department of Public Safety,~~  
27 Department, and one member who represents the Division of Motor Vehicles.  
28 ...

29 **"§ 143B-1206. Powers and duties.**

30 (a) The Board shall have the following powers and duties:  
31 ...

32 (8) To employ the services of an Executive Director who shall report solely to the  
33 Board.

34 (9) To exercise administrative control over the operational budget established by  
35 the Board and appropriated by the General Assembly.

36 (10) To exercise sole authority and control over employee positions allotted to the  
37 Board, including the authority to establish qualifications, classification, and  
38 salary levels for its employees and determine appropriate methods of  
39 screening for candidates, interviewing, hiring, and day-to-day management of  
40 Board employees.  
41 ...

42 **"§ 143B-1207. Election of officers; meetings; staff, etc.**  
43 ...

44 (c) The Department shall provide office space and administrative support for the Board's  
45 staff and shall provide technical assistance to the Board at the request of the Board."

46 **SECTION 19A.7A.(d)** G.S. 143B-1320(a)(2) and G.S. 143B-1323(c)(2) are  
47 repealed.

48 **SECTION 19A.7A.(e)** G.S. 143B-1321(a)(30) reads as rewritten:

49 "(30) Support the operation of the CGIA, GICC, GDAC, ~~CJN~~, and 911 Board."

50 **SECTION 19A.7A.(f)** G.S. 143B-1322(c)(19) reads as rewritten:

"(19) Supervise and support the operations of the CGIA, GICC, GDAC, ~~CJN~~, and 911 Board."

**SECTION 19A.7A.(g)** This section becomes effective January 1, 2022.

## **REQUEST FOR PROPOSALS FOR STATEWIDE DOMESTIC VIOLENCE VICTIM NOTIFICATION PROGRAM**

**SECTION 19A.7B.(a)** Findings. – The General Assembly finds that the criminal justice system faces many challenges, including high recidivism rates, increases in domestic violence, escalated alcohol and drug offenses, overcrowding in prisons, backlogs of court cases, and overall reduced public safety. It further finds that alcohol consumption, especially excessive drinking, is a major contributor to the occurrence of domestic violence and increases the risk for other violent offenses. It is the intent of the General Assembly that in order to combat these unprecedented challenges, the North Carolina judicial system must have access to new innovative technology, such as global positioning system (GPS) electronic monitoring.

**SECTION 19A.7B.(b)** Fund Creation. – There is established the Alternatives to Pre-trial Detention Fund within the Department of Public Safety as a special revenue fund to be used to create a statewide domestic violence notification system (Program) in accordance with the product and service requirements established in subsections (c) and (d) of Section 4.2C of Session Law 2020-80.

**SECTION 19A.7B.(c)** Criteria. – The Criminal Justice Information Network, under the direction of the Criminal Justice Information Network Governing Board, shall consult, collaborate, and provide direction for the chief district court judges when developing the Program. In accordance with the provisions of subsections (c) and (d) of Section 4.2C of Session Law 2020-80, the Program provider shall also operate a 24-hour in-State call monitoring center and shall offer victims access to a tangible GPS notification device that provides victims instantaneous notification if the defendant or offender is within close proximity. The device shall have the ability to automatically switch cellular networks, thus ensuring the device is not dependent upon one particular cellular network provider. The Program shall also be accessible and available for other specialty courts in the State.

**SECTION 19A.7B.(d)** Administrative. – Of the funds allocated to the Criminal Justice Information Network in this act in the 2021-2022 fiscal year to be used for the Program, the Criminal Justice Information Network may retain up to two hundred thousand dollars (\$200,000) for administrative costs associated with the implementation of the Program. For the 2022-2023 fiscal year and subsequent fiscal years, the Criminal Justice Information Network may retain up to two percent (2%) annually for administrative costs associated with the Program.

**SECTION 19A.7B.(e)** Report. – Beginning on October 1, 2022, and annually thereafter, the Criminal Justice Information Network shall report to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on the results of the Program. The report, at a minimum, shall include a percentage breakdown on the usage per case subject area and any legislative recommendations for improving the Program.

## **COMPETITIVE GRANTS TO SHERIFFS' OFFICES FOR ADDICTION TREATMENT IN JAILS**

**SECTION 19A.10.(a)** Of the funds appropriated to the Department of Public Safety in this act, the sum of two million dollars (\$2,000,000) in recurring funds in each fiscal year of the 2021-2023 biennium shall be used to provide competitive grants to sheriffs' offices to assist in establishing, maintaining, or expanding Medication-Assisted Treatment (MAT) programs for alcohol or opioid addiction for jails.

**SECTION 19A.10.(b)** The funds allocated for competitive grants in subsection (a) of this section shall be used as follows:

- (1) \$750,000 for the establishment of new MAT programs.

1 (2) \$750,000 for the expansion of existing MAT programs.  
2 (3) \$500,000 for the maintenance of existing MAT programs.  
3 **SECTION 19A.10.(c)** The grants awarded pursuant to subsection (a) of this section  
4 shall meet the following criteria:

- 5 (1) No sheriff may receive grants pursuant to more than one category under  
6 subsection (b) of this section.  
7 (2) No sheriff may receive grants totaling the entire allotment of funds provided  
8 for one of the categories listed in subsection (b) of this section.  
9 (3) Counties receiving grants shall be prioritized based upon the following criteria  
10 regarding each county:  
11 a. The rate of opioid-related deaths.  
12 b. The rate of opioid-related hospital admissions.  
13 c. The rate of violations of probation or parole due to ongoing opioid or  
14 alcohol use.  
15 d. The accessibility of mental and physical health care.

16 **SECTION 19A.10.(d)** If qualified grant applications do not exhaust the funds  
17 allotted for one of the categories under subsection (b) of this section, the remaining funds may  
18 be redistributed equally between the other two categories.

19 **SECTION 19A.10.(e)** The Secretary of Public Safety may assign staff to support the  
20 grant program created under this section and shall convene a working group comprised of the  
21 following members:

- 22 (1) The Director of the Section of Community Corrections of the Department of  
23 Public Safety or their designee.  
24 (2) The Director of the Office of Rural Health of the Department of Health and  
25 Human Services or their designee.  
26 (3) The Section Chief for Addictions and Management Operations of the Division  
27 of Mental Health, Developmental Disabilities, and Substance Abuse Services  
28 or their designee.  
29 (4) Other relevant stakeholders as determined by the Secretary of Public Safety.

30 **SECTION 19A.10.(f)** The working group created under subsection (e) of this section  
31 shall establish the operational criteria and application process for the grant program created by  
32 this section and shall communicate information regarding the grant program to all sheriffs' offices  
33 in the State. The working group shall evaluate applications for each of the categories under  
34 subsection (b) of this section and may award lower amounts than requested to individual sheriffs'  
35 offices in order to assure broader access to funds. The working group may establish protocols for  
36 the allotment of funds to assure that funds can be expended efficiently.

37 **SECTION 19A.10.(g)** Notwithstanding any other provision of law, funds allotted  
38 under subsection (a) of this section for the 2021-2022 fiscal year shall not revert until June 30,  
39 2023.

#### 40 41 **PILOT SUPPORT TEAM ASSISTED RESPONSE (STAR) PROGRAMS IN CERTAIN** 42 **CITY POLICE DEPARTMENTS**

43 **SECTION 19A.13.(a)** The pilot STAR Programs funded in this act shall be created  
44 for the purpose of providing alternative responses to citizens in crisis. Each STAR Program  
45 should allow for the response of behavioral and medical health personnel to nonviolent situations  
46 deemed appropriate by the city police department. At a minimum, those responding to citizens  
47 on behalf of each STAR Program should be equipped to provide individuals with information  
48 regarding shelter, food aid, counseling, and medication, as necessary.

49 **SECTION 19A.13.(b)** No later than April 1, 2022, the Department of Public Safety,  
50 in consultation with the city police departments of Charlotte, Greensboro, and Greenville, shall

1 report to the Joint Legislative Oversight Committee on Justice and Public Safety regarding the  
2 following:

- 3 (1) The general progress of each STAR Program.
- 4 (2) The number of incidents in which each police department utilized its STAR  
5 Program.
- 6 (3) The outcomes of the incidents in which each police department utilized its  
7 STAR Program.
- 8 (4) An itemized accounting from each police department of the use of grant funds  
9 received for pilot STAR Programs funded in this act.

10 **SECTION 19A.13.(c)** No later than April 1, 2022, the Department of Public Safety  
11 shall provide the same report created pursuant to subsection (b) of this section to the Criminal  
12 Justice Education and Training Standards Commission and the Sheriffs' Education and Training  
13 Standards Commission. No later than May 1, 2022, each Commission shall make the report  
14 publicly available on its website and shall jointly and electronically deliver a copy of the report  
15 to each county sheriff and municipal chief of police in the State.

## 16 **PART XIX-B. LAW ENFORCEMENT**

### 17 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

18 **SECTION 19B.1.(a)** Creation of Receipt-Supported Positions Authorized. – The  
19 State Capitol Police may contract with State agencies for the creation of receipt-supported  
20 positions to provide security services to the buildings occupied by those agencies.

21 **SECTION 19B.1.(b)** Annual Report Required. – No later than September 1 of each  
22 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on  
23 Justice and Public Safety the following information for the fiscal year in which the report is due:

- 24 (1) A list of all positions in the State Capitol Police. For each position listed, the  
25 report shall include at least the following information:
  - 26 a. The position type.
  - 27 b. The agency to which the position is assigned.
  - 28 c. The source of funding for the position.
- 29 (2) For each receipt-supported position listed, the contract and any other terms of  
30 the contract.

31 **SECTION 19B.1.(c)** Additional Reporting Required Upon Creation of  
32 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,  
33 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this  
34 section to the chairs of the House of Representatives Appropriations Committee on Justice and  
35 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the  
36 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant  
37 to this section shall include at least all of the following information:

- 38 (1) The position type.
- 39 (2) The agency to which the position is being assigned.
- 40 (3) The position salary.
- 41 (4) The total amount of the contract.
- 42 (5) The terms of the contract.

43 **SECTION 19B.1.(d)** Format of Reports. – Reports submitted pursuant to this section  
44 shall be submitted electronically and in accordance with any applicable General Assembly  
45 standards.

### 46 **USE OF SEIZED AND FORFEITED PROPERTY**

47 **SECTION 19B.2.(a)** Seized and forfeited assets transferred to the Department of  
48 Justice or to the Department of Public Safety during the 2021-2023 fiscal biennium pursuant to  
49

1 applicable federal law shall be credited to the budget of the recipient department and shall result  
2 in an increase of law enforcement resources for that department. The Department of Public Safety  
3 and the Department of Justice shall each make the following reports to the chairs of the House  
4 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
5 Appropriations Committee on Justice and Public Safety:

6 (1) A report upon receipt of any assets.

7 (2) A report that shall be made prior to use of the assets on their intended use and  
8 the departmental priorities on which the assets may be expended.

9 (3) A report on receipts, expenditures, encumbrances, and availability of these  
10 assets for the previous fiscal year, which shall be made no later than  
11 September 1 of each year.

12 **SECTION 19B.2.(b)** The General Assembly finds that the use of seized and forfeited  
13 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition  
14 of real property, repair of buildings where the repair includes structural change, and construction  
15 of or additions to buildings may result in additional expenses for the State in future fiscal periods.  
16 Therefore, the Department of Justice and the Department of Public Safety are prohibited from  
17 using these assets for such purposes without the prior approval of the General Assembly.

18 **SECTION 19B.2.(c)** Nothing in this section prohibits State law enforcement  
19 agencies from receiving funds from the United States Department of Justice, the United States  
20 Department of the Treasury, and the United States Department of Health and Human Services.

21 **SECTION 19B.2.(d)** The Joint Legislative Oversight Committee on Justice and  
22 Public Safety shall study the impact on State and local law enforcement efforts of the receipt of  
23 seized and forfeited assets. The Committee shall report its findings and recommendations prior  
24 to the convening of the 2022 Regular Session of the 2021 General Assembly.

## 25 **REQUEST FOR PROPOSALS FOR VIPER SYSTEM**

26 **SECTION 19B.4.(a)** Prior to using the funds appropriated in this act for the purchase  
27 of equipment or maintenance or both of the Voice Interoperability Plan for Emergency  
28 Responders (VIPER) System, the Department of Public Safety shall issue a request for proposals  
29 for that equipment or maintenance or both. Selected proposals shall ensure operational  
30 compatibility with existing VIPER software and hardware.

31 **SECTION 19B.4.(b)** The Department of Public Safety shall report the proposals  
32 submitted pursuant to subsection (a) of this section to the Joint Legislative Oversight Committee  
33 on Justice and Public Safety no later than 20 days after the deadline to submit proposals has  
34 passed.

35 **SECTION 19B.4.(c)** The Department of Public Safety shall not award a contract in  
36 response to the request for proposals required by subsection (a) of this section until 30 days have  
37 passed following the submission of the report required by subsection (b) of this section. Once a  
38 contract has been awarded pursuant to this section, the Department of Public Safety may use the  
39 funds referenced in subsection (a) of this section to contract with a vendor to equip, maintain, or  
40 equip and maintain the VIPER System.

## 41 **MODIFY TERM OF DIRECTOR OF THE STATE BUREAU OF INVESTIGATION**

42 **SECTION 19B.6.(a)** G.S. 143B-926(a) reads as rewritten:

43 "(a) The Director of the State Bureau of Investigation shall be appointed by the Governor  
44 for a term of ~~eight~~six years subject to confirmation by the General Assembly by joint resolution.  
45 The term of office of the Director of the State Bureau of Investigation shall be for ~~eight~~six years;  
46 the first full ~~six-year~~ term shall begin July 1, ~~2015-2023~~. The name of the person to be appointed  
47 by the Governor shall be submitted by the Governor to the General Assembly for confirmation  
48 by the General Assembly on or before May 1 of the year in which the term for which the  
49 appointment is to be made expires. Upon failure of the Governor to submit a name as herein  
50  
51

1 provided, the President Pro Tempore of the Senate and the Speaker of the House of  
2 Representatives jointly shall submit a name of an appointee to the General Assembly on or before  
3 May 15 of the same year. The appointment shall then be made by enactment of a bill. The bill  
4 shall state the name of the person being appointed, the office to which the appointment is being  
5 made, the effective date of the appointment, the date of expiration of the term, the residence of  
6 the appointee, and that the appointment is made upon the joint recommendation of the Speaker  
7 of the House of Representatives and the President Pro Tempore of the Senate. Nothing precludes  
8 any member of the General Assembly from proposing an amendment to any bill making such an  
9 appointment. If there is no vacancy in the office of the Director of the State Bureau of  
10 Investigation, and a bill that would confirm the appointment of the person as Director fails a  
11 reading in either chamber of the General Assembly, then the Governor shall submit a new name  
12 within 30 days."

13 **SECTION 19B.6.(b)** This section becomes effective June 30, 2023.

#### 14 **MODIFY PAYMENT SOURCE OF GOVERNOR'S SECURITY DETAIL**

15 **SECTION 19B.8.** G.S. 20-189 reads as rewritten:

##### 16 **"§ 20-189. Patrolmen assigned to Governor's office.**

17 The Secretary of Public Safety, at the request of the Governor, shall assign and attach two  
18 members of the State Highway Patrol to the office of the Governor, there to be assigned such  
19 duties and perform such services as the Governor may direct. The ~~salary-cost~~ of the State  
20 Highway Patrol members so assigned to the office of the Governor shall be paid from  
21 appropriations made to the ~~office of the Governor and shall be fixed in an amount to be~~  
22 ~~determined by the Governor.~~ Department of Public Safety."

#### 23 **RESTRICTIONS ON USE OF CERTAIN STATE HIGHWAY PATROL FUNDS**

24 **SECTION 19B.9.** Notwithstanding any provision of law to the contrary, the funds  
25 appropriated in this act to the State Highway Patrol for a third State Highway Patrol cadet class  
26 in the 2022-2023 fiscal year shall only be used for that purpose. No other use for those funds is  
27 authorized and all funds remaining at the end of the 2022-2023 fiscal year shall revert to the  
28 General Fund.

#### 29 **RELOCATION OF ALE HEADQUARTERS AND REGIONAL OFFICES**

30 **SECTION 19B.10.(a)** Subsections (b) and (c) of Section 1 of S.L. 2019-203 are  
31 repealed.

32 **SECTION 19B.10.(b)** From funds appropriated in this act to the Department of  
33 Public Safety, the Department shall relocate the Alcohol Law Enforcement (ALE) headquarters  
34 and regional offices.

35 **SECTION 19B.10.(c)** This section becomes effective January 1, 2022.

#### 36 **PART XIX-C. ADULT CORRECTION**

##### 37 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

38 **SECTION 19C.1.** The Department of Public Safety may continue to contract with  
39 The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison  
40 beds for minimum security female inmates during the 2021-2023 fiscal biennium. The Center for  
41 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House  
42 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
43 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the  
44 average daily inmate population compared to bed capacity using the same methodology as that  
45 used by the Department of Public Safety.



**STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT****SECTION 19C.2.** G.S. 148-32.1(b2) reads as rewritten:

"(b2) The Statewide Misdemeanant Confinement Program is established. The Program shall provide for the housing of misdemeanants from all counties serving sentences imposed for a period of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement facilities except as provided in subsections (b3) and (b4) of this section. The Program shall address methods for the placement and transportation of inmates and reimbursement to counties for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants from that county or from other counties pursuant to the Program may enter into a written agreement with the Division of Adult Correction and Juvenile Justice to do so.

The North Carolina Sheriffs' Association shall:

(1) Report no later than the fifteenth day of each month to the Office of State Budget and Management and the Fiscal Research Division on the Statewide Misdemeanant Confinement Program. Each monthly report shall include all of the following:

- a. The daily population delineated by misdemeanant or DWI monthly housing.
- b. The cost of housing prisoners under the Program.
- c. The cost of transporting prisoners under the Program.
- d. Personnel costs.
- e. Inmate medical care costs.
- f. The number of counties that volunteer to house inmates under the Program.
- g. The administrative costs paid to the Sheriffs' Association and to the Department of Public Safety.

(2) Report no later than October 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the Statewide Misdemeanant Confinement Program. The report shall include the following with respect to the prior fiscal year:

- a. The cost of housing prisoners by county under the Program.
- b. The cost of transporting prisoners by county under the Program.
- c. Personnel costs by county.
- d. Inmate medical care costs by county.
- e. The number of counties that volunteer to house inmates under the Program.
- f. The administrative costs paid to the Sheriffs' Association and to the Department of Public Safety."

**STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER**

**SECTION 19C.3.** Of the funds appropriated in this act for the Statewide Misdemeanant Confinement Program:

- (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation, to support the Program and for administrative and operating expenses of the Association and its staff.
- (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be allocated each fiscal year to the Division of Adult Correction for its administrative and operating expenses for the Program.

1  
2 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND**  
3 **EQUIPMENT PURCHASES SECTIONS**

4 **SECTION 19C.4.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees  
5 collected for the Interstate Compact Fund during the 2021-2023 fiscal biennium may be used by  
6 the Division of Adult Correction and Juvenile Justice of the Department of Public Safety during  
7 the 2021-2023 fiscal biennium to provide training programs and equipment purchases for the  
8 Section of Community Corrections, but only to the extent sufficient funds remain available in the  
9 Fund to support the mission of the Interstate Compact Program.

10 **SECTION 19C.4.(b)** No later than October 1 of each fiscal year, the Department of  
11 Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public  
12 Safety on the amount of funds used pursuant to this section and for what purposes the funds were  
13 used.  
14

15 **NURSE STAFFING AT STATE PRISONS REPORT**

16 **SECTION 19C.5.(a)** The Department of Public Safety shall report the following  
17 information to the Joint Legislative Oversight Committee on Justice and Public Safety by  
18 February 1, 2022, and by February 1, 2023:

- 19 (1) The total number of permanent nursing positions allocated to the Department,  
20 the number of filled positions, the number of positions that have been vacant  
21 for more than six months, and information regarding the location of both filled  
22 and vacant positions.  
23 (2) The extent to which temporary contract services are being used to staff vacant  
24 nursing positions, the method for funding the contract services, and any cost  
25 differences between the use of permanent employees versus contract  
26 employees.  
27 (3) A progress report on the implementation of its plan to (i) reduce the use of  
28 contract services to provide nursing in State prisons and (ii) attract and retain  
29 qualified nurses for employment in permanent positions in State prisons.

30 **SECTION 19C.5.(b)** Notwithstanding any other provision of law, the Department  
31 of Public Safety may, in its discretion and subject to the approval of the Office of State Budget  
32 and Management, convert funds appropriated for contractual nursing services to permanent  
33 nursing positions when it is determined to promote security, generate cost savings, and improve  
34 health care quality. The Department shall report on any such conversions to the Fiscal Research  
35 Division.  
36

37 **DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

38 **SECTION 19C.6.** The Department of Public Safety, Division of Adult Correction  
39 and Juvenile Justice, shall report the following information to the Joint Legislative Oversight  
40 Committee on Justice and Public Safety by February 1, 2022, and by February 1, 2023:

- 41 (1) The number of Division employees charged with the commission of a criminal  
42 offense committed in a State prison and during the employee's work hours.  
43 The information shall be provided by State facility and shall specify the  
44 offense charged and the outcome of the charge.  
45 (2) The number of employees disciplined, demoted, or separated from service due  
46 to personal misconduct. To the extent it does not disclose confidential  
47 personnel records, the information shall be organized by type of misconduct,  
48 nature of corrective action taken, and outcome of the corrective action.  
49 (3) The hiring and screening process, including any required credentials or skills,  
50 criminal background checks, and personality assessments. The information

1 shall also include the process the Division uses to verify the information  
2 provided by an applicant.  
3

#### 4 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL** 5 **EXPENSES**

6 **SECTION 19C.7.** Notwithstanding G.S. 143C-6-9, the Department of Public Safety  
7 may use funds available to the Department for the 2021-2023 fiscal biennium to reimburse  
8 counties for the cost of housing convicted inmates, parolees, and post-release supervisees  
9 awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may  
10 not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. Beginning October 1,  
11 2021, the Department shall report quarterly to the chairs of the Joint Legislative Oversight  
12 Committee on Justice and Public Safety and the chairs of the House of Representatives  
13 Appropriations Committee on Justice and Public Safety and the Senate Appropriations  
14 Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for  
15 prisoners awaiting transfer.  
16

#### 17 **DOT CONTRACT OF INMATE LITTER CREW**

18 **SECTION 19C.8.(a)** After the issuance of a request for information (RFI) and  
19 receipt of bids by the Department of Transportation for litter pickup on State highways and roads,  
20 the Department of Transportation shall first offer the contract to the Division of Adult Correction  
21 and Juvenile Justice upon the same terms and conditions as the most favorable bid received by  
22 the Department of Transportation from a suitable contractor. The Division of Adult Correction  
23 and Juvenile Justice shall have 30 days to accept or decline the offered contract.  
24

25 **SECTION 19C.8.(b)** It is the policy of the General Assembly that the Department  
26 of Transportation shall utilize inmate litter crews for litter pickup on State highways and roads  
27 as often as is necessary and practicable.

#### 28 **CREATE THE DEPARTMENT OF ADULT CORRECTION AND OTHER** 29 **CONFORMING CHANGES**

30 **SECTION 19C.9.(a)** The Department of Adult Correction is established in this  
31 section as a single, unified cabinet-level department. All functions, powers, duties, and  
32 obligations vested in the following programs, divisions, and entities located in the Department  
33 of Public Safety are transferred to, vested in, and consolidated within the Department of Adult  
34 Correction in the manner of a Type I transfer, as defined in G.S. 143A-6:

- 35 (1) Prisons Section.
- 36 (2) Alcohol and Chemical Dependency Treatment Program.
- 37 (3) Health Services Section.
- 38 (4) Correction Enterprises Section.
- 39 (5) Community Corrections Section.

40 **SECTION 19C.9.(b)** The Grievance Resolution Board is transferred to the  
41 Department of Adult Correction in the manner of a Type II transfer, as defined in G.S. 143A-6.

42 **SECTION 19C.9.(c)** The Post-Release Supervision and Parole Commission is  
43 transferred to the Department of Adult Correction in the manner of a Type II transfer, as defined  
44 in G.S. 143A-6.

45 **SECTION 19C.9.(d)** G.S. 143B-2 reads as rewritten:

46 "**§ 143B-2. Interim applicability of the Executive Organization Act of 1973.**

47 The Executive Organization Act of 1973 shall be applicable only to the following named  
48 departments:

49 ...

50 (12) Department of Adult Correction."

51 **SECTION 19C.9.(e)** G.S. 143B-6 reads as rewritten:

1 **"§ 143B-6. Principal departments.**

2 In addition to the principal departments enumerated in the Executive Organization Act of  
 3 1971, all executive and administrative powers, duties, and functions not including those of the  
 4 General Assembly and its agencies, the General Court of Justice and the administrative agencies  
 5 created pursuant to Article IV of the Constitution of North Carolina, and higher education  
 6 previously vested by law in the several State agencies, are vested in the following principal  
 7 departments:

8 ...

9 (14) Department of Adult Correction."

10 **SECTION 19C.9.(f)** G.S. 126-5(d)(1) reads as rewritten:

11 "(d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this  
 12 Chapter, which is known as the North Carolina Human Resources Act, the  
 13 Governor may designate a total of 425 exempt positions throughout the  
 14 following departments and offices:

15 ...

16 o. Department of Adult Correction."

17 **SECTION 19C.9.(g)** Chapter 143B of the General Statutes is amended by adding a  
 18 new Article to read:

19 "Article 16.

20 "Department of Adult Correction.

21 "Part 1. Organization; General Provisions for Department.

22 **"§ 143B-1440. Organization.**

23 There is established the Department of Adult Correction. The Department shall perform all  
 24 functions of the executive branch of the State in relation to the detention and correction of adult  
 25 offenders, including the supervision of offenders' reentry into the community.

26 **"§ 143B-1442. Powers and duties of the Secretary.**

27 The head of the Department is the Secretary of the Department of Adult Correction. The  
 28 Secretary shall have the powers and duties as are conferred on the Secretary by this Article,  
 29 delegated to the Secretary by the Governor, and conferred on the Secretary by the Constitution  
 30 and laws of this State. The Secretary is authorized to adopt rules and procedures for the  
 31 implementation of this Article.

32 **"§ 143B-1444. Definitions.**

33 As used in this Article, the following meanings shall apply:

34 (1) Commission. – The Post-Release Supervision and Parole Commission.

35 (2) Department. – The Department of Adult Correction.

36 (3) Justice and Public Safety Appropriations Committees. – The Senate  
 37 Appropriations Committee on Justice and Public Safety and the House of  
 38 Representatives Appropriations Committee on Justice and Public Safety.

39 (4) Program. – The Alcoholism and Chemical Dependency Treatment Program.

40 (5) Secretary. – The Secretary of the Department of Adult Correction."

41 **SECTION 19C.9.(h)** G.S. 143B-601(10) and G.S. 143B-711 are repealed.  
 42 G.S. 143B-630 of Part 1A of Article 13 of Chapter 143B of the General Statutes and  
 43 G.S. 143B-701 through 143B-705, 143B-707, 143B-707.4, and 143B-709 of Subpart A of Part  
 44 2 of Article 13 of Chapter 143B of the General Statutes are recodified as Part 2 of Article 16 of  
 45 Chapter 143B of the General Statutes as follows:

<u>Former Citation</u>	<u>Recodified Citation</u>
46 Part 1A	47 Part 2
48 143B-630	49 143B-1450
50 Subpart A	
51 143B-701	143B-1451
	143B-1452

1	143B-703	143B-1453
2	143B-704	143B-1454
3	143B-705	143B-1455
4	143B-707	143B-1456
5	143B-707.4	143B-1457
6	143B-709	143B-1458

7 **SECTION 19C.9.(i)** G.S. 143B-707.5 through 707.10 of Subpart A of Part 2 of  
8 Article 13 of Chapter 143B of the General Statutes are recodified as Part 3 of Article 16 of  
9 Chapter 143B of the General Statutes as follows:

10	<u>Former Citation</u>	<u>Recodified Citation</u>
11	Subpart A	Part 3
12	143B-707.3	143B-1470
13	143B-707.5	143B-1471
14	143B-707.6	143B-1472
15	143B-707.7	143B-1473
16	143B-707.8	143B-1474
17	143B-707.9	143B-1475
18	143B-707.10	143B-1476

19 **SECTION 19C.9.(j)** G.S. 143B-707.1, 143B-707.2, and 143B-708 of Subpart A of  
20 Part 2 of Article 13 of Chapter 143B of the General Statutes and G.S. 143B-604 of Part 1 of  
21 Article 13 of Chapter 143B of the General Statutes are recodified as Part 4 of Article 16 of  
22 Chapter 143B of the General Statutes as follows:

23	<u>Former Citation</u>	<u>Recodified Citation</u>
24	Subpart A	Part 4
25	143B-707.1	143B-1481
26	143B-707.2	143B-1482
27	143B-708	143B-1483
28	Part 1	
29	143B-604	143B-1484

30 **SECTION 19C.9.(k)** Subpart C of Part 2 of Article 13 of Chapter 143B of the  
31 General Statutes is recodified as Part 5 of Article 16 of Chapter 143B of the General Statutes as  
32 follows:

33	<u>Former Citation</u>	<u>Recodified Citation</u>
34	Subpart C	Part 5
35	143B-720	143B-1490
36	143B-721	143B-1491
37	143B-721.1	143B-1492

38 **SECTION 19C.9.(l)** Subpart B of Part 6 of Article 13 of Chapter 143B of the General  
39 Statutes is recodified as Part 6 of Article 16 of Chapter 143B of the General Statutes as follows:

40	<u>Former Citation</u>	<u>Recodified Citation</u>
41	Subpart B	Part 6
42	143B-1150	143B-1495
43	143B-1151	143B-1496
44	143B-1152	143B-1497
45	143B-1153	143B-1498
46	143B-1154	143B-1499
47	143B-1155	143B-1500
48	143B-1156	143B-1501
49	143B-1160	143B-1502
50	143B-1161	143B-1503

1           **SECTION 19C.9.(m)** Parts 2 through 6 of Article 16 of Chapter 143B of the General  
2 Statutes read as rewritten:

3           "Part 2. General Provisions for Division of Prisons.

4       "**§ 143B-1450. ~~Creation of Division of Adult Correction and Juvenile Justice; Prisons;~~**  
5           **powers.**

6           There is hereby created and established a division to be known as the Division of ~~Adult~~  
7 ~~Correction and Juvenile Justice of the Department of Public Safety. Prisons within the~~  
8 ~~Department.~~ The Division of Prisons shall have the power and duty to implement Parts 2 and 3  
9 of this Article and shall have such other powers and duties as are set forth in this ~~Chapter Article~~  
10 and are prescribed by the ~~Secretary of the Department of Public Safety.~~ Secretary.

11       "**§ 143B-1451. ~~Division of Adult Correction and Juvenile Justice of the Department of~~**  
12           **Public Safety Prisons – duties.**

13           It shall be the duty of the Division of Prisons to provide the necessary custody, supervision,  
14 and treatment to control and rehabilitate criminal offenders and thereby to reduce the rate and  
15 cost of crime and delinquency.

16       "**§ 143B-1452. ~~Division of Adult Correction and Juvenile Justice of the Department of~~**  
17           **Public Safety Prisons – rules and regulations.**

18           (a) The Division of ~~Adult Correction and Juvenile Justice of the Department of Public~~  
19 ~~Safety Prisons~~ shall adopt rules and regulations related to the conduct, supervision, rights and  
20 privileges of persons in its custody or under its supervision. Such rules and regulations shall be  
21 filed with and published by the office of the Attorney General and shall be made available by the  
22 Division for public inspection. The rules and regulations shall include a description of the  
23 organization of the Division. A description or copy of all forms and instructions used by the  
24 Division, except those relating solely to matters of internal management, shall also be filed with  
25 the office of the Attorney General.

26           (b) The rules and regulations adopted under this section shall be subject to the  
27 requirements of Article 2B of Chapter 148 of the General Statutes.

28       "**§ 143B-1453. Repair or replacement of personal property.**

29           (a) The Secretary of ~~Public Safety~~ may adopt rules governing repair or replacement of  
30 personal property items excluding private passenger vehicles that belong to employees of State  
31 facilities within the Division of ~~Adult Correction and Juvenile Justice Prisons~~ of the Department  
32 of ~~Public Safety~~ and that are damaged or stolen by inmates of the State facilities provided that  
33 the item is determined by the Secretary to be damaged or stolen on or off facility grounds during  
34 the performance of employment and necessary for the employee to have in ~~his~~ the employee's  
35 possession to perform ~~his~~ the employee's assigned duty.

36           ...

37           (e) The Secretary of ~~Public Safety~~ shall establish by rule an appeals process consistent  
38 with Chapter 150B of the General Statutes.

39       "**§ 143B-1454. ~~Division of Adult Correction and Juvenile Justice of the Department of~~**  
40           **Public Safety Prisons – functions with respect to adults.**

41           (a) The functions of the Division of ~~Adult Correction and Juvenile Justice of the~~  
42 ~~Department of Public Safety Prisons~~ shall include all functions of the executive branch of the  
43 State in relation to corrections and the rehabilitation of adult offenders, including ~~detention,~~  
44 ~~parole, and aftercare supervision,~~ detention and further including those prescribed powers, duties,  
45 and functions enumerated in the laws of this State. All such functions, powers, duties, and  
46 obligations heretofore vested in the State Department of Correction and Commission of  
47 Correction are hereby transferred to and vested in the Division of Prisons of the Department of  
48 Adult Correction except as otherwise provided by the Executive Organization Act of 1973.

49           (b) ~~All such functions, powers, duties, and obligations heretofore vested in the~~  
50 ~~Department of Social Rehabilitation and Control and any agency enumerated in Article 14 of~~  
51 ~~Chapter 143A of the General Statutes and laws of this State are hereby transferred to and vested~~

1 in the Division of Adult Correction and Juvenile Justice of the Department of Public Safety  
 2 except as otherwise provided by the Executive Organization Act of 1973. They shall include, by  
 3 way of extension and not of limitation, the functions of:

- 4 (1) The State Department of Correction and Commission of Correction;
- 5 (2) Repealed by Session Laws 1999-423, s. 8, effective July 1, 1999.
- 6 (3) The State Probation Commission;
- 7 (4) The State Board of Paroles;
- 8 (5) The Interstate Agreement on Detainers, and
- 9 (6) The Uniform Act for Out-of-State Parolee Supervision.

10 ...

11 (d) The Division shall establish an ~~alcoholism and chemical dependency treatment~~  
 12 ~~program.~~ the Alcoholism and Chemical Dependency Treatment Program. The ~~program~~ Program  
 13 shall consist of a continuum of treatment and intervention services for male and female inmates,  
 14 established in medium and minimum custody prison facilities, and for male and female  
 15 probationers and parolees, established in community-based residential treatment facilities.

16 ...

17 **"§ 143B-1455. Division of Adult Correction and Juvenile Justice of the Department of**  
 18 **Public Safety - Prisons - Alcoholism and Chemical Dependency Treatment**  
 19 **Program.**

20 (a) The Program established by ~~G.S. 143B-704~~ G.S. 143B-1454 shall be offered in  
 21 correctional facilities, or a portion of correctional facilities that are self-contained, so that the  
 22 residential and program space is separate from any other programs or inmate housing, and shall  
 23 be operational by ~~January 1, 1988,~~ at those facilities as the Secretary or the Secretary's designee  
 24 may designate.

25 (b) A ~~Section Chief~~ deputy director for the Alcoholism and Chemical Dependency  
 26 Treatment Program shall be employed and shall report directly to a ~~deputy director for the~~  
 27 ~~Division of Adult Correction and Juvenile Justice as designated by the Deputy Commissioner~~ the  
 28 Director for the Division of ~~Adult Correction and Juvenile Justice.~~ Prisons. The duties of the  
 29 ~~Section Chief~~ deputy director and staff shall include the following:

- 30 (1) Administer and coordinate all substance abuse programs, grants, contracts,  
 31 and related functions in the Division of ~~Adult Correction and Juvenile Justice~~  
 32 Prisons of the Department of ~~Public Safety.~~ Adult Correction.
- 33 (2) Develop and maintain working relationships and agreements with agencies  
 34 and organizations that will assist in developing and operating alcoholism and  
 35 chemical dependency treatment and recovery programs in the Division of  
 36 ~~Adult Correction and Juvenile Justice.~~ Prisons of the Department of ~~Public~~  
 37 ~~Safety.~~ Adult Correction.
- 38 ...
- 39 (5) Develop programs that provide effective treatment for ~~inmates, probationers,~~  
 40 ~~and parolees~~ inmates with alcohol and chemical dependency problems.
- 41 ...
- 42 (7) Supervise directly the facility and district program managers, other  
 43 specialized personnel, and programs that exist or may be developed in the  
 44 Division of ~~Adult Correction and Juvenile Justice.~~ Prisons of the Department  
 45 of ~~Public Safety.~~ Adult Correction.
- 46 (8) Repealed by Session Laws 2012-83, s. 10, effective June 26, 2012.

47 (c) In each prison that houses an alcoholism and chemical dependency program, there  
 48 shall be a unit superintendent under the ~~Section~~ Division of Prisons of the ~~Division of~~ Department  
 49 of Adult Correction and Juvenile Justice and other custodial, administrative, and support staff as  
 50 required to maintain the proper custody level at the facility. The unit superintendent shall be  
 51 responsible for all matters pertaining to custody and administration of the unit. The ~~Section Chief~~

1 deputy director of the Alcoholism and Chemical Dependency Treatment Program shall designate  
 2 and direct employees to manage treatment programs at each location. Duties of unit treatment  
 3 program managers shall include program development and implementation, supervision of  
 4 personnel assigned to treatment programs, adherence to all pertinent policy and procedural  
 5 requirements of the Department, and other duties as assigned.

6 ...

7 **"§ 143B-1456. Reports to the General Assembly.**

8 The Division of ~~Adult Correction and Juvenile Justice Prisons~~ of the Department of ~~Public~~  
 9 ~~Safety Adult Correction~~ shall report by March 1 of each year to the Chairs of the ~~Senate and~~  
 10 ~~House Appropriations Committees and the Chairs of the Senate and House Appropriations~~  
 11 ~~Subcommittees in Justice and Public Safety Appropriations Committees~~ on their efforts to  
 12 provide effective treatment to offenders with substance abuse problems. The report shall include:

13 ...

14 (3) ~~Utilization of the community based programs at DART Cherry and Black~~  
 15 ~~Mountain Substance Abuse Treatment Center for Women.~~

16 ...

17 (7) Evaluation of each substance abuse treatment program funded by the Division  
 18 of ~~Adult Correction and Juvenile Justice Prisons~~ of the Department of ~~Public~~  
 19 ~~Safety Adult Correction~~. Evaluation measures shall include reduction in  
 20 alcohol and drug dependency, improvements in disciplinary and infraction  
 21 rates, recidivism (defined as return-to-prison rates), and other measures of the  
 22 programs' success.

23 **"§ 143B-1457. Annual report on safekeepers.**

24 The Department of ~~Public Safety~~ shall report by October 1 of each year to the chairs of the  
 25 ~~House of Representatives and Senate Justice and Public Safety Appropriations Committees on~~  
 26 ~~Justice and Public Safety~~ and the chairs of the Joint Legislative Oversight Committee on Justice  
 27 and Public Safety on county prisoners housed in the State prison system pursuant to safekeeping  
 28 orders under G.S. 162-39. The report shall include:

29 ...

30 **"§ 143B-1458. Security Staffing.**

31 (a) The Division of ~~Adult Correction and Juvenile Justice Prisons~~ of the Department of  
 32 ~~Public Safety Adult Correction~~ shall conduct:

33 ...

34 (b) The Division of ~~Adult Correction and Juvenile Justice Prisons~~ of the Department of  
 35 ~~Public Safety Adult Correction~~ shall update the security staffing relief formula at least every  
 36 three years. Each update shall include a review of all annual training requirements for security  
 37 staff to determine which of these requirements should be mandatory and the appropriate  
 38 frequency of the training. The Division shall survey other states to determine which states use a  
 39 vacancy factor in their staffing relief formulas.

40 "Part 3. Medical Costs; Medicaid Services.

41 **"§ 143B-1470. Medical costs for inmates and juvenile offenders.inmates.**

42 (a) The Department of ~~Public Safety Adult Correction~~ shall reimburse those providers  
 43 and facilities providing approved medical services to inmates ~~and juvenile offenders~~ outside the  
 44 correctional ~~or juvenile~~ facility the lesser amount of either a rate of seventy percent (70%) of the  
 45 provider's then-current prevailing charge or two times the then-current Medicaid rate for any  
 46 given service. The Department shall have the right to audit any given provider to determine the  
 47 actual prevailing charge to ensure compliance with this provision.

48 This section does apply to vendors providing services that are not billed on a fee-for-service  
 49 basis, such as temporary staffing. Nothing in this section shall preclude the Department from  
 50 contracting with a provider for services at rates that provide greater documentable cost avoidance



1 for the State than do the rates contained in this section or at rates that are less favorable to the  
2 State but that will ensure the continued access to care.

3 (b) ~~The Department of Public Safety Adult Correction shall make every effort to contain~~  
4 ~~medical costs for inmates and juvenile offenders by making use of its own hospital and health~~  
5 ~~care facilities to provide health care services to inmates and juvenile offenders. inmates.~~ To the  
6 extent that the Department of ~~Public Safety Adult Correction~~ must utilize other facilities and  
7 services to provide health care services to ~~inmates and juvenile offenders, inmates,~~ the  
8 Department shall make reasonable efforts to make use of hospitals or other providers with which  
9 it has a contract or, if none is reasonably available, hospitals with available capacity or other  
10 health care facilities in a region to accomplish that goal. The Department shall make reasonable  
11 efforts to equitably distribute inmates ~~and juvenile offenders~~ among all hospitals or other  
12 appropriate health care facilities.

13 (c) ~~The Department of Public Safety Adult Correction shall report quarterly to the Joint~~  
14 ~~Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of~~  
15 ~~Representatives and Senate Justice and Public Safety Appropriations Committees on Justice and~~  
16 ~~Public Safety on:~~

17 (1) The percentage of the total inmates ~~and juvenile offenders~~ requiring  
18 hospitalization or hospital services who receive that treatment at each hospital.

19 ...

20 (5) The volume of inpatient medical services provided to Medicaid-eligible  
21 ~~inmates and juvenile offenders, inmates,~~ the cost of treatment, the estimated  
22 savings of paying the nonfederal portion of Medicaid for the services, and the  
23 length of time between the date the claim was filed and the date the claim was  
24 paid.

25 ...

26 (6) The hospital utilization, including the amount paid to individual hospitals, the  
27 number of inmates ~~and juvenile offenders~~ served, the number of claims, and  
28 whether the hospital was a contracted or noncontracted facility.

29 ...

30 (d) ~~The Department of Public Safety shall study whether contracts to provide inmate~~  
31 ~~health services can be expanded to additional hospitals. The Department shall report the findings~~  
32 ~~of its study to the chairs of the House of Representatives and Senate Appropriations Committees~~  
33 ~~on Justice and Public Safety no later than February 1, 2017. The report shall include a list of~~  
34 ~~hospitals considered for expansion and reasons for or against expanding to each hospital.~~

35 **"§ 143B-1471. Medicaid services for inmates.**

36 (a) ~~The Department of Public Safety~~ Division of Health Services of the Department of  
37 Adult Correction and the Department of Health and Human Services shall work together to  
38 enable social workers in the Department of Public Safety, Health Services Section, to qualify for  
39 and receive federal reimbursement for performing administrative activities related to Medicaid  
40 eligibility for inmates. The Department of ~~Public Safety, Health Services Section, Adult~~  
41 Correction, Division of Health Services, shall develop policies and procedures to account for the  
42 time social workers in the Division of Health Services Section spend on administrative activities  
43 related to Medicaid eligibility for inmates. All social workers in the Division of Health Services  
44 ~~Section~~ who perform administrative activities related to Medicaid eligibility shall be required to  
45 receive eligibility determination training provided by the Department of Health and Human  
46 Services at least quarterly.

47 (b) The Department of ~~Public Safety, Health Services Section, Adult Correction, Division~~  
48 of Health Services, shall require each social worker performing administrative activities related  
49 to Medicaid eligibility for inmates to document the following:

50 ...

1 (3) The number of 24-hour community provider stays prescreened for potential  
2 applications, the number of applications submitted, and the number and  
3 percentage of applications approved, denied, and withdrawn, which shall be  
4 reported to the Health Services ~~Section~~ Division Director on a monthly basis.

5 (c) In addition to the requirements in subsection (b) of this section, each Department of  
6 ~~Public Safety, Health Services Section, Adult Correction, Division of Health Services,~~ social  
7 ~~workers~~ worker performing administrative activities related to Medicaid eligibility for inmates  
8 shall submit Medicaid applications and any supporting documents electronically through the  
9 ePass portal in the Department of Health and Human Services or through other electronic means,  
10 unless paper copies are required by federal law or regulation.

11 **"§ 143B-1472. Medication losses related to inmate transfer.**

12 (a) The Health Services ~~Section~~ Division shall collect data on medication losses that  
13 occur during inmate transfer. The collection methods shall provide, at a minimum, for all of the  
14 following:

15 ...

16 (c) The Department shall also establish disciplinary actions for staff who are found to be  
17 responsible for inmate medication losses during transfer. The Health Services Section shall be  
18 responsible for addressing disciplinary actions for ~~DPS~~ Health Services prison staff who are  
19 found to be responsible for medications lost during inmate transfers and shall refer incidents  
20 involving custody staff to the appropriate unit for action.

21 **"§ 143B-1473. Contract for limited use of local purchase of inmate pharmacy needs.**

22 (a) The Health Services ~~Section~~ Division shall adopt a statewide reimbursement for local  
23 purchases of limited quantities of medicine. The statewide reimbursement rate shall be based on  
24 the North Carolina State Health Plan for Teachers and State Employees reimbursement rate for  
25 prescription drugs. Any pharmacy willing to accept the statewide reimbursement rate shall have  
26 the right to participate in the plan.

27 (b) The Health Services ~~Section~~ Division shall obtain monthly electronic invoices of  
28 prescriptions filled by each prison from the vendor chosen under subsection (a) of this section  
29 and shall develop a mechanism to collect information on purchases made outside the contract.  
30 At a minimum, the following information shall be collected for each prescription: (i) the inmate's  
31 prison, (ii) the requesting provider, (iii) the medication requested, (iv) the quantity of the  
32 medication requested, and (v) the total cost of the prescription.

33 (c) The Department shall establish a formal oversight mechanism to ensure prescriptions  
34 written by providers to be filled at local pharmacies do not exceed the quantities specified in the  
35 Department's policy. The Health Services ~~Section~~ Division central office shall be responsible for  
36 implementing the oversight function, shall use the data collected under subsections (a) and (b) of  
37 this section to implement the function, and shall implement corrective and disciplinary actions  
38 as needed.

39 **"§ 143B-1474. Federal 340B Program – Department of ~~Public Safety/Department~~ Adult  
40 Correction/Department of Health and Human Services partnership.**

41 The Department of ~~Public Safety (DPS)~~ Adult Correction (DAC) shall establish and  
42 implement a partnership with the Department of Health and Human Services (DHHS) in order  
43 for ~~DPS-DAC~~ to be eligible to operate as a 340B covered entity. The ~~Department of Public Safety~~  
44 DAC shall contract for consultant services in order to implement this section. In order to  
45 implement the requirements of this section, ~~DPS-DAC~~ shall do all of the following:

46 ...

47 (3) Ensure that the ~~DPS-DAC~~ Apex Central Pharmacy, and any other ~~DPS-DAC~~  
48 pharmacies necessary, are compliant dispensing pharmacies under the 340B  
49 Program.

50 ...

1 **"§ 143B-1475. Federal 340B Program – Department of ~~Public Safety/University~~ Adult**  
2 **Correction/University of North Carolina Health Care System partnership.**

3 (a) The Department of Public Safety shall partner with the University of North Carolina  
4 Health Care System (UNC-HCS) by October 1, 2019, to begin receiving all 340B Program  
5 savings realized from medications prescribed to inmates, but not administered, at a 340B  
6 Program-registered UNC-HCS site for non-HIV and non-HCV medications pursuant to  
7 subsections (b) and (c) of this section. The Department of Adult Correction (DAC) shall be the  
8 successor in interest for the partnership established under this section.

9 (b) Pursuant to subsection (c) of this section, ~~DPS-DAC~~ shall direct that the prescribing  
10 authority of ~~DPS-DAC~~ providers be transferred to UNC-HCS providers for identified inmates  
11 treated at a 340B Program-registered UNC-HCS site.

12 (c) By October 1, 2019, DPS and UNC-HCS shall:

13 ...

14 (3) Develop mechanisms to ensure that the communication between the  
15 UNC-HCS prescriber and the ~~DPS-DAC~~ physician maintains the quality and  
16 continuity of care that inmates currently receive.

17 (4) Select the UNC-HCS pharmacy, the ~~DPS-DAC~~ Apex Central Pharmacy, or a  
18 combination of both, as the pharmacy through which medications will be  
19 dispensed pursuant to this section.

20 **"§ 143B-1476. Reports related to the federal 340B Program.**

21 (a) The Department of ~~Public Safety-Adult Correction~~ shall report to the Joint Legislative  
22 Oversight Committee on Justice and Public Safety and the Fiscal Research Division by October  
23 1, 2020, and annually thereafter, regarding:

24 ...

25 (b) The Department of ~~Public Safety-Adult Correction~~ shall report to the Joint Legislative  
26 Oversight Committee on Justice and Public Safety and the Fiscal Research Division by October  
27 1, 2021, and annually thereafter, on savings achieved from the partnerships between the four  
28 prison regions and North Carolina 340B Program entities for the provision of inmate medications  
29 and services under the federal 340B Program.

30 "Part 4. General Provisions for Division of Community Supervision and Reentry.

31 **"§ 143B-1480. Creation of Division of Community Supervision and Reentry; powers.**

32 There is hereby created and established a division to be known as the Division of Community  
33 Supervision and Reentry within the Department. The Division of Community Supervision and  
34 Reentry shall have the power and duty to implement Parts 4 through 6 of this Article and shall  
35 have such other powers and duties as are set forth in this Article and are prescribed by the  
36 Secretary.

37 **"§ 143B-1481. Report on probation and parole caseloads.**

38 (a) The Department of ~~Public Safety-Adult Correction~~ shall report by March 1 of each  
39 year to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on  
40 Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public  
41 Safety on caseload averages for probation and parole officers. The report shall include:

42 ...

43 (b) The Department of ~~Public Safety-Adult Correction~~ shall report by March 1 of each  
44 year to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on  
45 Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public  
46 Safety on the following:

47 ...

48 **"§ 143B-1482. Mutual agreement parole program report; medical release program report.**

49 (a) The Department of ~~Public Safety-Adult Correction~~ and the Post-Release Supervision  
50 and Parole Commission shall report by March 1 of each year to the Chairs of the House of  
51 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and to

1 the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on the  
2 number of inmates enrolled in the mutual agreement parole program, the number completing the  
3 program and being paroled, and the number who enrolled but were terminated from the program.  
4 The information should be based on the previous calendar year.

5 (b) The Department of ~~Public Safety-Adult Correction~~ and the Post-Release Supervision  
6 and Parole Commission shall report by March 1 of each year to the Chairs of the House of  
7 Representatives Appropriations Subcommittee on Justice and Public Safety, to the Chairs of the  
8 Senate Appropriations Committee on Justice and Public Safety, and to the Chairs of the Joint  
9 Legislative Oversight Committee on Justice and Public Safety on the number of inmates  
10 proposed for release, considered for release, and granted release under Article 84B of Chapter  
11 15A of the General Statutes, providing for the medical release of inmates who are either  
12 permanently and totally disabled, terminally ill, or geriatric.

13 **"§ 143B-1483. Community service program.**

14 (a) The ~~Division of Adult Correction and Juvenile Justice of the Department of Public~~  
15 ~~Safety-Adult Correction~~ may conduct a community service program. The program shall provide  
16 oversight of offenders placed under the supervision of the ~~Section of Community Corrections of~~  
17 ~~the Division of Adult Correction and Juvenile Justice~~ Division of Community Supervision and  
18 Reentry and ordered to perform community service hours for criminal violations, including  
19 driving while impaired violations under G.S. 20-138.1. This program shall assign offenders,  
20 either on supervised or on unsupervised probation, to perform service to the local community in  
21 an effort to promote the offender's rehabilitation and to provide services that help restore or  
22 improve the community. The program shall provide appropriate work site placement for  
23 offenders ordered to perform community service hours. The Division may adopt rules to conduct  
24 the program. Each offender shall be required to comply with the rules adopted for the program.

25 (b) The Secretary of ~~Public Safety~~ the Department of Adult Correction may assign one  
26 or more employees to each district court district as defined in G.S. 7A-133 to assure and report  
27 to the Court the offender's compliance with the requirements of the program. Each county shall  
28 provide office space in the courthouse or other convenient place, for the use of the employees  
29 assigned to that county.

30 ...

31 (e) The community service staff shall report to the court in which the community service  
32 was ordered, a significant violation of the terms of the probation, deferred prosecution, or  
33 conditional discharge related to community service, including a willful failure to pay any moneys  
34 due the State under any court order or payment schedule adopted by the ~~Section of Community~~  
35 ~~Corrections of the Division of Adult Correction and Juvenile Justice~~ Division of Community  
36 Supervision and Reentry. The community service staff shall give notice of the hearing to  
37 determine if there is a willful failure to comply to the person who was ordered to perform the  
38 community service. This notice shall be given by either personal delivery to the person to be  
39 notified or by depositing the notice in the United States mail in an envelope with postage prepaid,  
40 addressed to the person at the last known address available to the preparer of the notice and  
41 reasonably believed to provide actual notice to the person. The notice shall be mailed at least 10  
42 days prior to any hearing and shall state the basis of the alleged willful failure to comply. The  
43 court shall then conduct a hearing, even if the person ordered to perform the community service  
44 fails to appear, to determine if there is a willful failure to complete the work as ordered by the  
45 community service staff within the applicable time limits. The hearing may be held in the county  
46 in which the order requiring the performance of community service was imposed, the county in  
47 which the violation occurred, or the county of residence of the person. If the court determines  
48 there is a willful failure to comply, it shall revoke any drivers license issued to the person and  
49 notify the Division of Motor Vehicles to revoke any drivers license issued to the person until the  
50 community service requirement has been met. In addition, if the person is present, the court may

1 take any further action authorized by Article 82 of Chapter 15A of the General Statutes for  
2 violation of a condition of probation.

3 **"§ 143B-1484. State Reentry Council Collaborative.**

4 (a) The Secretary shall establish the State Reentry Council Collaborative (SRCC). The  
5 SRCC shall include up to two representatives from each of the following:

6 ...

7 (5) The Division of ~~Adult Correction and Juvenile Justice~~ of the Department of  
8 Public Safety-Community Supervision and Reentry.

9 ...

10 "Part 5. Parole Commission.

11 **"§ 143B-1490. Post-Release Supervision and Parole Commission – creation, powers and  
12 duties.**

13 (a) There is hereby created a Post-Release Supervision and Parole Commission of the  
14 Division of ~~Adult Correction and Juvenile Justice-Community Supervision and Reentry~~ of the  
15 Department of ~~Public Safety-Adult Correction~~ with the authority to grant paroles, including both  
16 regular and temporary paroles, to persons held by virtue of any final order or judgment of any  
17 court of this State as provided in Chapter 148 of the General Statutes and laws of the State of  
18 North Carolina, except that persons sentenced under Article 81B of Chapter 15A of the General  
19 Statutes are not eligible for parole but may be conditionally released into the custody and control  
20 of United States Immigration and Customs Enforcement pursuant to G.S. 148-64.1. The  
21 Commission shall also have authority to revoke, terminate, and suspend paroles of such persons  
22 (including persons placed on parole on or before the effective date of the Executive Organization  
23 Act of 1973) and to assist the Governor in exercising his authority in granting reprieves,  
24 commutations, and pardons, and shall perform such other services as may be required by the  
25 Governor in exercising his powers of executive clemency. The Commission shall also have  
26 authority to revoke and terminate persons on post-release supervision, as provided in Article 84A  
27 of Chapter 15A of the General Statutes. The Commission shall also have the authority to punish  
28 for criminal contempt for willful refusal to accept post-release supervision or to comply with the  
29 terms of post-release supervision by a prisoner whose offense requiring post-release supervision  
30 is a reportable conviction subject to the registration requirement of Article 27A of Chapter 14 of  
31 the General Statutes. Any contempt proceeding conducted by the Commission shall be in  
32 accordance with G.S. 5A-15 as if the Commission were a judicial official.

33 ...

34 (c) The Commission is authorized and empowered to adopt ~~such rules and regulations,~~  
35 rules not inconsistent with the laws of this State, in accordance with which prisoners eligible for  
36 parole consideration may have their cases reviewed and investigated and by which such  
37 proceedings may be initiated and considered. All rules and regulations heretofore adopted by the  
38 Board of Paroles shall remain in full force and effect unless and until repealed or superseded by  
39 action of the ~~Post-Release Supervision and Parole Commission~~. All rules and regulations adopted  
40 by the Commission shall be enforced by the Division of ~~Adult Correction and Juvenile Justice~~  
41 Community Supervision and Reentry of the Department of ~~Public Safety-Adult Correction~~.

42 ...

43 **"§ 143B-1491. Post-Release Supervision and Parole Commission – members; selection;  
44 removal; chair; compensation; quorum; services.**

45 ...

46 (f) All clerical and other services required by the Commission shall be supplied by the  
47 Secretary of the Department of ~~Public Safety-Adult Correction~~.

48 **"§ 143B-1492. Parole eligibility reports.**

49 (a) Each fiscal year the Post-Release Supervision and Parole Commission shall, with the  
50 assistance of the North Carolina Sentencing and Policy Advisory Commission and the  
51 Department of ~~Public Safety-Adult Correction~~, analyze the amount of time each inmate who is

1 eligible for parole on or before July 1 of the previous fiscal year has served compared to the time  
2 served by offenders under Structured Sentencing for comparable crimes. The Commission shall  
3 determine if the person has served more time in custody than the person would have served if  
4 sentenced to the maximum sentence under the provisions of Article 81B of Chapter 15A of the  
5 General Statutes. The "maximum sentence", for the purposes of this section, shall be calculated  
6 as set forth in subsection (b) of this section.

7 ...

8 "Part 6. Treatment for Effective Community Supervision Program.

9 **"§ 143B-1495. Short title.**

10 ...

11 **"§ 143B-1496. Legislative policy.**

12 ...

13 **"§ 143B-1497. Definitions.**

14 The following definitions apply in this Subpart:

15 ...

16 (2) Division. – The Division of ~~Adult Correction and Juvenile Justice~~. Community  
17 Supervision and Reentry.

18 ...

19 (6) Secretary. – The Secretary of ~~Public Safety~~. the Department of Adult  
20 Correction.

21 (6a) ~~Section. – The Section of Community Corrections of the Division of Adult~~  
22 ~~Correction and Juvenile Justice.~~

23 ...

24 **"§ 143B-1498. Goals of community-based corrections programs funded under this**  
25 **Subpart.**

26 ...

27 **"§ 143B-1499. Eligible population.**

28 ...

29 (b) The priority populations for programs funded under this Subpart shall be as follows:

30 ...

31 (2) Offenders identified by the Division of ~~Adult Correction and Juvenile Justice~~  
32 Community Supervision and Reentry using a validated risk assessment  
33 instrument to have a high likelihood of reoffending and a moderate to high  
34 need for substance abuse treatment.

35 **"§ 143B-1500. Duties of Division of ~~Adult Correction and Juvenile Justice~~. Community**  
36 **Supervision and Reentry.**

37 (a) In addition to those otherwise provided by law, the Division of ~~Adult Correction and~~  
38 ~~Juvenile Justice~~ shall have the following duties:

39 ...

40 (b) The ~~Section~~ Division of ~~Community Corrections of the Division of Adult Correction~~  
41 ~~and Juvenile Justice~~ Supervision and Reentry shall develop and publish a recidivism reduction  
42 plan for the State that accomplishes the following:

43 ...

44 (c) The Department of ~~Public Safety, Community Corrections Section, Adult Correction,~~  
45 Division of Community Supervision and Reentry, shall report by March 1 of each year to the  
46 Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and  
47 Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the  
48 status of the programs funded through the Treatment for Effective Community Supervision  
49 Program. The report shall include the following information from each of the following  
50 components:

51 ...

**"§ 143B-1501. Contract for services.**

(a) ~~The Division of Adult Correction and Juvenile Justice~~ shall contract with service providers through a competitive procurement process to provide community-based services to offenders on probation, parole, or post-release supervision.

...

(c) ~~The Division of Adult Correction and Juvenile Justice, Division,~~ in partnership with the Department of Health and Human Services, shall develop standard service definitions and performance measures for substance abuse and aftercare support services for inclusion in the contracts.

...

(e) ~~The Division of Adult Correction and Juvenile Justice~~ shall pay service providers the contract base award upon the initiation of services with the remaining payments made as milestones are reached as stated in the contract for services. If the service provider cancels or terminates the contract prior to its conclusion, the service provider shall reimburse the Division for the unearned pro rata portion of the base award.

...

**"§ 143B-1502. Program types eligible for funding; community-based corrections programs.**

...

**"§ 143B-1503. Justice Reinvestment Council.**

(a) The Justice Reinvestment Council is established to act as an advisory body to the ~~Commissioner of Adult Correction~~ Secretary with regard to this ~~Subpart-Part~~. The Council shall consist of 13 members as follows, to be appointed as provided in subsection (b) of this section:

...

(d) The purpose of the Justice Reinvestment Council in conjunction with the Department of ~~Public Safety, Adult Correction, Division of Adult Correction and Juvenile Justice,~~ Community Supervision and Reentry, is to:

...."

**CONFORMING CHANGES REGARDING DEPARTMENT OF ADULT CORRECTION**

**SECTION 19C.9.(n)** The following statutes are amended by deleting the language "Department of Public Safety" wherever it appears and substituting "Department of Adult Correction": G.S. 15-188, 15-194, 58-31-26, 97-13, 130A-4.4, and 143-134.

**SECTION 19C.9.(o)** The following statutes are amended by deleting the language "Secretary of Public Safety" wherever it appears and substituting "Secretary of the Department of Adult Correction": G.S. 15-10.2, 15-10.3, 15-206, 15A-1340.36, 15A-1371, 122C-312, 130A-25, 148-4, 148-5, 148-10.1, 148-11, 148-18.1, 148-19, 148-20, 148-22, 148-22.1, 148-24, 148-25, 148-26, 148-26.5, 148-28, 148-33, 148-33.1, 148-33.2, 148-36, 148-37, 148-41, 148-45, 148-46, 148-46.2, 148-57, 148-65.6, 148-65.9, 148-74, 148-78, 148-118.9, 148-121, 148-122, and 164-37.

**SECTION 19C.9.(p)** The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice of the Department of Public Safety" wherever it appears and substituting "Division of Prisons of the Department of Adult Correction": G.S. 1-110, 7A-109.3, 7A-313, 7A-451, 7A-474.18, 7A-498.3, 7B-2517, 14-202, 14-208.20, 14-208.22, 14-254.5, 14-258.1, 14-258.3, 15-10.1, 15-194, 15-196.3, 15A-544.3, 15A-544.5, 15A-615, 15A-821, 15A-1340.13, 15A-1340.20, 15A-1353, 15A-1354, 15A-1355, 15A-1368.2, 15A-1368.3, 15B-31, 15B-32, 20-81.12, 65-4, 66-25, 66-58, 97-13, 122C-55, 122C-62, 122C-312, 122C-313, 122C-402, 131E-98, 131E-214.1, 143-300.7, 143-599, 146-33, 147-12, 148-2, 148-3, 148-4, 148-6, 148-10, 148-10.1, 148-10.2, 148-10.3, 148-10.4, 148-10.5, 148-12, 148-18, 148-18.1, 148-19, 148-19.2, 148-22, 148-22.1, 148-23, 148-23.1, 148-23.2, 148-24, 148-26, 148-26.5, 148-28, 148-32.1, 148-32.2, 148-33, 148-33.1, 148-36, 148-37, 148-37.3, 148-41, 148-45, 148-46.1, 148-59, 148-64, 148-64.1, 148-66, 148-67, 148-70, 148-74, 148-78,

1 148-118.1, 148-118.2, 148-118.4, 148-118.5, 153A-221, 153A-230.1, 153A-230.2, 153A-230.3,  
2 153A-230.5, and 163-82.20A.

3 **SECTION 19C.9.(q)** The following statutes are amended by deleting the language  
4 "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting  
5 "Division of Prisons": G.S. 14-208.40B, 14-208.42, 14-208.44, 20-79.4, 126-23, 148-10.4,  
6 148-19.2, 148-32.1, 164-42, and 164-50.

7 **SECTION 19C.9.(r)** The following statutes are amended by deleting the language  
8 "Section of Prisons of the Division of Adult Correction and Juvenile Justice" wherever it appears  
9 and substituting "Division of Prisons": G.S. 14-208.40C, 14-258.2, 66-58, 130A-25, 148-11,  
10 148-18, and 148-130.

11 **SECTION 19C.9.(s)** The following statutes are amended by deleting the language  
12 "Division of Adult Correction and Juvenile Justice of the Department of Public Safety" wherever  
13 it appears and substituting "Department of Adult Correction": G.S. 15A-145, 15A-145.1,  
14 15A-145.7, 15A-145.8A, 15A-146, 15A-147, and 15A-149.

15 **SECTION 19C.9.(t)** The following statutes are amended by deleting the language  
16 "Division of Adult Correction and Juvenile Justice of the Department of Public Safety" wherever  
17 it appears and substituting "Division of Community Supervision and Reentry of the Department  
18 of Adult Correction": G.S. 14-208.45, 15-206, 15-209, 15A-534, 15A-534.1, 15A-1332,  
19 15A-1343.3, 15A-1368, 15A-1368.4, 15A-1374, 20-19, 20-28, 20-179, 50-13.2, 135-1, 148-53,  
20 148-54, and 148-65.7.

21 **SECTION 19C.9.(u)** The following statutes are amended by deleting the language  
22 "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting  
23 "Division of Community Supervision and Reentry": G.S. 14-208.40, 14-208.43, and 135-1.

24 **SECTION 19C.9.(v)** The following statutes are amended by deleting the language  
25 "Section of Community Corrections of the Division of Adult Correction and Juvenile Justice"  
26 wherever it appears and substituting "Division of Community Supervision and Reentry":  
27 G.S. 7B-3000, 7B-3001, 14-208.40C, 14-208.41, 15A-837, 15A-1368.4, 15A-1369.4, 15A-1371,  
28 20-179, 20-179.3, 115C-46.2, and 148-65.6.

29 **SECTION 19C.9.(v1)** The following statutes are amended by deleting the language  
30 "Section of Community Corrections of the Division of Adult Correction and Juvenile Justice of  
31 the Department of Public Safety" wherever it appears and substituting "Division of Community  
32 Supervision and Reentry of the Department of Adult Correction": G.S. 7B-3000, 7B-3001,  
33 15A-1342, and 105-259.

## 34 35 **CREATE DIVISION OF JUVENILE JUSTICE**

36 **SECTION 19C.9.(w)** Subpart A of Part 3 of Article 13 of Chapter 143B of the  
37 General Statutes reads as rewritten:

38 "Part 3. Division of Juvenile Justice ~~Section Justice.~~

39 "Subpart A. Creation of Division.

40 "**§ 143B-800. Creation of Division of Juvenile Justice ~~Section of the Division of Adult~~  
41 ~~Correction and Juvenile Justice of the Department of Public Safety.~~**

42 There is hereby created and constituted a ~~section~~ division to be known as the "Juvenile  
43 Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice of~~  
44 the Department of Public Safety", with the organization, powers, and duties as set forth in this  
45 Article or as prescribed by the Director of the Division of ~~Adult Correction and Juvenile Justice.~~

46 "**§ 143B-801. Transfer of Office of Juvenile Justice authority to the Division of Juvenile  
47 ~~Justice Section of the Division of Adult Correction and Juvenile Justice of the~~  
48 ~~Department of Public Safety.~~**

49 (a) All (i) statutory authority, powers, duties, and functions, including directives of S.L.  
50 1998-202, rule making, budgeting, and purchasing, (ii) records, (iii) personnel, personnel  
51 positions, and salaries, (iv) property, and (v) unexpended balances of appropriations, allocations,



1 reserves, support costs, and other funds of the Office of Juvenile Justice under the Office of the  
2 Governor are transferred to and vested in the Division of Juvenile Justice ~~Section of the Division~~  
3 ~~of Adult Correction and Juvenile Justice~~ of the Department of Public Safety. This transfer has all  
4 of the elements of a Type I transfer as defined in G.S. 143A-6.

5 (b) The ~~Section~~ Division shall be considered a continuation of the Office of Juvenile  
6 Justice for the purpose of succession to all rights, powers, duties, and obligations of the Office  
7 and of those rights, powers, duties, and obligations exercised by the Office of the Governor on  
8 behalf of the Office of Juvenile Justice. Where the Office of Juvenile Justice or the Division of  
9 Adult Correction and Juvenile Justice of the Department of Public Safety is referred to by law,  
10 contract, or other document, that reference shall apply to the Division of Juvenile Justice ~~Section~~  
11 ~~of the Division of Adult Correction and Juvenile Justice~~. Where the Office of the Governor is  
12 referred to by contract or other document, where the Office of the Governor is acting on behalf  
13 of the Office of Juvenile Justice, that reference shall apply to the ~~Section~~ Division.

14 (c) All institutions previously operated by the Office of Juvenile Justice and the ~~present~~  
15 central office of the Office of Juvenile Justice, including land, buildings, equipment, supplies,  
16 personnel, or other properties rented or controlled by the Office or by the Office of the Governor  
17 for the Office of Juvenile Justice, shall be administered by the Division of Juvenile Justice  
18 ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public  
19 Safety.

20 "**§ 143B-802. Medical costs for juvenile offenders.**

21 (a) The Department of Public Safety shall reimburse those providers and facilities  
22 providing approved medical services to juvenile offenders outside the juvenile facility the lesser  
23 amount of either a rate of seventy percent (70%) of the provider's then-current prevailing charge  
24 or two times the then-current Medicaid rate for any given service. The Department shall have the  
25 right to audit any given provider to determine the actual prevailing charge to ensure compliance  
26 with this provision.

27 This section does apply to vendors providing services that are not billed on a fee-for-service  
28 basis, such as temporary staffing. Nothing in this section shall preclude the Department from  
29 contracting with a provider for services at rates that provide greater documentable cost avoidance  
30 for the State than do the rates contained in this section or at rates that are less favorable to the  
31 State but that will ensure the continued access to care.

32 (b) The Department shall make every effort to contain medical costs for juvenile  
33 offenders by making use of health care facilities to provide health care services to juvenile  
34 offenders. To the extent that the Department must utilize other facilities and services to provide  
35 health care services to juvenile offenders, the Department shall make reasonable efforts to make  
36 use of hospitals or other providers with which it has a contract or, if none is reasonably available,  
37 hospitals with available capacity or other health care facilities in a region to accomplish that goal.  
38 The Department shall make reasonable efforts to equitably distribute juvenile offenders among  
39 all hospitals or other appropriate health care facilities.

40 (c) The Department shall report quarterly to the Joint Legislative Oversight Committee  
41 on Justice and Public Safety and the chairs of the House of Representatives and Senate  
42 Appropriations Committees on Justice and Public Safety on:

43 (1) The percentage of the total juvenile offenders requiring hospitalization or  
44 hospital services who receive that treatment at each hospital.

45 (2) The volume of scheduled and emergent services listed by hospital and, of that  
46 volume, the number of those services that are provided by contracted and  
47 noncontracted providers.

48 (3) The volume of scheduled and emergent admissions listed by hospital and, of  
49 that volume, the percentage of those services that are provided by contracted  
50 and noncontracted providers.

- 1           (4)    The volume of inpatient medical services provided to Medicaid-eligible  
 2           juvenile offenders, the cost of treatment, the estimated savings of paying the  
 3           nonfederal portion of Medicaid for the services, and the length of time  
 4           between the date the claim was filed and the date the claim was paid.  
 5           (5)    The status of the implementation of the claims processing system and efforts  
 6           to address the backlog of unpaid claims.  
 7           (6)    The hospital utilization, including the amount paid to individual hospitals, the  
 8           number of juvenile offenders served, the number of claims, and whether the  
 9           hospital was a contracted or noncontracted facility.  
 10          (7)    A list of hospitals under contract.  
 11          (8)    The reimbursement rate for contracted providers. The Department shall  
 12           randomly audit high-volume contracted providers to ensure adherence to  
 13           billing at the contracted rate.

14           Reports submitted on August 1 shall include totals for the previous fiscal year for all the  
 15           information requested."

16           **SECTION 19C.9.(x)** G.S. 143B-805 reads as rewritten:

17           "**§ 143B-805. Definitions.**

18           In this Part, unless the context clearly requires otherwise, the following words have the listed  
 19           meanings:

- 20           (1)    Chief court counselor. – The person responsible for administration and  
 21           supervision of juvenile intake, probation, and post-release supervision in each  
 22           judicial district, operating under the supervision of the Division of Juvenile  
 23           Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the  
 24           Department of Public Safety.

25           ...

- 26           (9a)   Division. – The Division of Juvenile Justice of the Department of Public  
 27           Safety.

28           ...

- 29           ~~(19a) Section.—The Juvenile Justice Section of the Division of Adult Correction~~  
 30           ~~and Juvenile Justice of the Department of Public Safety.~~

31           ...."

32           **SECTION 19C.9.(y)** The following statutes are amended by deleting the language  
 33           "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting  
 34           "Division of Juvenile Justice": G.S. 7B-1501, 106-915, 115C-106.3, 115C-107.6, 115C-108.1,  
 35           115C-296.2, 115C-325.10, 126-5, and 143B-853.

36           **SECTION 19C.9.(z)** The following statutes are amended by deleting the language  
 37           "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice" wherever it  
 38           appears and substituting "Division of Juvenile Justice": G.S. 7A-109.3, 7A-302, 14-239,  
 39           14-258.1, 14-316.1, 15-6, 15A-1301, 66-58, 114-12.1, 115D-1, 122C-113, 122C-115.4,  
 40           122C-117, 143B-152.14, 143B-153, 143B-806, 143B-809, 143B-853, 143B-935, 143B-1391,  
 41           148-32.1, 153A-221.1, and 162-60.

42           **SECTION 19C.9.(aa)** The following statutes are amended by deleting the language  
 43           "Section" wherever it appears and substituting "Division": G.S. 15A-1301, 143B-807, 143B-808,  
 44           143B-815, 143B-816, 143B-817, 143B-818, 143B-819, 143B-820, 143B-821, 143B-830,  
 45           143B-840, and 143B-851.

46           **OTHER CONFORMING CHANGES**

47           **SECTION 19C.9.(bb)** G.S. 7B-1402(b) reads as rewritten:

48           (b)    The Task Force shall be composed of 36 members, 12 of whom shall be ex officio  
 49           members, four of whom shall be appointed by the Governor, 10 of whom shall be appointed by  
 50           the Speaker of the House of Representatives, and 10 of whom shall be appointed by the President  
 51

1 Pro Tempore of the Senate. The ex officio members other than the Chief Medical Examiner may  
2 designate representatives from their particular departments, divisions, or offices to represent  
3 them on the Task Force. In making appointments or designating representatives, appointing  
4 authorities and ex officio members shall use best efforts to select members or representatives  
5 with sufficient knowledge and experience to effectively contribute to the issues examined by the  
6 Task Force and, to the extent possible, to reflect the geographical, political, gender, and racial  
7 diversity of this State. The members shall be as follows:

8 ...

9 (11a) The Director of the Division of Juvenile Justice ~~Section, Division of Adult~~  
10 ~~Correction and Juvenile Justice, Justice of the Department of Public Safety.~~

11 ...."

12 **SECTION 19C.9.(cc)** G.S. 7B-1501 reads as rewritten:

13 **"§ 7B-1501. Definitions.**

14 In this Subchapter, unless the context clearly requires otherwise, the following words have  
15 the listed meanings. The singular includes the plural, unless otherwise specified:

16 (1) Chief court counselor. – The person responsible for administration and  
17 supervision of juvenile intake, probation, and post-release supervision in each  
18 judicial district, operating under the supervision of the Division of ~~Adult~~  
19 ~~Correction and Juvenile Justice~~ of the Department of Public Safety.

20 ...

21 (10a) Division. – The Division of ~~Adult Correction and Juvenile Justice~~ of the  
22 Department of Public Safety created under Article ~~12~~13 of Chapter 143B of  
23 the General Statutes.

24 ...."

25 **SECTION 19C.9.(dd)** G.S. 7B-1905(b) reads as rewritten:

26 "(b) Pursuant to G.S. 7B-1903(b), (c), or (d), a juvenile may be temporarily detained in an  
27 approved detention facility. It shall be unlawful for a sheriff or any unit of government to operate  
28 a juvenile detention facility unless the facility meets the standards and rules adopted by the  
29 Department of Public Safety and has been approved by the ~~Juvenile Justice Section of the~~  
30 Division of Juvenile Justice for operation as a juvenile detention facility."

31 **SECTION 19C.9.(ee)** G.S. 7B-2055 reads as rewritten:

32 **"§ 7B-2055. Responsibilities of the Division of ~~Adult Correction and Juvenile Justice.~~**

33 (a) Notwithstanding Articles 30 and 31 of Subchapter III of this Chapter, if a victim has  
34 requested to be notified of the juvenile's release pursuant to G.S. 7B-2053, at least 45 days before  
35 releasing to post-release supervision a juvenile who was committed to the Division of Juvenile  
36 Justice of the Department of Public Safety for placement in a youth development center, the  
37 Division shall notify the victim as requested. The notification shall include only the juvenile's  
38 initials, offense, date of commitment, projected release date, and any no-contact release  
39 conditions related to the victim.

40 ...."

41 **SECTION 19C.9.(ff)** G.S. 7B-2204 reads as rewritten:

42 **"§ 7B-2204. Right to pretrial release; detention.**

43 (a) Once the order of transfer has been entered, the juvenile has the right to pretrial release  
44 as provided in G.S. 15A-533 and G.S. 15A-534. The release order shall specify the person or  
45 persons to whom the juvenile may be released. Pending release, the court shall order that the  
46 juvenile be detained in a detention facility while awaiting trial. Personnel of the Division of  
47 Juvenile Justice ~~Section of the Division, Department of Public Safety,~~ or personnel approved by  
48 the ~~Juvenile Justice Section, Division,~~ shall transport the juvenile from the detention facility to  
49 court.

50 (b) The court may order the juvenile to be held in a holdover facility at any time the  
51 presence of the juvenile is required in court for pretrial hearings or trial, if the court finds that it

1 would be inconvenient to return the juvenile to the detention facility. Personnel of the Justice  
2 ~~Section of the Division~~, or personnel approved by the ~~Juvenile Justice Section, Division~~, shall  
3 transport the juvenile from the holdover facility to court and shall transport the juvenile back to  
4 the detention center.

5 (c) If the juvenile reaches the age of 18 years while awaiting the completion of  
6 proceedings in superior court, the juvenile shall be transported by personnel of the ~~Juvenile~~  
7 ~~Justice Section of the Division~~, or personnel approved by the ~~Juvenile Justice Section, Division~~,  
8 to the custody of the sheriff of the county where the charges arose.

9 (d) Should the juvenile be found guilty, or enter a plea of guilty or no contest to a criminal  
10 offense in superior court and receive an active sentence, then immediate transfer to the Division  
11 of ~~Prisons of the Department of Adult Correction and Juvenile Justice of the Department of~~  
12 ~~Public Safety~~ shall be ordered. Until such time as the juvenile is transferred to the Division of  
13 ~~Prisons of the Department of Adult Correction and Juvenile Justice of the Department of Public~~  
14 ~~Safety, Correction~~, the juvenile may be detained in a holdover facility. The juvenile may not be  
15 detained in a detention facility pending transfer to the Division of ~~Prisons of the Department of~~  
16 ~~Adult Correction and Juvenile Justice of the Department of Public Safety, Correction~~, unless the  
17 detention facility is operated by the sheriff pursuant to G.S. 7B-1905(b).

18 (e) The juvenile may be kept by the Division of ~~Prisons of the Department of Adult~~  
19 ~~Correction and Juvenile Justice of the Department of Public Safety~~ as a safekeeper until the  
20 juvenile is placed in an appropriate correctional program."

21 **SECTION 19C.9.(gg)** G.S. 7B-3100(a) reads as rewritten:

22 "(a) ~~The Division, Division of Juvenile Justice of the Department of Public Safety~~, after  
23 consultation with the Conference of Chief District Court Judges, shall adopt rules designating  
24 certain local agencies that are authorized to share information concerning juveniles in accordance  
25 with the provisions of this section. Agencies so designated shall share with one another, upon  
26 request and to the extent permitted by federal law and regulations, information that is in their  
27 possession that is relevant to any assessment of a report of child abuse, neglect, or dependency  
28 or the provision or arrangement of protective services in a child abuse, neglect, or dependency  
29 case by a local department of social services pursuant to the authority granted under Chapter 7B  
30 of the General Statutes or to any case in which a petition is filed alleging that a juvenile is abused,  
31 neglected, dependent, undisciplined, or delinquent and shall continue to do so until the protective  
32 services case is closed by the local department of social services, or if a petition is filed when the  
33 juvenile is no longer subject to the jurisdiction of juvenile court. Agencies that may be designated  
34 as "agencies authorized to share information" include local mental health facilities, local health  
35 departments, local departments of social services, local law enforcement agencies, local school  
36 administrative units, the district's district attorney's office, the Division of Juvenile Justice  
37 ~~Section of the Division of Adult Correction and Juvenile Justice of the Department of Public~~  
38 ~~Safety~~, and the Office of Guardian ad Litem Services of the Administrative Office of the Courts,  
39 and, pursuant to the provisions of G.S. 7B-3000(e1), the ~~Section of Community Corrections of~~  
40 ~~the Division of Community Supervision and Reentry of the Department of Adult Correction and~~  
41 ~~Juvenile Justice of the Department of Public Safety, Correction~~. Any information shared among  
42 agencies pursuant to this section shall remain confidential, shall be withheld from public  
43 inspection, and shall be used only for the protection of the juvenile and others or to improve the  
44 educational opportunities of the juvenile, and shall be released in accordance with the provisions  
45 of the Family Educational and Privacy Rights Act as set forth in 20 U.S.C. § 1232g. Nothing in  
46 this section or any other provision of law shall preclude any other necessary sharing of  
47 information among agencies. Nothing herein shall be deemed to require the disclosure or release  
48 of any information in the possession of a district attorney."

49 **SECTION 19C.9.(hh)** G.S. 14-196.3(b) reads as rewritten:

50 "(b) It is unlawful for a person to:

51 ...

(5) Knowingly install, place, or use an electronic tracking device without consent, or cause an electronic tracking device to be installed, placed, or used without consent, to track the location of any person. The provisions of this subdivision do not apply to the installation, placement, or use of an electronic tracking device by any of the following:

a. A law enforcement officer, judicial officer, probation or parole officer, or employee of the Division of Corrections, Prisons of the Department of Public Safety, Adult Correction, when any such person is engaged in the lawful performance of official duties and in accordance with State or federal law.

...."

**SECTION 19C.9.(ii)** G.S. 14-208.6 reads as rewritten:

**"§ 14-208.6. Definitions.**

The following definitions apply in this Article:

...

(2) Penal institution. – Any of the following:

a. A detention facility operated under the jurisdiction of the Section Division of Prisons of the Division of Department of Adult Correction and Juvenile Justice of the Department of Public Safety, Correction.

...."

**SECTION 19C.9.(jj)** G.S. 14-208.40A reads as rewritten:

**"§ 14-208.40A. Determination of satellite-based monitoring requirement by court.**

...

(d) If the court finds that the offender committed an offense that involved the physical, mental, or sexual abuse of a minor, that the offense is not an aggravated offense or a violation of G.S. 14-27.23 or G.S. 14-27.28 and the offender is not a recidivist, the court shall order that the Division of Department of Adult Correction do a risk assessment of the offender. The Division of Adult Correction and Juvenile Justice-Department shall have a minimum of 30 days, but not more than 60 days, to complete the risk assessment of the offender and report the results to the court.

(e) Upon receipt of a risk assessment from the Division of Adult Correction and Juvenile Justice-Department of Adult Correction pursuant to subsection (d) of this section, the court shall determine whether, based on the Division of Adult Correction and Juvenile Justice's Department's risk assessment, the offender requires the highest possible level of supervision and monitoring. If the court determines that the offender does require the highest possible level of supervision and monitoring, the court shall order the offender to enroll in a satellite-based monitoring program for a period of time to be specified by the court."

**SECTION 19C.9.(kk)** G.S. 14-415.10 reads as rewritten:

**"§ 14-415.10. Definitions.**

The following definitions apply to this Article:

...

(4a) Qualified retired correctional officer. – An individual who retired from service as a State correctional officer, other than for reasons of mental disability, who has been retired as a correctional officer two years or less from the date of the permit application and who meets all of the following criteria:

a. Immediately before retirement, the individual met firearms training standards of the Division of Prisons of the Department of Adult Correction and Juvenile Justice of the Department of Public Safety and was authorized by the Division of Prisons of the Department of Adult Correction and Juvenile Justice of the Department of Public Safety to carry a handgun in the course of assigned duties.

b. The individual retired in good standing and was never a subject of a disciplinary action by the Division of Prisons of the Department of Adult Correction and Juvenile Justice of the Department of Public Safety that would have prevented the individual from carrying a handgun.

...

(4c) Qualified retired probation or parole certified officer. – An individual who retired from service as a State probation or parole certified officer, other than for reasons of mental disability, who has been retired as a probation or parole certified officer two years or less from the date of the permit application and who meets all of the following criteria:

a. Immediately before retirement, the individual met firearms training standards of the Division of Adult Correction and Juvenile Justice Community Supervision and Reentry of the Department of Public Safety Adult Correction and was authorized by the Division of Adult Correction and Juvenile Justice Community Supervision and Reentry of the Department of Public Safety Adult Correction to carry a handgun in the course of duty.

b. The individual retired in good standing and was never a subject of a disciplinary action by the Division of Adult Correction and Juvenile Justice Community Supervision and Reentry of the Department of Public Safety Adult Correction that would have prevented the individual from carrying a handgun.

...."

**SECTION 19C.9.(ll)** G.S. 14-258.7(a) reads as rewritten

"(a) The Department of Public Safety and Juvenile Justice the Department of Adult Correction shall each report the following to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 15 of each year:

...."

**SECTION 19C.9.(mm)** G.S. 14-269(b)(9) reads as rewritten:

"(b) This prohibition shall not apply to the following persons:

...

(9) State correctional officers, when off-duty, provided that an officer does not carry a concealed weapon while consuming alcohol or an unlawful controlled substance or while alcohol or an unlawful controlled substance remains in the officer's body. If the concealed weapon is a handgun, the correctional officer must meet the firearms training standards of the Division Department of Adult Correction and Juvenile Justice of the Department of Public Safety Correction."

**SECTION 19C.9.(nn)** G.S. 15-6.1 reads as rewritten:

**"§ 15-6.1. Changing place of confinement of prisoner committing offense.**

In all cases where a defendant has been convicted in a court inferior to the superior court and sentenced to a term in the county jail or to serve in some county institution other than under the supervision of the State Division Department of Adult Correction and Juvenile Justice of the Department of Public Safety Correction, and such defendant is subsequently brought before such court for an offense committed prior to the expiration of the term to be served in such county institution, upon conviction, plea of guilty or nolo contendere, the judge shall have the power and authority to change the place of confinement of the prisoner and commit such defendant to work under the supervision of the Division Department of Adult Correction and Juvenile Justice of the Department of Public Safety Correction. This provision shall apply whether or not the terms of

1 the new sentence are to run concurrently with or consecutive to the remaining portion of the old  
2 sentence."

3 **SECTION 19C.9.(oo)** G.S. 15A-145.2 reads as rewritten:

4 "**§ 15A-145.2. Expunction of records for first offenders not over 21 years of age at the time**  
5 **of the offense of certain drug offenses.**

6 ...

7 (a2) The court shall also order that all records of the proceeding be expunged from the  
8 records of the court and direct all law enforcement agencies, the ~~Division of Adult Correction~~  
9 ~~and Juvenile Justice, Department of Adult Correction,~~ the Division of Motor Vehicles, and any  
10 other State and local government agencies identified by the petitioner as bearing records of the  
11 same to expunge their records of the proceeding. The clerk shall notify State and local agencies  
12 of the court's order as provided in G.S. 15A-150.

13 ...

14 (c) Whenever any person who has not previously been convicted of (i) any felony offense  
15 under any state or federal laws; (ii) any offense under Chapter 90 of the General Statutes; or (iii)  
16 an offense under any statute of the United States or any state relating to controlled substances  
17 included in any schedule of Chapter 90 of the General Statutes or to that paraphernalia included  
18 in Article 5B of Chapter 90 of the General Statutes, pleads guilty to or has been found guilty of  
19 a misdemeanor under Article 5 of Chapter 90 of the General Statutes by possessing a controlled  
20 substance included within Schedules I through VI of Chapter 90, or by possessing drug  
21 paraphernalia as prohibited by G.S. 90-113.22 or pleads guilty to or has been found guilty of a  
22 felony under G.S. 90-95(a)(3), the court may, upon application of the person not sooner than 12  
23 months after conviction, order cancellation of the judgment of conviction and expunction of the  
24 records of the person's arrest, indictment or information, trial, and conviction. A conviction in  
25 which the judgment of conviction has been canceled and the records expunged pursuant to this  
26 subsection shall not be thereafter deemed a conviction for purposes of this subsection or for  
27 purposes of disqualifications or liabilities imposed by law upon conviction of a crime, except as  
28 provided in G.S. 15A-151.5. Cancellation and expunction under this subsection may occur only  
29 once with respect to any person. Disposition of a case under this subsection at the district court  
30 division of the General Court of Justice shall be final for the purpose of appeal.

31 ...

32 The court shall also order all law enforcement agencies, the Department of ~~Public Safety,~~  
33 ~~Adult Correction,~~ the Division of Motor Vehicles, and any other State or local agencies identified  
34 by the petitioner as bearing records of the conviction and records relating thereto to expunge their  
35 records of the conviction. The clerk shall notify State and local agencies of the court's order as  
36 provided in G.S. 15A-150.

37 ...."

38 **SECTION 19C.9.(pp)** G.S. 15A-521 reads as rewritten:

39 "**§ 15A-521. Commitment to detention facility pending trial.**

40 (a) Commitment. – Every person charged with a crime and held in custody who has not  
41 been released pursuant to Article 26 of this Chapter, Bail, must be committed by a written order  
42 of the judicial official who conducted the initial appearance as provided in Article 24 to an  
43 appropriate detention facility as provided in this section. If the person being committed by written  
44 order is under the age of 18, that person must be committed to a detention facility approved by  
45 the ~~Division of Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice~~  
46 to provide secure confinement and care for juveniles, or to a holdover facility as defined in  
47 G.S. 7B-1501(11). If the person being committed reaches the age of 18 years while held in  
48 custody, the person shall be transported by personnel of the Juvenile Justice ~~Section of the~~  
49 Division, or personnel approved by the Juvenile Justice ~~Section, Division,~~ to the custody of the  
50 sheriff of the county where the charges arose.

51 ...

(c) Copies and Use of Order, Receipt of Prisoner. –

- (1) The order of commitment must be delivered to a law-enforcement officer, who must deliver the order and the prisoner to the detention facility named therein.
- (2) The jailer or personnel of the Juvenile Justice ~~Section~~Division must receive the prisoner and the order of commitment, and note on the order of commitment the time and date of receipt. As used in this subdivision, "jailer" includes any person having control of a detention facility and "personnel of the Juvenile Justice ~~Section~~Division" includes personnel approved by the Juvenile Justice ~~Section~~Division.
- (3) Upon releasing the prisoner pursuant to the terms of the order, or upon delivering the prisoner to the court, the jailer or personnel of the Juvenile Justice ~~Section~~Division must note the time and date on the order and return it to the clerk. Personnel of the Juvenile Justice ~~Section~~Division, or personnel approved by the Juvenile Justice ~~Section~~Division, shall transport the person under the age of 18 from the juvenile detention facility or holdover facility to court and shall transfer the person back to the juvenile detention facility or holdover facility.

...."

**SECTION 19C.9.(qq)** G.S. 15A-830(a)(3) reads as rewritten:

"(a) The following definitions apply in this Article:

...

- (3) Custodial agency. – The agency that has legal custody of an accused or defendant arising from a charge or conviction of a crime covered by this Article including, but not limited to, local jails or detention facilities, regional jails or detention facilities, facilities designated under G.S. 122C-252 for the custody and treatment of involuntary clients, the Department of Adult Correction, or the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of Public Safety."

**SECTION 19C.9.(rr)** G.S. 15A-832(g) reads as rewritten:

"(g) At the sentencing hearing, the prosecuting attorney shall submit to the court a copy of a form containing the identifying information set forth in G.S. 15A-831(c) about any victim's electing to receive further notices under this Article. The clerk of superior court shall include the form with the final judgment and commitment, or judgment suspending sentence, transmitted to the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of Public Safety~~Safety~~, the Department of Adult Correction, or other agency receiving custody of the defendant and shall be maintained by the custodial agency as a confidential file."

**SECTION 19C.9.(ss)** G.S. 15A-1340.14(f) reads as rewritten:

"(f) Proof of Prior Convictions. – A prior conviction shall be proved by any of the following methods:

- (1) Stipulation of the parties.
- (2) An original or copy of the court record of the prior conviction.
- (3) A copy of records maintained by the Department of Public Safety, the Department of Adult Correction, the Division of Motor Vehicles, or of the Administrative Office of the Courts.
- (4) Any other method found by the court to be reliable.

The State bears the burden of proving, by a preponderance of the evidence, that a prior conviction exists and that the offender before the court is the same person as the offender named in the prior conviction. The original or a copy of the court records or a copy of the records maintained by the Department of Public Safety, the Department of Adult Correction, the Division of Motor Vehicles, or of the Administrative Office of the Courts, bearing the same name as that by which the offender is charged, is prima facie evidence that the offender named is the same



1 person as the offender before the court, and that the facts set out in the record are true. For  
2 purposes of this subsection, "a copy" includes a paper writing containing a reproduction of a  
3 record maintained electronically on a computer or other data processing equipment, and a  
4 document produced by a facsimile machine. The prosecutor shall make all feasible efforts to  
5 obtain and present to the court the offender's full record. Evidence presented by either party at  
6 trial may be utilized to prove prior convictions. Suppression of prior convictions is pursuant to  
7 G.S. 15A-980. If a motion is made pursuant to that section during the sentencing stage of the  
8 criminal action, the court may grant a continuance of the sentencing hearing. If asked by the  
9 defendant in compliance with G.S. 15A-903, the prosecutor shall furnish the defendant's prior  
10 criminal record to the defendant within a reasonable time sufficient to allow the defendant to  
11 determine if the record available to the prosecutor is accurate. Upon request of a sentencing  
12 services program established pursuant to Article 61 of Chapter 7A of the General Statutes, the  
13 district attorney shall provide any information the district attorney has about the criminal record  
14 of a person for whom the program has been requested to provide a sentencing plan pursuant to  
15 G.S. 7A-773.1."

16 **SECTION 19C.9.(tt)** G.S. 15A-1340.16(d) reads as rewritten:

17 "(d) Aggravating Factors. – The following are aggravating factors:

18 ...

19 (6) The offense was committed against or proximately caused serious injury to a  
20 present or former law enforcement officer, employee of the ~~Division of Adult~~  
21 ~~Correction and Juvenile Justice of the~~ Department of Public Safety, the  
22 Department of Adult Correction, jailer, fireman, emergency medical  
23 technician, ambulance attendant, social worker, justice or judge, clerk or  
24 assistant or deputy clerk of court, magistrate, prosecutor, juror, or witness  
25 against the defendant, while engaged in the performance of that person's  
26 official duties or because of the exercise of that person's official duties.

27 ...."

28 **SECTION 19C.9.(uu)** G.S. 15A-1340.18 reads as rewritten:

29 "**§ 15A-1340.18. Advanced supervised release.**

30 ...

31 (b) The Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice~~  
32 ~~of the Department of Public Safety~~ is authorized to create risk reduction incentives consisting of  
33 treatment, education, and rehabilitative programs. The incentives shall be designed to reduce the  
34 likelihood that the prisoner who receives the incentive will reoffend.

35 (c) When imposing an active sentence for an eligible defendant, the court, in its discretion  
36 and without objection from the prosecutor, may order that the Department of Adult Correction  
37 admit the defendant to the ASR program. The Department of Adult Correction shall admit to the  
38 ASR program only those defendants for which ASR is ordered in the sentencing judgment.

39 ...."

40 **SECTION 19C.9.(vv)** G.S. 15A-1340.21(c) reads as rewritten:

41 "(c) Proof of Prior Convictions. – A prior conviction shall be proved by any of the  
42 following methods:

43 (1) Stipulation of the parties.

44 (2) An original or copy of the court record of the prior conviction.

45 (3) A copy of records maintained by the Department of Public Safety, the  
46 Department of Adult Correction, the Division of Motor Vehicles, or of the  
47 Administrative Office of the Courts.

48 (4) Any other method found by the court to be reliable.

49 The State bears the burden of proving, by a preponderance of the evidence, that a prior  
50 conviction exists and that the offender before the court is the same person as the offender named  
51 in the prior conviction. The original or a copy of the court records or a copy of the records

1 maintained by the Department of Public Safety, the Department of Adult Correction, the Division  
2 of Motor Vehicles, or of the Administrative Office of the Courts, bearing the same name as that  
3 by which the offender is charged, is prima facie evidence that the offender named is the same  
4 person as the offender before the court, and that the facts set out in the record are true. For  
5 purposes of this subsection, "copy" includes a paper writing containing a reproduction of a record  
6 maintained electronically on a computer or other data processing equipment, and a document  
7 produced by a facsimile machine. Evidence presented by either party at trial may be utilized to  
8 prove prior convictions. Suppression of prior convictions is pursuant to G.S. 15A-980. If a  
9 motion is made pursuant to that section during the sentencing stage of the criminal action, the  
10 court may grant a continuance of the sentencing hearing."

11 **SECTION 19C.9.(ww)** G.S. 15A-1343 reads as rewritten:

12 **"§ 15A-1343. Conditions of probation.**

13 ...

14 (a1) Community and Intermediate Probation Conditions. – In addition to any conditions a  
15 court may be authorized to impose pursuant to G.S. 15A-1343(b1), the court may include any  
16 one or more of the following conditions as part of a community or intermediate punishment:

17 ...

18 (3) Submission to a period or periods of confinement in a local confinement  
19 facility for a total of no more than six days per month during any three separate  
20 months during the period of probation. The six days per month confinement  
21 provided for in this subdivision may only be imposed as two-day or three-day  
22 consecutive periods. When a defendant is on probation for multiple  
23 judgments, confinement periods imposed under this subdivision shall run  
24 concurrently and may total no more than six days per month. If the person  
25 being ordered to a period or periods of confinement is under the age of 18,  
26 that person must be confined in a detention facility approved by the Division  
27 of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~  
28 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover  
29 facility as defined in G.S. 7B-1501(11). If the person being ordered to a period  
30 or periods of confinement reaches the age of 18 years while in confinement,  
31 the person may be transported by personnel of the Division of Juvenile Justice  
32 ~~Section of the Division, Justice,~~ or personnel approved by the Division of  
33 Juvenile Justice Section, Justice, to the custody of the sheriff of the applicable  
34 local confinement facility.

35 ...

36 (b) Regular Conditions. – As regular conditions of probation, a defendant must:

37 ...

38 In addition to these regular conditions of probation, a defendant required to serve an active  
39 term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or  
40 G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and  
41 regulations of the Division of Prisons of the Department of Adult Correction and Juvenile Justice  
42 ~~of the Department of Public Safety~~ governing the conduct of inmates while imprisoned and report  
43 to a probation officer in the State of North Carolina within 72 hours of his discharge from the  
44 active term of imprisonment.

45 ...

46 (b2) Special Conditions of Probation for Sex Offenders and Persons Convicted of Offenses  
47 Involving Physical, Mental, or Sexual Abuse of a Minor. – As special conditions of probation, a  
48 defendant who has been convicted of an offense which is a reportable conviction as defined in  
49 G.S. 14-208.6(4), or which involves the physical, mental, or sexual abuse of a minor, must:

50 ...

1 (9) Submit at reasonable times to warrantless searches by a probation officer of  
2 the probationer's person and of the probationer's vehicle and premises while  
3 the probationer is present, for purposes specified by the court and reasonably  
4 related to the probation supervision, but the probationer may not be required  
5 to submit to any other search that would otherwise be unlawful. For purposes  
6 of this subdivision, warrantless searches of the probationer's computer or other  
7 electronic mechanism which may contain electronic data shall be considered  
8 reasonably related to the probation supervision. Whenever the warrantless  
9 search consists of testing for the presence of illegal drugs, the probationer may  
10 also be required to reimburse the Division of ~~Adult Correction and Juvenile~~  
11 ~~Justice~~ Community Supervision and Reentry of the Department of ~~Public~~  
12 ~~Safety~~ Adult Correction for the actual cost of drug screening and drug testing,  
13 if the results are positive.

14 ...

15 (b3) Screening and Assessing for Chemical Dependency. – A defendant ordered to submit  
16 to a period of residential treatment in the Drug Alcohol Recovery Treatment program (DART)  
17 or the Black Mountain Substance Abuse Treatment Center for Women operated by the Division  
18 of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department  
19 of ~~Public Safety~~ Adult Correction must undergo a screening to determine chemical dependency.  
20 If the screening indicates the defendant is chemically dependent, the court shall order an  
21 assessment to determine the appropriate level of treatment. The assessment may be conducted  
22 either before or after the court imposes the condition, but participation in the program shall be  
23 based on the results of the assessment.

24 (b4) Intermediate Conditions. – The following conditions of probation apply to each  
25 defendant subject to intermediate punishment:

26 (1) If required in the discretion of the defendant's probation officer, perform  
27 community service under the supervision of the ~~Section~~ Division of  
28 ~~Community of the Division of Adult Correction and Juvenile Justice~~  
29 Supervision and Reentry and pay the fee required by  
30 ~~G.S. 143B-708~~ G.S. 143B-1483.

31 ...

32 (c) Statement of Conditions. – A defendant released on supervised probation must be  
33 given a written statement explicitly setting forth the conditions on which the defendant is being  
34 released. If any modification of the terms of that probation is subsequently made, the defendant  
35 must be given a written statement setting forth the modifications.

36 Upon entry of an order of supervised probation by the court, a defendant shall submit to the  
37 Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry for filing  
38 with the clerk of superior court a signed document stating that:

39 ...."

40 **SECTION 19C.9.(xx)** G.S. 15A-1343.2 reads as rewritten:

41 "**§ 15A-1343.2. Special probation rules for persons sentenced under Article 81B.**

42 ...

43 (b) Purposes of Probation for Community and Intermediate Punishments. – The Division  
44 of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department  
45 of ~~Public Safety~~ Adult Correction shall develop a plan to handle offenders sentenced to  
46 community and intermediate punishments. The probation program designed to handle these  
47 offenders shall have the following principal purposes: to hold offenders accountable for making  
48 restitution, to ensure compliance with the court's judgment, to effectively rehabilitate offenders  
49 by directing them to specialized treatment or education programs, and to protect the public safety.

50 (b1) Departmental Risk Assessment by Validated Instrument Required. – As part of the  
51 probation program developed by the Division of ~~Adult Correction and Juvenile Justice~~

1 Community Supervision and Reentry of the Department of ~~Public Safety-Adult Correction~~  
2 pursuant to subsection (b) of this section, the Division of ~~Adult Correction and Juvenile Justice~~  
3 Community Supervision and Reentry of the Department of ~~Public Safety-Adult Correction~~ shall  
4 use a validated instrument to assess each probationer for risk of reoffending and shall place a  
5 probationer in a supervision level based on the probationer's risk of reoffending and criminogenic  
6 needs.

7 ...

8 (e) Delegation to Probation Officer in Community Punishment. – Unless the presiding  
9 judge specifically finds in the judgment of the court that delegation is not appropriate, the ~~Section~~  
10 Division of Community of the ~~Division of Adult Correction and Juvenile Justice~~ Supervision and  
11 Reentry of the Department of ~~Public Safety-Adult Correction~~ may require an offender sentenced  
12 to community punishment to do any of the following:

13 ...

14 If the ~~Section~~ Division imposes any of the above requirements, then it may subsequently reduce  
15 or remove those same requirements.

16 The probation officer may exercise authority delegated to him or her by the court pursuant to  
17 subsection (e) of this section after administrative review and approval by a Chief Probation  
18 Officer. The offender may file a motion with the court to review the action taken by the probation  
19 officer. The offender shall be given notice of the right to seek such a court review. However, the  
20 offender shall have no right of review if he or she has signed a written waiver of rights as required  
21 by this subsection. The ~~Section~~ Division may exercise any authority delegated to it under this  
22 subsection only if it first determines that the offender has failed to comply with one or more of  
23 the conditions of probation imposed by the court or the offender is determined to be high risk  
24 based on the results of the risk assessment in G.S. 15A-1343.2, except that the condition at  
25 subdivision (5) of this subsection may not be imposed unless the ~~Section~~ Division determines  
26 that the offender failed to comply with one or more of the conditions imposed by the court.  
27 Nothing in this section shall be construed to limit the availability of the procedures authorized  
28 under G.S. 15A-1345.

29 The Division shall adopt guidelines and procedures to implement the requirements of this  
30 section, which shall include a supervisor's approval prior to exercise of the delegation of authority  
31 authorized by this section. Prior to imposing confinement pursuant to subdivision (5) of this  
32 subsection, the probationer must first be presented with a violation report, with the alleged  
33 violations noted and advised of the right (i) to a hearing before the court on the alleged violation,  
34 with the right to present relevant oral and written evidence; (ii) to have counsel at the hearing,  
35 and that one will be appointed if the probationer is indigent; (iii) to request witnesses who have  
36 relevant information concerning the alleged violations; and (iv) to examine any witnesses or  
37 evidence. The probationer may be confined for the period designated on the violation report upon  
38 the execution of a waiver of rights signed by the probationer and by two officers acting as  
39 witnesses. Those two witnesses shall be the probation officer and another officer to be designated  
40 by the ~~Chief Director~~ of the Division of Community ~~Section~~ Supervision and Reentry in written  
41 Division policy.

42 (f) Delegation to Probation Officer in Intermediate Punishments. – Unless the presiding  
43 judge specifically finds in the judgment of the court that delegation is not appropriate, the ~~Section~~  
44 Division of Community of the ~~Division of Adult Correction and Juvenile Justice~~ Supervision and  
45 Reentry of the Department of ~~Public Safety-Adult Correction~~ may require an offender sentenced  
46 to intermediate punishment to do any of the following:

47 ...

48 (6) Submit to a period or periods of confinement in a local confinement facility  
49 for a total of no more than six days per month during any three separate  
50 months during the period of probation. The six days per month confinement  
51 provided for in this subdivision may only be imposed as two-day or three-day

1 consecutive periods. When a defendant is on probation for multiple  
2 judgments, confinement periods imposed under this subdivision shall run  
3 concurrently and may total no more than six days per month. If the person  
4 being ordered to a period or periods of confinement is under the age of 18,  
5 that person must be confined in a detention facility approved by the Division  
6 of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~  
7 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover  
8 facility as defined in G.S. 7B-1501(11). If the person being ordered to a period  
9 or periods of confinement reaches the age of 18 years while in confinement,  
10 the person may be transported by personnel of the Division of Juvenile Justice  
11 ~~Section of the Division, Justice,~~ or personnel approved by the Division of  
12 Juvenile Justice ~~Section, Justice,~~ to the custody of the sheriff of the applicable  
13 local confinement facility.  
14

15 ...

16 If the ~~Section~~ Division of Community Supervision and Reentry imposes any of the above  
17 requirements, then it may subsequently reduce or remove those same requirements.

18 The probation officer may exercise authority delegated to him or her by the court pursuant to  
19 subsection (f) of this section after administrative review and approval by a Chief Probation  
20 Officer. The offender may file a motion with the court to review the action taken by the probation  
21 officer. The offender shall be given notice of the right to seek such a court review. However, the  
22 offender shall have no right of review if he or she has signed a written waiver of rights as required  
23 by this subsection. The ~~Section~~ Division may exercise any authority delegated to it under this  
24 subsection only if it first determines that the offender has failed to comply with one or more of  
25 the conditions of probation imposed by the court or the offender is determined to be high risk  
26 based on the results of the risk assessment in G.S. 15A-1343.2, except that the condition at  
27 subdivision (6) of this subsection may not be imposed unless the ~~Section~~ Division determines  
28 that the offender failed to comply with one or more of the conditions imposed by the court.  
29 Nothing in this section shall be construed to limit the availability of the procedures authorized  
30 under G.S. 15A-1345.

31 The Division shall adopt guidelines and procedures to implement the requirements of this  
32 section, which shall include a supervisor's approval prior to exercise of the delegation of authority  
33 authorized by this section. Prior to imposing confinement pursuant to subdivision (6) of this  
34 subsection, the probationer must first be presented with a violation report, with the alleged  
35 violations noted and advised of the right (i) to a hearing before the court on the alleged violation,  
36 with the right to present relevant oral and written evidence; (ii) to have counsel at the hearing,  
37 and that one will be appointed if the probationer is indigent; (iii) to request witnesses who have  
38 relevant information concerning the alleged violations; and (iv) to examine any witnesses or  
39 evidence. The probationer may be confined for the period designated on the violation report upon  
40 the execution of a waiver of rights signed by the probationer and by two officers acting as  
41 witnesses. Those two witnesses shall be the probation officer and another officer to be designated  
42 by the ~~Chief Director~~ of the Division of Community Supervision and Reentry in written  
43 Division policy.

44 ...."

45 **SECTION 19C.9.(yy)** G.S. 15A-1344 reads as rewritten:

46 **"§ 15A-1344. Response to violations; alteration and revocation.**

47 ...

48 (c) Procedure on Altering or Revoking Probation; Returning Probationer to District  
49 Where Sentenced. – When a judge reduces, terminates, extends, modifies, or revokes probation  
50 outside the county where the judgment was entered, the clerk must send a copy of the order and  
51 any other records to the court where probation was originally imposed. A court on its own motion  
may return the probationer to the district court district as defined in G.S. 7A-133 or superior court

1 district or set of districts as defined in G.S. 7A-41.1, as the case may be, where probation was  
2 imposed or where the probationer resides for reduction, termination, continuation, extension,  
3 modification, or revocation of probation. In cases where the probation is revoked in a county  
4 other than the county of original conviction the clerk in that county must issue a commitment  
5 order and must file the order revoking probation and the commitment order, which will constitute  
6 sufficient permanent record of the proceeding in that court, and must send a certified copy of the  
7 order revoking probation, the commitment order, and all other records pertaining thereto to the  
8 county of original conviction to be filed with the original records. The clerk in the county other  
9 than the county of original conviction must issue the formal commitment to the ~~Division of Adult~~  
10 ~~Correction and Juvenile Justice of the Department of Public Safety.~~Prisons of the Department of  
11 Adult Correction.

12 ...

13 (d2) Confinement in Response to Violation. – When a defendant under supervision for a  
14 felony conviction has violated a condition of probation other than G.S. 15A-1343(b)(1) or  
15 G.S. 15A-1343(b)(3a), the court may impose a period of confinement of 90 consecutive days to  
16 be served in the custody of the ~~Division of Adult Correction and Juvenile Justice~~Community  
17 Supervision and Reentry of the Department of ~~Public Safety.~~Adult Correction. The court may  
18 not revoke probation unless the defendant has previously received a total of two periods of  
19 confinement under this subsection. A defendant may receive only two periods of confinement  
20 under this subsection. The 90-day term of confinement ordered under this subsection for a felony  
21 shall not be reduced by credit for time already served in the case. Any such credit shall instead  
22 be applied to the suspended sentence. However, if the time remaining on the maximum imposed  
23 sentence on a defendant under supervision for a felony conviction is 90 days or less, then the  
24 term of confinement is for the remaining period of the sentence. Confinement under this section  
25 shall be credited pursuant to G.S. 15-196.1.

26 When a defendant under supervision for a misdemeanor conviction sentenced pursuant to  
27 Article 81B of Chapter 15A of the General Statutes has violated a condition of probation other  
28 than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of  
29 confinement pursuant to G.S. 15A-1343(a1)(3). If the person being ordered to a period of  
30 confinement is under the age of 18, that person must be confined in a detention facility approved  
31 by the ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice~~ to provide  
32 secure confinement and care for juveniles or to a holdover facility as defined in  
33 G.S. 7B-1501(11). If the person being ordered to a period of confinement reaches the age of 18  
34 years while in confinement, the person may be transported by personnel of the Division of  
35 ~~Juvenile Justice Section of the Division, Justice,~~ or personnel approved by the Division of  
36 ~~Juvenile Justice Section, Justice,~~ to the custody of the sheriff of the applicable local confinement  
37 facility. The court may not revoke probation unless the defendant has previously received at least  
38 two periods of confinement for violating a condition of probation other than G.S. 15A-1343(b)(1)  
39 or G.S. 15A-1343(b)(3a). Those periods of confinement may have been imposed pursuant to  
40 G.S. 15A-1343(a1)(3), 15A-1343.2(e)(5), or 15A-1343.2(f)(6). The second period of  
41 confinement must have been imposed for a violation that occurred after the defendant served the  
42 first period of confinement. Confinement under this section shall be credited pursuant to  
43 G.S. 15-196.1.

44 ...

45 (e) Special Probation in Response to Violation. – When a defendant has violated a  
46 condition of probation, the court may modify the probation to place the defendant on special  
47 probation as provided in this subsection. In placing the defendant on special probation, the court  
48 may continue or modify the conditions of probation and in addition require that the defendant  
49 submit to a period or periods of imprisonment, either continuous or noncontinuous, at whatever  
50 time or intervals within the period of probation the court determines. In addition to any other  
51 conditions of probation which the court may impose, the court shall impose, when imposing a

1 period or periods of imprisonment as a condition of special probation, the condition that the  
2 defendant obey the rules and regulations of the Division of ~~Adult Correction and Juvenile Justice~~  
3 ~~of the Department of Public Safety~~ Prisons of the Department of Adult Correction governing  
4 conduct of inmates, and this condition shall apply to the defendant whether or not the court  
5 imposes it as a part of the written order. If imprisonment is for continuous periods, the  
6 confinement may be in either the custody of the Division of ~~Adult Correction and Juvenile Justice~~  
7 Community Supervision and Reentry of the Department of ~~Public Safety~~ Adult Correction or a  
8 local confinement facility. Noncontinuous periods of imprisonment under special probation may  
9 only be served in a designated local confinement or treatment facility. If the person being ordered  
10 to a period or periods of imprisonment, either continuous or noncontinuous, is under the age of  
11 18, that person must be imprisoned in a detention facility approved by the Division of Juvenile  
12 Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure  
13 confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If  
14 the person being ordered to a period or periods of imprisonment reaches the age of 18 years while  
15 imprisoned, the person may be transported by personnel of the Division of Juvenile Justice  
16 ~~Section of the Division, Justice,~~ or personnel approved by the Division of Juvenile Justice  
17 ~~Section, Justice,~~ to the custody of the sheriff of the applicable local confinement facility.

18 ...

19 (e1) Criminal Contempt in Response to Violation. – If a defendant willfully violates a  
20 condition of probation, the court may hold the defendant in criminal contempt as provided in  
21 Article 1 of Chapter 5A of the General Statutes. A finding of criminal contempt by the court shall  
22 not revoke the probation. If the offender serves a sentence for contempt in a local confinement  
23 facility, the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and  
24 Reentry of the Department of ~~Public Safety~~ Adult Correction shall pay for the confinement at the  
25 standard rate set by the General Assembly pursuant to G.S. 148-32.1(a) regardless of whether the  
26 offender would be eligible under the terms of that subsection.

27 ...."

28 **SECTION 19C.9.(zz)** G.S. 15A-1351(a) reads as rewritten:

29 "(a) The judge may sentence to special probation a defendant convicted of a criminal  
30 offense other than impaired driving under G.S. 20-138.1, if based on the defendant's prior record  
31 or conviction level as found pursuant to Article 81B of this Chapter, an intermediate punishment  
32 is authorized for the class of offense of which the defendant has been convicted. A defendant  
33 convicted of impaired driving under G.S. 20-138.1 may also be sentenced to special probation.  
34 Under a sentence of special probation, the court may suspend the term of imprisonment and place  
35 the defendant on probation as provided in Article 82, Probation, and in addition require that the  
36 defendant submit to a period or periods of imprisonment in the custody of the Division of ~~Adult~~  
37 ~~Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public~~  
38 ~~Safety~~ Adult Correction or a designated local confinement or treatment facility at whatever time  
39 or intervals within the period of probation, consecutive or nonconsecutive, the court determines,  
40 as provided in this subsection. For probationary sentences for misdemeanors, including impaired  
41 driving under G.S. 20-138.1, all imprisonment under this subsection shall be in a designated local  
42 confinement or treatment facility. If the person being ordered to a period or periods of  
43 imprisonment is under the age of 18, that person must be imprisoned in a detention facility  
44 approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and~~  
45 ~~Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as  
46 defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of imprisonment  
47 reaches the age of 18 years while imprisoned, the person may be transported by personnel of the  
48 Division of Juvenile Justice ~~Section of the Division, Justice,~~ or personnel approved by the  
49 Division of Juvenile Justice ~~Section, Justice,~~ to the custody of the sheriff of the applicable local  
50 confinement facility. In addition to any other conditions of probation which the court may  
51 impose, the court shall impose, when imposing a period or periods of imprisonment as a condition

1 of special probation, the condition that the defendant obey the Rules and Regulations of the  
2 Division of Prisons of the Department of Adult Correction and Juvenile Justice of the Department  
3 ~~of Public Safety~~ governing conduct of inmates, and this condition shall apply to the defendant  
4 whether or not the court imposes it as a part of the written order. Except for probationary  
5 sentences for misdemeanors, including impaired driving under G.S. 20-138.1, if imprisonment is  
6 for continuous periods, the confinement may be in the custody of either the Division of ~~Adult~~  
7 ~~Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of ~~Public~~  
8 ~~Safety~~ Adult Correction or a local confinement facility. Noncontinuous periods of imprisonment  
9 under special probation may only be served in a designated local confinement or treatment  
10 facility. If the person being ordered continuous or noncontinuous periods of imprisonment is  
11 under the age of 18, that person must be imprisoned in a detention facility approved by the  
12 Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to  
13 provide secure confinement and care for juveniles or to a holdover facility as defined in  
14 G.S. 7B-1501(11). If the person being ordered to a period or periods of imprisonment reaches  
15 the age of 18 years while imprisoned, the person may be transported by personnel of the Division  
16 ~~of Juvenile Justice~~ ~~Section of the Division, Justice,~~ or personnel approved by the Juvenile Justice  
17 ~~Section, Division,~~ to the custody of the sheriff of the applicable local confinement facility. Except  
18 for probationary sentences of impaired driving under G.S. 20-138.1, the total of all periods of  
19 confinement imposed as an incident of special probation, but not including an activated  
20 suspended sentence, may not exceed one-fourth the maximum sentence of imprisonment  
21 imposed for the offense, and no confinement other than an activated suspended sentence may be  
22 required beyond two years of conviction. For probationary sentences for impaired driving under  
23 G.S. 20-138.1, the total of all periods of confinement imposed as an incident of special probation,  
24 but not including an activated suspended sentence, shall not exceed one-fourth the maximum  
25 penalty allowed by law. In imposing a sentence of special probation, the judge may credit any  
26 time spent committed or confined, as a result of the charge, to either the suspended sentence or  
27 to the imprisonment required for special probation. The original period of probation, including  
28 the period of imprisonment required for special probation, shall be as specified in  
29 G.S. 15A-1343.2(d), but may not exceed a maximum of five years, except as provided by  
30 G.S. 15A-1342(a). The court may revoke, modify, or terminate special probation as otherwise  
31 provided for probationary sentences."

32 **SECTION 19C.9.(aaa)** G.S. 15A-1352 reads as rewritten:

33 "**§ 15A-1352. Commitment to Division of Prisons of the Department of Adult Correction**  
34 ~~**and Juvenile Justice of the Department of Public Safety**~~ **or local confinement**  
35 **facility.**

36 (a) Except as provided in subsection (f) of this section, a person sentenced to  
37 imprisonment for a misdemeanor under this Article or for nonpayment of a fine for conviction  
38 of a misdemeanor under Article 84 of this Chapter shall be committed for the term designated by  
39 the court to the Statewide Misdemeanant Confinement Program as provided in G.S. 148-32.1 or,  
40 if the period is for 90 days or less, to a local confinement facility, except as provided for in  
41 G.S. 148-32.1(b).

42 If a person is sentenced to imprisonment for a misdemeanor under this Article or for  
43 nonpayment of a fine under Article 84 of this Chapter, the sentencing judge may make a finding  
44 of fact as to whether the person would be suitable for placement in a county satellite jail/work  
45 release unit operated pursuant to G.S. 153A-230.3. If the sentencing judge makes a finding of  
46 fact that the person would be suitable for placement in a county satellite jail/work release unit  
47 and the person meets the requirements listed in G.S. 153A-230.3(a)(1), then the custodian of the  
48 local confinement facility may transfer the misdemeanant to a county satellite jail/work release  
49 unit.

50 If the person sentenced to imprisonment is under the age of 18, the person must be committed  
51 to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of~~



1 ~~Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles.  
2 Personnel of the Division of Juvenile Justice ~~Section of the Division~~ or personnel approved by  
3 the Division of Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the  
4 person sentenced to imprisonment reaches the age of 18 years while imprisoned, the person may  
5 be transported by personnel of the Juvenile Justice ~~Section of the Division~~, or personnel approved  
6 by the Juvenile Justice ~~Section, Division~~, to the custody of the sheriff of the applicable local  
7 confinement facility.

8 (b) A person sentenced to imprisonment for a felony under this Article or for nonpayment  
9 of a fine for conviction of a felony under Article 84 of this Chapter shall be committed for the  
10 term designated by the court to the custody of the Division of Prisons of the Department of Adult  
11 ~~Correction and Juvenile Justice of the Department of Public Safety-Correction~~.

12 ...

13 (f) A person sentenced to imprisonment of any duration for impaired driving under  
14 G.S. 20-138.1, other than imprisonment required as a condition of special probation under  
15 G.S. 15A-1351(a) or G.S. 15A-1344(e), shall be committed to the Statewide Misdemeanant  
16 Confinement Program established under G.S. 148-32.1.

17 If the person sentenced to imprisonment is under the age of 18, the person must be committed  
18 to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of~~  
19 ~~Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles.  
20 Personnel of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of  
21 ~~Juvenile Justice~~ ~~Section~~ shall transport the person to the detention facility. If the person sentenced  
22 to imprisonment reaches the age of 18 years while imprisoned, the person may be transported by  
23 personnel of the Division of Juvenile Justice ~~Section of the Division, Justice~~, or personnel  
24 approved by the Division of Juvenile Justice ~~Section, Justice~~, to the custody of the sheriff of the  
25 applicable local confinement facility."

26 **SECTION 19C.9.(bbb)** G.S. 15A-1368.6 reads as rewritten:

27 "**§ 15A-1368.6. Arrest and hearing on post-release supervision violation.**

28 ...

29 (c) Officers to Conduct Preliminary Hearing. – The preliminary hearing on post-release  
30 supervision violation shall be conducted by a judicial official, or by a hearing officer designated  
31 by the Commission. A person employed by the Division of ~~Adult Correction and Juvenile Justice~~  
32 Community Supervision and Reentry of the Department of ~~Public Safety-Adult Correction~~ shall  
33 not serve as a hearing officer at a hearing provided by this section unless that person is a member  
34 of the Commission, or is employed solely as a hearing officer.

35 (d) Procedure for Preliminary Hearing. – The Division of ~~Adult Correction and Juvenile~~  
36 ~~Justice-Community Supervision and Reentry~~ of the Department of ~~Public Safety-Adult~~  
37 Correction shall give the supervisee notice of the preliminary hearing and its purpose, including  
38 a statement of the violations alleged. At the hearing, the supervisee may appear and speak in the  
39 supervisee's own behalf, may present relevant information, and may, on request, personally  
40 question witnesses and adverse informants, unless the hearing officer finds good cause for not  
41 allowing confrontation. If the person holding the hearing determines there is probable cause to  
42 believe the supervisee violated conditions of supervision, the hearing officer shall summarize the  
43 reasons for the determination and the evidence relied on. Formal rules of evidence do not apply  
44 at the hearing. If probable cause is found, the supervisee may be held in the custody of the  
45 Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice of the Department~~  
46 ~~of Public Safety~~ to serve the appropriate term of imprisonment, subject to the outcome of a  
47 revocation hearing under subsection (e) of this section.

48 ...."

49 **SECTION 19C.9.(ccc)** G.S. 15A-1369 reads as rewritten:

50 "**§ 15A-1369. Definitions.**

51 For purposes of this Article, the term:

1 ...

2 (1a) "Department" means the Department of Adult Correction.

3 (2) ~~"Division" means the Division of Adult Correction and Juvenile Justice of the~~  
4 ~~Department of Public Safety.~~

5 ...

6 (4) ~~"Inmate" means any person sentenced to the custody of the Division of Adult~~  
7 ~~Correction and Juvenile Justice of the Department of Public~~  
8 ~~Safety.~~Department.

9 ...."

10 **SECTION 19C.9.(ddd)** G.S. 15A-1369.4(a) reads as rewritten:

11 "(a) The Commission shall set reasonable conditions upon an inmate's medical release that  
12 shall apply through the date upon which the inmate's sentence would have expired. These  
13 conditions shall ~~include~~include all of the following:

14 (1) That the released inmate's care be consistent with the care specified in the  
15 medical release plan as approved by the ~~Commission~~Commission.

16 (2) That the released inmate shall cooperate with and comply with the prescribed  
17 medical release plan and with reasonable requirements of medical providers  
18 to whom the released inmate is to be referred to continued  
19 ~~treatment~~treatment.

20 (3) That the released inmate shall be subject to supervision by the ~~Section of~~  
21 ~~Community Corrections of the Division of Adult Correction and Juvenile~~  
22 ~~Justice~~Division of Community Supervision and Reentry of the Department of  
23 Adult Correction and shall permit officers from the Division to visit the inmate  
24 at reasonable times at the inmate's home or ~~elsewhere~~elsewhere.

25 (4) That the released inmate shall comply with any conditions of release set by  
26 the ~~Commission~~and Commission.

27 (5) That the Commission shall receive periodic assessments from the inmate's  
28 treating physician."

29 **SECTION 19C.9.(eee)** G.S. 15A-1376 reads as rewritten:

30 **"§ 15A-1376. Arrest and hearing on parole violation.**

31 ...

32 (c) Officers to Conduct Hearing. – The preliminary hearing on parole violation must be  
33 conducted by a judicial official, or by a hearing officer designated by the Post-Release  
34 Supervision and Parole Commission. No person employed by the Division of ~~Adult Correction~~  
35 ~~and Juvenile Justice~~Community Supervision and Reentry of the Department of ~~Public Safety~~  
36 Adult Correction may serve as a hearing officer at a hearing provided in this section unless he is  
37 a member of the Post-Release Supervision and Parole Commission or is employed solely as a  
38 hearing officer.

39 (d) Procedure for Preliminary Hearing on Parole Violation. – The Division of ~~Adult~~  
40 ~~Correction and Juvenile Justice~~Community Supervision and Reentry of the Department of ~~Public~~  
41 ~~Safety~~Adult Correction must give the parolee notice of the preliminary hearing and its purpose,  
42 including a statement of the violations alleged. At the hearing, the parolee may appear and speak  
43 in his own behalf, may present relevant information, and may, on request, personally question  
44 witnesses and adverse informants, unless the hearing officer finds good cause for not allowing  
45 confrontation. If the person holding the hearing determines there is probable cause to believe the  
46 parolee violated his parole, he must summarize the reasons for his determination and the evidence  
47 he relied on. Formal rules of evidence do not apply at the hearing. If probable cause is found, the  
48 parolee may be held in the custody of the Division of Prisons of the Department of Adult  
49 ~~Correction and Juvenile Justice of the Department of Public Safety~~ to serve the appropriate term  
50 of imprisonment, subject to the outcome of a revocation hearing under subsection (e).

51 ...."

1           **SECTION 19C.9.(fff)** G.S. 15A-2000(e) reads as rewritten:  
2       "(e) Aggravating Circumstances. – Aggravating circumstances which may be considered  
3 are limited to the following:

4       ...

5       (8) The capital felony was committed against a law-enforcement officer,  
6 employee of the ~~Division-Department~~ of Adult Correction and Juvenile Justice  
7 ~~of the Department of Public Safety-Correction~~, an employee of the Division  
8 of Juvenile Justice of the Department of Public Safety, jailer, fireman, judge  
9 or justice, former judge or justice, prosecutor or former prosecutor, juror or  
10 former juror, or witness or former witness against the defendant, while  
11 engaged in the performance of his official duties or because of the exercise of  
12 his official duty.

13       ...."

14           **SECTION 19C.9.(ggg)** G.S. 15B-21 reads as rewritten:  
15 **"§ 15B-21. Annual report.**

16       The Commission shall, by March 15 each year, prepare and transmit to the chairs of the Joint  
17 Legislative Oversight Committee on Justice and Public Safety and to the chairs of the House and  
18 Senate Appropriations Committees on Justice and Public Safety a report of its activities in the  
19 prior fiscal year and the current fiscal year to date. The report shall include:

20       ...

21       (9) The amount of funds expected to be received in the current fiscal year, as well  
22 as the amount actually received in the current fiscal year on the date of the  
23 report, from the ~~Division of Adult Correction and Juvenile Justice of the~~  
24 Department of Public Safety-Safety, the Department of Adult Correction, and  
25 from the compensation fund established pursuant to the Victims Crime Act of  
26 1984, 42 U.S.C. § 10601, et seq.

27       ...."

28           **SECTION 19C.9.(hhh)** G.S. 17C-3 reads as rewritten:  
29 **"§ 17C-3. North Carolina Criminal Justice Education and Training Standards Commission**  
30 **established; members; terms; vacancies.**

31       (a) There is established the North Carolina Criminal Justice Education and Training  
32 Standards Commission, hereinafter called "the Commission." The Commission shall be  
33 composed of ~~34~~35 members as follows:

34       ...

35       (3) Departments. – The Attorney General of the State of North Carolina; the  
36 Secretary of Public Safety; the Secretary of the Department of Adult  
37 Correction, the Director of the State Bureau of Investigation, the Commander  
38 of the State Highway Patrol, and the President of the North Carolina  
39 Community Colleges System.

40       ...

41       (6) Adult Correction and Juvenile Justice. – Four correctional officers in  
42 management positions employed by the ~~Division-Department~~ of Adult  
43 ~~Correction and Juvenile Justice of the Department of Public Safety~~ shall be  
44 ~~appointed~~, appointed by the General Assembly, two from the ~~Section of~~  
45 Community Corrections-Division of Community Supervision and Reentry  
46 upon the recommendation of the Speaker of the House of Representatives and  
47 two from the ~~Section-Division~~ of Prisons upon the recommendation of the  
48 President Pro Tempore of the Senate. Appointments by the General Assembly  
49 shall be made in accordance with G.S. 120-122. Appointments by the General  
50 Assembly shall serve two-year terms to conclude on June 30th in  
51 odd-numbered years or until the appointee no longer serves in a management

1 position with the ~~Division~~Department of Adult ~~Correction and Juvenile~~  
 2 ~~Justice, Correction,~~ whichever occurs first. The Governor shall appoint one  
 3 correctional officer employed by the ~~Division~~Department of Adult Correction  
 4 ~~and Juvenile Justice of the Department of Public Safety~~ and assigned to the  
 5 Office of Staff Development and Training, and one juvenile justice officer  
 6 employed by the Division of Juvenile Justice ~~Section of the Division of Adult~~  
 7 ~~Correction and Juvenile Justice, of the Department of Public Safety.~~ The  
 8 Governor's appointments shall serve three-year terms or until the appointee is  
 9 no longer assigned to the Office of Staff Development and Training or is no  
 10 longer a juvenile justice officer, whichever occurs first.

11 (b) The members shall be appointed for staggered terms. The initial appointments shall  
 12 be made prior to September 1, 1983, and the appointees shall hold office until July 1 of the year  
 13 in which their respective terms expire and until their successors are appointed and qualified as  
 14 provided hereafter:

15 ...

16 The Attorney General, the President of The University of North Carolina, the Dean of the  
 17 School of Government at the University of North Carolina at Chapel Hill, the President of the  
 18 North Carolina Community Colleges System, the Director of the State Bureau of Investigation,  
 19 the Commander of the State Highway Patrol, the Secretary of Adult Correction, and the Secretary  
 20 of Public Safety shall be continuing members of the Commission during their tenure. These  
 21 members of the Commission shall serve ex officio and shall perform their duties on the  
 22 Commission in addition to the other duties of their offices. The ex officio members may elect to  
 23 serve personally at any or all meetings of the Commission or may designate, in writing, one  
 24 member of their respective office, department, university or agency to represent and vote for  
 25 them on the Commission at all meetings the ex officio members are unable to attend.

26 ...."

27 **SECTION 19C.9.(iii)** G.S. 90-113.75E(a) reads as rewritten:

28 "(a) There is hereby created the Opioid and Prescription Drug Abuse Advisory  
 29 Committee, to be housed in and staffed by the Department. The Committee shall develop and,  
 30 through its members, implement a statewide strategic plan to combat the problem of opioid and  
 31 prescription drug abuse. The Committee shall include representatives from the following, as well  
 32 as any other persons designated by the Secretary of Health and Human Services:

33 ...

34 (5) The ~~Divisions of Adult Correction and~~ Division of Juvenile Justice of the  
 35 Department of Public Safety.

36 (5a) The Division of Community Supervision and Reentry of the Department of  
 37 Adult Correction.

38 (5b) The Division of Prisons of the Department of Adult Correction.

39 ...."

40 **SECTION 19C.9.(jjj)** G.S. 108A-14(a)(9) reads as rewritten:

41 "(a) The director of social services shall have the following duties and responsibilities:

42 ...

43 (9) To assist and cooperate with the ~~Division~~Department of Adult Correction and  
 44 the Division of Juvenile Justice of the Department of Public Safety and their  
 45 respective representatives;"

46 **SECTION 19C.9.(kkk)** G.S. 115C-112.1(b) reads as rewritten:

47 "(b) The Council shall consist of a minimum of 24 members to be appointed as follows:  
 48 four ex officio members; one individual with a disability and one representative of a private  
 49 school appointed by the Governor; one member of the Senate and one parent of a child with a  
 50 disability between the ages of birth and 26 appointed by the President Pro Tempore of the Senate;  
 51 one member of the House of Representatives and one parent of a child with a disability appointed

1 by the Speaker of the House of Representatives; and 14 members appointed by the State Board  
 2 of Education. The State Board shall appoint members who represent individuals with disabilities,  
 3 teachers, local school administrative units, institutions of higher education that prepare special  
 4 education and related services personnel, administrators of programs for children with  
 5 disabilities, charter schools, parents of children with disabilities, a State or local official who  
 6 carries out activities under the federal McKinney-Vento Homeless Assistance Act, vocational,  
 7 community, or business organizations concerned with the provision of transition services, and  
 8 others as required by IDEA. The majority of members on the Council shall be individuals with  
 9 disabilities or parents of children with disabilities. The Council shall designate a chairperson  
 10 from among its members. The designation of the chairperson is subject to the approval of the  
 11 State Board of Education. The Board shall adopt rules to carry out this subsection.

12 Ex officio members of the Council shall be the following:

13 ...

14 (2) The Secretary of Public Safety or the Secretary's designee.

15 (3) The Secretary of ~~Public Safety~~ Adult Correction or the Secretary's designee.

16 ...."

17 **SECTION 19C.9.(iii)** G.S. 115D-5(b) reads as rewritten:

18 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of  
 19 curricular courses and of noncurricular extension courses at convenient locations away from  
 20 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata  
 21 portion of the established regular tuition rate charged a full-time student shall be charged a  
 22 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of  
 23 Community Colleges shall establish a uniform registration fee, or a schedule of uniform  
 24 registration fees, to be charged students enrolling in extension courses for which instruction is  
 25 financed primarily from State funds. The State Board of Community Colleges may provide by  
 26 general and uniform regulations for waiver of tuition and registration fees for the following:

27 ...

28 (2) Courses requested by the following entities that support the organizations'  
 29 training needs and are on a specialized course list approved by the State Board  
 30 of Community Colleges:

31 ...

32 g. The Division of Prisons of the Department of Adult Correction and the  
 33 Division of Juvenile Justice of the Department of Public Safety for the  
 34 training of full-time custodial employees and employees of the  
 35 ~~Division~~ Divisions required to be certified under Article 1 of Chapter  
 36 17C of the General Statutes and the rules of the Criminal Justice and  
 37 Training Standards Commission.

38 ...."

39 **SECTION 19C.9.(mmm)** G.S. 120-12.1 reads as rewritten:

40 **"§ 120-12.1. Reports on vacant positions in the ~~Judicial Department and two other various~~ various**  
 41 **departments.**

42 The Judicial Department, the Department of Justice, the Department of Adult Correction, and  
 43 the Department of Public Safety shall each report by February 1 of each year to the Chairs of the  
 44 House and Senate Appropriations Committees and the Chairs of the House and Senate  
 45 Appropriations Subcommittees on Justice and Public Safety on all positions within that  
 46 department that have remained vacant for 12 months or more. The report shall include the original  
 47 position vacancy dates, the dates of any postings or repostings of the positions, and an  
 48 explanation for the length of the vacancies."

49 **SECTION 19C.9.(nnn)** G.S. 120-70.94(a) reads as rewritten:

50 "(a) The Joint Legislative Oversight Committee on Justice and Public Safety shall  
 51 examine, on a continuing basis, the correctional, law enforcement, and juvenile justice systems

1 in North Carolina, in order to make ongoing recommendations to the General Assembly on ways  
 2 to improve those systems and to assist those systems in realizing their objectives of protecting  
 3 the public and of punishing and rehabilitating offenders. In this examination, the Committee  
 4 shall:

5 (1) Study the budget, programs, and policies of the Department of Public Safety  
 6 and the Department of Adult Correction to determine ways in which the  
 7 General Assembly may improve the effectiveness of the  
 8 ~~Department.~~Departments.

9 (2) Examine the effectiveness of the Division of Prisons of the Department of  
 10 Adult Correction and Juvenile Justice of the Department of Public Safety in  
 11 implementing the public policy stated in G.S. 148-26 of providing work  
 12 assignments and employment for inmates as a means of reducing the cost of  
 13 maintaining the inmate population while enabling inmates to acquire or retain  
 14 skills and work habits needed to secure honest employment after their release.

15 ...  
 16 (2b) Examine the effectiveness of the Division of ~~Adult Correction and Juvenile~~  
 17 ~~Justice of the Department of Public Safety~~ in implementing the duties and  
 18 responsibilities charged to the Division in Part 3 of Article 13 of Chapter 143B  
 19 of the General Statutes and the overall effectiveness and efficiency of the  
 20 juvenile justice system in the State.

21 ...  
 22 (10) Study the needs of juveniles. This study may include, but is not limited to:  
 23 a. Determining the adequacy and appropriateness of services:  
 24 1. To children and youth receiving child welfare  
 25 ~~services;~~services.  
 26 2. To children and youth in the juvenile court ~~system;~~system.  
 27 3. Provided by the Division of Social Services of the Department  
 28 of Health and Human Services and the Division of ~~Adult~~  
 29 ~~Correction and Juvenile Justice of the Department of Public~~  
 30 ~~Safety;~~Safety.  
 31 4. To children and youth served by the Mental Health,  
 32 Developmental Disabilities, and Substance Abuse Services  
 33 system.

34 ...."

35 **SECTION 19C.9.(ooo)** G.S. 122C-22(a) reads as rewritten:

36 "(a) All of the following are excluded from the provisions of this Article and are not  
 37 required to obtain licensure under this Article:

38 ...  
 39 (10) Inpatient chemical dependency or substance abuse facilities that provide  
 40 services exclusively to inmates of the ~~Division of Adult Correction and~~  
 41 ~~Juvenile Justice of the Department of Public Safety,~~ Adult Correction, as  
 42 described in G.S. 148-19.1.

43 ...."

44 **SECTION 19C.9.(ppp)** The title of Part 10 of Article 5 of Chapter 122C of the  
 45 General Statutes reads as rewritten:

46 "Part 10. Voluntary Admissions, Involuntary Commitments and Discharges, Inmates and  
 47 Parolees, ~~Division Department of Adult Correction and Juvenile Justice of the Department of~~  
 48 ~~Public Safety.~~Correction."

49 **SECTION 19C.9.(qqq)** G.S. 122C-421(b) reads as rewritten:

50 "(b) These special police officers may exercise any and all of the powers enumerated in  
 51 this Part upon or in pursuit from the property formerly occupied by the Black Mountain Center

1 and now occupied by the ~~Division-Department~~ of Adult ~~Correction~~ of the Department of Public  
 2 ~~Safety-Correction~~. These special police officers shall exercise said powers upon the property  
 3 transferred to the ~~Division-Department~~ of Adult Correction of the Department of Public Safety  
 4 only by agreement of the ~~Division-Department~~ of Adult Correction of the Department of Public  
 5 ~~Safety~~ and the Department of Health and Human Services."

6 **SECTION 19C.9.(rrr)** G.S. 127A-54(c) reads as rewritten:

7 "(c) Any defendant whose sentence by a military court includes confinement shall be  
 8 placed into the custody of the Division of Prisons of the Department of Adult Correction and  
 9 Juvenile Justice of the Department of Public Safety-Correction. The Division of ~~Adult Correction~~  
 10 Prisons of the Department of ~~Public Safety-Adult Correction~~ is authorized to transfer physical  
 11 custody of the defendant to a local confinement facility."

12 **SECTION 19C.9.(sss)** G.S. 131E-184(d) reads as rewritten:

13 "(d) In accordance with, and subject to the limitations of G.S. 148-19.1, the Department  
 14 shall exempt from certificate of need review the construction and operation of a new chemical  
 15 dependency or substance abuse facility for the purpose of providing inpatient chemical  
 16 dependency or substance abuse services solely to inmates of the ~~Division-Department~~ of Adult  
 17 ~~Correction and Juvenile Justice of the Department of Public Safety-Correction~~. If an inpatient  
 18 chemical dependency or substance abuse facility provides services both to inmates of the  
 19 ~~Division-Department~~ of Adult Correction and ~~Juvenile Justice of the Department of Public Safety~~  
 20 and to members of the general public, only the portion of the facility that serves inmates shall be  
 21 exempt from certificate of need review."

22 **SECTION 19C.9.(ttt)** G.S. 143-138(g) reads as rewritten:

23 "(g) Publication and Distribution of Code. – The Building Code Council shall cause to be  
 24 printed, after adoption by the Council, the North Carolina State Building Code and each  
 25 amendment thereto. It shall, at the State's expense, distribute copies of the Code and each  
 26 amendment to State and local governmental officials, departments, agencies, and educational  
 27 institutions, as is set out in the table below. (Those marked by an asterisk will receive copies only  
 28 on written request to the Council.)

29 OFFICIAL OR AGENCY	NUMBER OF COPIES
30 ...	
31 Division of <u>Prisons of the Department of Adult Correction</u> .....	1
32 <del>and Division of Juvenile Justice of the</del>	
33 Department of Public Safety .....	1
34 ...."	

35 **SECTION 19C.9.(uuu)** G.S. 143-166.1 reads as rewritten:

36 **"§ 143-166.1. Purpose.**

37 In consideration of hazardous public service rendered to the people of this State, there is  
 38 hereby provided a system of benefits for dependents of law-enforcement officers, firefighters,  
 39 rescue squad workers, and senior Civil Air Patrol members killed in the discharge of their official  
 40 duties, and for dependents of noncustodial employees of the ~~Division-Department~~ of Adult  
 41 ~~Correction and Juvenile Justice of the Department of Public Safety~~ killed by an individual or  
 42 individuals in the custody of the ~~Division-Department~~ of Adult ~~Correction and Juvenile Justice~~  
 43 ~~of the Department of Public Safety-Correction~~."

44 **SECTION 19C.9.(vvv)** G.S. 143-166.2 reads as rewritten:

45 **"§ 143-166.2. Definitions.**

46 The following definitions apply in this Article:

- 47 (1) Covered person. – This term shall apply to all of the following individuals:
- 48 a. Firefighters.
- 49 b. Law enforcement officers.

- 1 c. Noncustodial employees of the ~~Division~~Department of Adult
- 2 ~~Correction and Juvenile Justice of the Department of Public~~
- 3 ~~Safety.~~Correction.
- 4 d. Rescue squad workers.
- 5 e. Senior Civil Air Patrol members.
- 6 (2) Custodial employee. – An employee of the ~~Division~~Department of Adult
- 7 ~~Correction and~~ or the Division of Juvenile Justice of the Department of Public
- 8 Safety who is a detention officer or a correctional officer or who otherwise
- 9 has direct care and control over individuals in the custody of the ~~Division~~
- 10 Department of Adult Correction and ~~and~~ or the Division of Juvenile Justice of the
- 11 Department of Public Safety.
- 12 ...
- 13 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:
- 14 ...
- 15 c. The death of a noncustodial employee who, while performing his or
- 16 her official duties, is killed in a manner reasonably determined by the
- 17 Industrial Commission to be directly caused by an individual or
- 18 individuals in the custody of the Division of Prisons or the Division of
- 19 Community Supervision and Reentry of the Department of Adult
- 20 ~~Correction and Correction,~~ or the Division of Juvenile Justice of the
- 21 Department of Public Safety.
- 22 ...
- 23 (7) Law enforcement officer or officer. – This term shall apply to all of the
- 24 following individuals:
- 25 ...
- 26 b. Full-time custodial employees and probation and parole officers of the
- 27 ~~Division of Adult Correction and Juvenile Justice of the Department~~
- 28 ~~of Public Safety.~~Adult Correction.
- 29 c. Full-time institutional and full-time, permanent part-time, and
- 30 temporary detention employees of the Division of Juvenile Justice
- 31 ~~Section of the Division of Adult Correction and Juvenile Justice of the~~
- 32 Department of Public Safety.
- 33 ...
- 34 (8) Noncustodial employee. – An employee of the ~~Division~~Department of Adult
- 35 ~~Correction and~~ who is not a custodial employee or the Division of Juvenile
- 36 Justice of the Department of Public Safety who is not a custodial employee.
- 37 ...."

**SECTION 19C.9.(www)** G.S. 143-166.7 reads as rewritten:

**"§ 143-166.7. Applicability of Article.**

The provisions of this Article shall apply and be in full force and effect with respect to any law-enforcement officer, firefighter, rescue squad worker or senior Civil Air Patrol member killed in the line of duty on or after May 13, 1975. The provisions of this Article shall apply with respect to full-time, permanent part-time and temporary employees of the North Carolina Forest Service of the Department of Agriculture and Consumer Services killed in the line of duty on or after July 1, 1975. The provisions of this Article shall apply to county fire marshals and emergency services coordinators killed in the line of duty on and after July 1, 1988. The provisions of this Article shall apply to noncustodial employees of the Division of ~~Adult Prisons~~ of the Department of Adult Correction and noncustodial employees of the Division of Juvenile Justice of the Department of Public Safety who are killed in the line of duty on and after April 1, 2017."

**SECTION 19C.9.(xxx)** G.S. 143-166.13(a) reads as rewritten:



"(a) The following persons who are subject to the Criminal Justice Training and Standards Act are entitled to benefits under this Article:

- ...
- (2) State Correctional Officers, Division of Prisons of the Department of Adult Correction and Juvenile Justice of the Department of Public Safety; Correction;
- (3) State Probation and Parole Officers, Division of Adult Correction and Juvenile Justice Community Supervision and Reentry of the Department of Public Safety; Adult Correction;
- (4) Sworn State Law-Enforcement Officers with the power of arrest, ~~Division~~ Department of Adult Correction and or Division of Juvenile Justice of the Department of Public Safety;
- ...
- (9) Juvenile Justice Officers, Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety;

...."

**SECTION 19C.9.(yyy)** G.S. 143B-179(a) reads as rewritten:

"(a) The Council on Developmental Disabilities of the Department of Health and Human Services shall consist of 32 members appointed by the Governor. The composition of the Council shall be as follows:

- (1) Eleven members from the General Assembly and State government agencies as follows: One person who is a member of the Senate, one person who is a member of the House of Representatives, one representative of the Department of Public Instruction, one representative of the ~~Division~~ Department of Adult Correction and Juvenile Justice of the Department of Public Safety; Correction, and seven representatives of the Department of Health and Human Services to include the Secretary or his designee.

...."

**SECTION 19C.9.(zzz)** G.S. 143B-394.15(c) reads as rewritten:

"(c) Membership. – The Commission shall consist of ~~38~~ 39 members, who reflect the geographic and cultural regions of the State, as follows:

- ...
- (4) The following persons or their designees, ex officio:
  - ...
  - g1. The Secretary of the Department of Adult Correction.

...."

**SECTION 19C.9.(aaaa)** G.S. 143B-1100 reads as rewritten:

"(a) There is hereby created the Governor's Crime Commission of the Department of Public Safety. The Commission shall consist of ~~37~~ 38 voting members and five nonvoting members. The composition of the Commission shall be as follows:

- (1) The voting members shall be:
  - a. The Governor, the Chief Justice of the Supreme Court of North Carolina (or the Chief Justice's designee), the Attorney General, the Director of the Administrative Office of the Courts, the Secretary of the Department of Health and Human Services, the Secretary of Public Safety (or the Secretary's designee), the Secretary of the Department of Adult Correction (or the Secretary's designee), and the Superintendent of Public Instruction;
  - ...
- (2) The nonvoting members shall be the Director of the State Bureau of Investigation, the Deputy ~~Chief~~ Director of the Division of Juvenile Justice

~~Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety who is responsible for Intervention/Prevention programs, the Deputy Chief Director of the Division of Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety who is responsible for Youth Development programs, the Section Chief of the Section Director of the Division of Prisons of the Division Department of Adult Correction and Juvenile Justice and Correction, and the Section Chief Director of the Section Division of Community Supervision and Reentry of the Division Department of Adult Correction and Juvenile Justice, Correction.~~

(b) The membership of the Commission shall be selected as follows:

(1) The following members shall serve by virtue of their office: the Governor, the Chief Justice of the Supreme Court, the Attorney General, the Director of the Administrative Office of the Courts, the Secretary of the Department of Health and Human Services, the Secretary of Public Safety, the Secretary of the Department of Adult Correction, the Director of the State Bureau of Investigation, ~~the Section Chief of the Section Director of the Division of Prisons of the Division of Adult Correction and Juvenile Justice, Department of Adult Correction, the Section Chief of the Section Director of the Division of Community Supervision and Reentry of the Division Department of Adult Correction and Juvenile Justice, Correction,~~ the Deputy Chief Director who is responsible for Intervention/Prevention of the Juvenile Justice ~~Section Division of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~, the Deputy Chief Director who is responsible for Youth Development of the Division of Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety, and the Superintendent of Public Instruction. Should the Chief Justice of the Supreme Court choose not to serve, his alternate shall be selected by the Governor from a list submitted by the Chief Justice which list must contain no less than three nominees from the membership of the Supreme Court.

...."

**SECTION 19C.9.(bbbb)** G.S. 143B-1311(d) reads as rewritten:

"(d) The following office holders or their designee, shall serve as nonvoting ex officio members of the Commission:

...

(2a) Secretary of the Department of Adult Correction.

...."

**SECTION 19C.9.(cccc)** G.S. 148-4.1 reads as rewritten:

**"§ 148-4.1. Release of inmates.**

(a) Whenever the Secretary of ~~Public Safety the Department of Adult Correction~~ determines from data compiled by the Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety Prisons~~ that it is necessary to reduce the prison population to a more manageable level or to meet the State's obligations under law, ~~he shall the Secretary in consultation with the Secretary of the Department of Public Safety may~~ direct the Post-Release Supervision and Parole Commission to release on parole over a reasonable period of time a number of prisoners sufficient to that purpose. From the time the Secretary directs the Post-Release Supervision and Parole Commission until the prison population has been reduced to a more manageable level, the Secretary may not accept any inmates ordered transferred from local confinement facilities to the State prison system under G.S. 148-32.1(b). Further, the Secretary may return any inmate housed in the State prison system under an order entered pursuant to G.S. 148-32.1(b) to the local confinement facility from which the inmate was

1 transferred. In order to meet the requirements of this section, the Parole Commission shall not  
2 parole any person convicted under Article 7B of Chapter 14 of a sex offense, under G.S. 14-39,  
3 14-41, or 14-43.3, under G.S. 90-95(h) of a drug trafficking offense, or under G.S. 14-17, or any  
4 other violent felon as defined in subsection (a1) of this section. The Parole Commission may  
5 continue to consider the suitability for release of such persons in accordance with the criteria set  
6 forth in Articles 85 and 85A of Chapter 15A.

7 (a1) Notwithstanding any other provision of this section, the Division of Prisons of the  
8 Department of Adult Correction and Juvenile Justice of the Department of Public Safety shall at  
9 all times secure the necessary prison space to house any violent felon or habitual felon for the  
10 full active sentence imposed by the court. For purposes of this subsection, the term "violent felon"  
11 means any person convicted of the following felony offenses: first or second degree murder,  
12 voluntary manslaughter, first or second degree rape, first or second degree sexual offense, any  
13 sexual offense involving a minor, robbery, kidnapping, or assault, or attempting, soliciting, or  
14 conspiring to commit any of those offenses.

15 ...."

16 **SECTION 19C.9.(dddd)** G.S. 148-13 reads as rewritten:

17 **"§ 148-13. Regulations as to custody grades, privileges, gain time credit, etc.**

18 (a) The Secretary of ~~Public Safety~~ the Department of Adult Correction may issue  
19 regulations regarding the grades of custody in which State prisoners are kept, the privileges and  
20 restrictions applicable to each custody grade, and the amount of cash, clothing, etc., to be awarded  
21 to State prisoners after their discharge or parole. The amount of cash awarded to a prisoner upon  
22 discharge or parole after being incarcerated for two years or longer shall be at least forty-five  
23 dollars (\$45.00).

24 (a1) The Secretary of ~~Public Safety~~ the Department of Adult Correction shall adopt rules  
25 to specify the rates at, and circumstances under, which earned time authorized by  
26 G.S. 15A-1340.13(d) and G.S. 15A-1340.20(d) may be earned or forfeited by persons serving  
27 activated sentences of imprisonment for felony or misdemeanor convictions. Such rules shall  
28 include any person serving an activated sentence of imprisonment who is confined in a detention  
29 facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction~~  
30 ~~and Juvenile Justice of the Department of Public Safety.~~

31 (b) With respect to prisoners who are serving sentences for impaired driving offenses  
32 under G.S. 20-138.1, the Secretary of ~~Public Safety~~ the Department of Adult Correction may, in  
33 ~~his~~ the Secretary's discretion, issue regulations regarding deductions of time from the terms of  
34 such prisoners for good behavior, meritorious conduct, work or study, participation in  
35 rehabilitation programs, and the like.

36 (c), (d) Repealed by Session Laws 1993, c. 538, s. 32, effective January 1, 1995.

37 (e) The Secretary's regulations concerning earned time and good time credits authorized  
38 by this section shall be distributed to and followed by local jail administrators and by personnel  
39 of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of Juvenile  
40 Justice ~~Section~~ with regard to sentenced jail prisoners, including prisoners housed in a detention  
41 facility approved by the ~~Juvenile Justice Section of the Division of Adult Correction and~~ Division  
42 of Juvenile Justice.

43 (f) The provisions of this section do not apply to persons sentenced to a term of special  
44 probation under G.S. 15A-1344(e) or G.S. 15A-1351(a)."

45 **SECTION 19C.9.(eeee)** G.S. 148-19.1 reads as rewritten:

46 **"§ 148-19.1. Exemption from licensure and certificate of need.**

47 (a) Inpatient chemical dependency or substance abuse facilities that provide services  
48 exclusively to inmates of the ~~Division~~ Department of Adult Correction and Juvenile Justice ~~or~~  
49 offenders under the supervision of the Division of Community Supervision and Reentry of the  
50 Department of ~~Public Safety~~ Adult Correction shall be exempt from licensure by the Department  
51 of Health and Human Services under Chapter 122C of the General Statutes. If an inpatient

1 chemical dependency or substance abuse facility provides services both to inmates of the  
2 ~~Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ or offenders  
3 under supervision and to members of the general public, the portion of the facility that serves  
4 inmates or offenders under supervision shall be exempt from licensure.

5 (b) Any person who contracts to provide inpatient chemical dependency or substance  
6 abuse services to inmates of the ~~Division-Department~~ of Adult Correction and Juvenile Justice  
7 or to offenders under the supervision of the Division of Community Supervision and Reentry of  
8 the Department of ~~Public Safety-Adult Correction~~ may construct and operate a new chemical  
9 dependency or substance abuse facility for that purpose without first obtaining a certificate of  
10 need from the Department of Health and Human Services pursuant to Article 9 of Chapter 131E  
11 of the General Statutes. However, a new facility or addition developed for that purpose without  
12 a certificate of need shall not be licensed pursuant to Chapter 122C of the General Statutes and  
13 shall not admit anyone other than inmates unless the owner or operator first obtains a certificate  
14 of need."

15 **SECTION 19C.9.(ffff)** G.S. 148-29 reads as rewritten:

16 "**§ 148-29. Transportation of convicts to prison; reimbursement to counties; sheriff's**  
17 **expense affidavit.**

18 (a) The sheriff having in charge any prisoner to be taken to the State prison system shall  
19 send the prisoner to the custody of the Division of Prisons of the Department of Adult Correction  
20 ~~and Juvenile Justice of the Department of Public Safety~~ after sentencing and the disposal of all  
21 pending charges against the prisoner, if no appeal has been taken. Beginning on the day after the  
22 ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice~~ has been notified by  
23 the sheriff that a prisoner is ready for transfer and the Division has informed the sheriff that  
24 bedspace is not available for that prisoner, and continuing through the day the prisoner is received  
25 by the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice, Division,~~ the  
26 ~~Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall pay  
27 the county:

- 28 (1) A standard sum set by the General Assembly in its appropriations acts for the  
29 cost of providing food, clothing, personal items, supervision, and necessary  
30 ordinary medical services to the prisoner awaiting transfer to the State prison  
31 system; and  
32 (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by  
33 prisoners awaiting transfer to the State prison system.

34 If the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice~~ determines that  
35 bedspace is not available for a prisoner after the sheriff has notified the Division that the prisoner  
36 is ready for transfer, reimbursement under this subsection shall be made beginning on the day  
37 after the sheriff gave the notification.

38 (b) The sheriff having in charge any parolee or post-release supervisee to be taken to the  
39 State prison system shall send the prisoner to the custody of the Division of Prisons of the  
40 Department of Adult Correction and Juvenile Justice of the Department of Public Safety after  
41 preliminary hearing held under G.S. 15A-1368.6(b) or G.S. 15A-1376(b). Beginning on the day  
42 after the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice~~ has been  
43 notified by the sheriff that a prisoner is ready for transfer and the Division has informed the  
44 sheriff that bedspace is not available for that prisoner, and continuing through the day the prisoner  
45 is received by the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice,~~  
46 Division, the ~~Division of Adult Correction and Juvenile Justice of the Department of Public~~  
47 ~~Safety~~ shall pay the county:

- 48 (1) A standard sum set by the General Assembly in its appropriations acts for the  
49 cost of providing food, clothing, personal items, supervision, and necessary  
50 ordinary medical services to the parolee or post-release supervisee awaiting  
51 transfer to the State prison system; and

- 1 (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by  
2 parolees or post-release supervisees awaiting transfer to the State prison  
3 system.

4 If the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice~~ determines that  
5 bedspace is not available for a prisoner after the sheriff has notified the Division that the prisoner  
6 is ready for transfer, reimbursement under this subsection shall be made beginning on the day  
7 after the sheriff gave the notification.

8 ...."

9 **SECTION 19C.9.(gggg)** G.S. 148-32.3 reads as rewritten:

10 **"§ 148-32.3. Inmate Construction Program.**

11 Notwithstanding any other provision of law, but subject to the provisions of this Article, the  
12 State Construction Office may utilize inmates in the custody of the Division of ~~Adult Correction~~  
13 Prisons of the Department of ~~Public Safety-Adult Correction~~ through the Inmate Construction  
14 Program for repair and renovation projects on State-owned facilities, with priority given to  
15 Department of ~~Public Safety-Adult Correction~~ construction projects. State agencies utilizing the  
16 Inmate Construction Program shall reimburse the Division of Prisons of the Department of Adult  
17 Correction of the Department of Public Safety for the cost of transportation, custody, and wages  
18 for the inmate crews."

19 **SECTION 19C.9.(hhhh)** G.S. 148-40 reads as rewritten:

20 **"§ 148-40. Recapture of escaped prisoners.**

21 The rules and regulations for the government of the State prison system may provide for the  
22 recapture of convicts that may escape, or any convicts that may have escaped from the State's  
23 prison or prison camps, or county road camps of this State, and the Division of ~~Adult Correction~~  
24 and Juvenile Justice-Prisons of the Department of Public Safety-Adult Correction may pay to any  
25 person recapturing an escaped convict such reward or expense of recapture as the regulations  
26 may provide. Any citizen of North Carolina shall have authority to apprehend any convict who  
27 may escape before the expiration of his-the convict's term of imprisonment whether ~~he-the convict~~  
28 be guilty of a felony or misdemeanor, and retain him-the convict in custody and deliver him-the  
29 convict to the Division of ~~Adult Correction and Juvenile Justice-Prisons~~ of the Department of  
30 ~~Public Safety-Adult Correction.~~"

31 **SECTION 19C.9.(iiii)** G.S. 148-118.6 reads as rewritten:

32 **"§ 148-118.6. Grievance Resolution Board.**

33 The Grievance Resolution Board is established as a separate agency within the ~~Division~~  
34 Department of Adult Correction and Juvenile Justice of the Department of Public Safety-  
35 Correction. It shall consist of five members appointed by the Governor to serve four-year terms.  
36 Of the members so appointed, three shall be attorneys selected from a list of 10 persons  
37 recommended by the Council of the North Carolina State Bar. The remaining two members shall  
38 be persons of knowledge and experience in one or more fields under the jurisdiction of the  
39 Secretary of ~~Public Safety-the Department of Adult Correction.~~ In the event a vacancy occurs  
40 on the Board prior to the expiration of a member's term, the Governor shall appoint a new Board  
41 member to serve the unexpired term. If the vacancy occurs in one of the positions designated for  
42 an attorney, the Governor shall select another attorney from a list of five persons recommended  
43 by the Council of the North Carolina State Bar. The Board shall perform those functions assigned  
44 to it by the Governor and shall review the grievance procedure. The Grievance Resolution Board  
45 shall meet not less than quarterly to review summaries of grievances. All members of the Inmate  
46 Grievance Commission, appointed by the Governor pursuant to G.S. 148-101, may complete  
47 their terms as members of the Board. Each member of the Board shall receive per diem and travel  
48 expenses as authorized for members of State commissions and boards under G.S. 138-5."

49 **SECTION 19C.9.(jjjj)** G.S. 148-118.8 reads as rewritten:

50 **"§ 148-118.8. Appointment, salary, and authority of Executive Director and inmate**  
51 **grievance examiners.**

1 (a) The Grievance Resolution Board, in consultation with the Secretary of ~~Public Safety,~~  
2 ~~the Department of Adult Correction,~~ shall provide the Governor with at least three nominees, and  
3 the Governor shall appoint an Executive Director from those nominees. The Grievance  
4 Resolution Board shall appoint grievance examiners. The Executive Director shall manage the  
5 staff and perform such other functions as are assigned to the Director by the Grievance Resolution  
6 Board. The Executive Director shall serve at the pleasure of the Governor. The grievance  
7 examiners shall serve at the pleasure of the Grievance Resolution Board. The grievance  
8 examiners shall be subject to Article 2 of Chapter 126 of the North Carolina General Statutes for  
9 purposes of salary and leave. Support staff, equipment, and facilities for the Board shall be  
10 provided by the ~~Division~~ Department of Adult ~~Correction of the Department of Public~~  
11 ~~Safety~~ Correction.

12 (b) The inmate grievance examiners shall investigate inmate grievances pursuant to the  
13 procedures established by the Administrative Remedy Procedure. Examiners shall attempt to  
14 resolve grievances through mediation with all parties. Otherwise, the inmate grievance examiners  
15 shall either (i) order such relief as is appropriate; or (ii) deny the grievance. The decision of the  
16 grievance examiner shall be binding, unless the Secretary of ~~Public Safety~~ the Department of  
17 Adult Correction (i) finds that such relief is not appropriate, (ii) gives a written explanation for  
18 this finding, and (iii) makes an alternative order of relief or denies the grievance."

19 **SECTION 19C.9.(kkkk)** G.S. 148-128 reads as rewritten:

20 **"§ 148-128. Authorization for Correction Enterprises.**

21 The ~~Section~~ Division of Correction Enterprises of the ~~Division of Adult Correction and~~  
22 ~~Juvenile Justice~~ is established as a division of the ~~Division~~ Department of Adult ~~Correction and~~  
23 ~~Juvenile Justice of the Department of Public Safety~~ Correction. The ~~Section~~ Division of  
24 Correction Enterprises of the ~~Division of Adult Correction and Juvenile Justice~~ may develop and  
25 operate industrial, agricultural, and service enterprises that employ incarcerated offenders in an  
26 effort to provide them with meaningful work experiences and rehabilitative opportunities that  
27 will increase their employability upon release from prison. Enterprises operated under this Article  
28 shall be known as "Correction Enterprises.""

29 **SECTION 19C.9.(llll)** G.S. 148-131 reads as rewritten:

30 **"§ 148-131. Powers and responsibilities.**

31 In order to fulfill the purposes set forth in G.S. 148-129, the ~~Section~~ Division of Correction  
32 Enterprises of the ~~Division~~ Department of Adult Correction ~~and Juvenile Justice~~ is authorized  
33 and empowered to take all actions necessary in the operation of its enterprises, including any of  
34 the following actions to:

35 ...."

36 **SECTION 19C.9.(mmmm)** G.S. 148-132 reads as rewritten:

37 **"§ 148-132. Distribution of products and services.**

38 The ~~Section~~ Division of Correction Enterprises of the ~~Division~~ Department of Adult  
39 Correction ~~and Juvenile Justice~~ is empowered and authorized to market and sell products and  
40 services produced by Correction Enterprises to any of the following entities:

41 ...."

42 **SECTION 19C.9.(nnnn)** G.S. 148-134 reads as rewritten:

43 **"§ 148-134. Preference for Division of Prisons of Department of Adult Correction and**  
44 **Juvenile Justice of the Department of Public Safety products.**

45 All departments, institutions, and agencies of this State that are supported in whole or in part  
46 by the State shall give preference to Correction Enterprises products in purchasing articles,  
47 products, and commodities that these departments, institutions, and agencies require and that are  
48 manufactured or produced within the State prison system and offered for sale to them by  
49 Correction Enterprises. No article or commodity available from Correction Enterprises shall be  
50 purchased by any State department, institution, or agency from any other source unless the prison  
51 product does not meet the standard specifications and the reasonable requirements of the

1 department, institution, or agency as determined by the Secretary of Administration or the  
 2 requisition cannot be complied with because of an insufficient supply of the articles or  
 3 commodities required. The provisions of Article 3 of Chapter 143 of the General Statutes  
 4 respecting contracting for the purchase of all supplies, materials, and equipment required by the  
 5 State government or any of its departments, institutions, or agencies under competitive bidding  
 6 shall not apply to articles or commodities available from Correction Enterprises. The ~~Section~~  
 7 Division of Correction Enterprises of the ~~Division-Department~~ of Adult Correction and ~~Juvenile~~  
 8 ~~Justice~~ shall be required to keep the price of such articles or commodities substantially in accord  
 9 with that paid by governmental agencies for similar articles and commodities of equivalent  
 10 quality."

11 **SECTION 19C.9.(oooo)** G.S. 150B-1(e) reads as rewritten:

12 "(e) Exemptions From Contested Case Provisions. – The contested case provisions of this  
 13 Chapter apply to all agencies and all proceedings not expressly exempted from the Chapter. The  
 14 contested case provisions of this Chapter do not apply to the following:

15 ...

16 (7) ~~The Division of Adult Correction and Juvenile Justice of the Department of~~  
 17 ~~Public Safety-Prisons of the Department of Adult Correction.~~

18 ...."

19 **SECTION 19C.9.(pppp)** G.S. 153A-218 reads as rewritten:

20 **"§ 153A-218. County confinement facilities.**

21 A county may establish, acquire, erect, repair, maintain, and operate local confinement  
 22 facilities and may for these purposes appropriate funds not otherwise limited as to use by law.  
 23 Subject to the holdover provisions in G.S. 7B-2204, no person under the age of 18 may be held  
 24 in a county confinement facility unless there is an agreement between the county confinement  
 25 facility and the Division of ~~Adult Correction and Juvenile Justice~~ allowing the housing of persons  
 26 under the age of 18 at the facility or a portion of the facility that has been approved as a juvenile  
 27 detention facility by the Division of Juvenile Justice-Justice. ~~Section-Justice~~. A juvenile detention facility  
 28 may be located in the same facility as a county jail provided that the juvenile detention facility  
 29 meets the requirements of this Article and G.S. 147-33.40."

30 **SECTION 19C.9.(qqqq)** G.S. 160A-287 reads as rewritten:

31 **"§ 160A-287. City lockups.**

32 A city shall have authority to establish, erect, repair, maintain and operate a lockup for the  
 33 temporary detention of prisoners pending their transferal to the county or district jail or the ~~State~~  
 34 ~~Division of Adult Correction and Juvenile Justice~~. Division of Prisons of the Department of Adult  
 35 Correction."

36 **SECTION 19C.9.(rrrr)** G.S. 162-39 reads as rewritten:

37 **"§ 162-39. Transfer of prisoners when necessary for safety and security; application of**  
 38 **section to municipalities.**

39 ...

40 (b) Whenever necessary to avoid a security risk in any county jail, or whenever prisoners  
 41 are arrested in such numbers that county jail facilities are insufficient and inadequate for the  
 42 housing of such prisoners, the resident judge of the superior court or any judge holding superior  
 43 court in the district or any district court judge may order the prisoner transferred to a unit of the  
 44 State prison system designated by the Secretary of ~~Public Safety~~ the Department of Adult  
 45 Correction or ~~his~~ the Secretary's authorized representative. For purposes of this subsection, a  
 46 prisoner poses a security risk if the prisoner:

47 ...

48 (b1) ~~The Department of Public Safety, Health Services Section, Division of the~~  
 49 Department of Adult Correction shall maintain records of prisoners transferred to a unit of the  
 50 State prison system pursuant to subsection (b) of this section. The records shall utilize unique  
 51 identifiers for each transferred prisoner and shall include all of the following information:

1           ...

2           (c)     The sheriff of the county from which the prisoner is removed shall be responsible for

3 conveying the prisoner to the jail or prison unit where the prisoner is to be held, and for returning

4 the prisoner to the common jail of the county from which the prisoner was transferred. The return

5 shall be made at the expiration of the time designated in the court order directing the transfer

6 unless the judge, by appropriate order, directs otherwise. The sheriff or keeper of the jail of the

7 county designated in the court order, or the officer in charge of the prison unit designated by the

8 Secretary of ~~Public Safety~~, the Department of Adult Correction shall receive and release custody

9 of the prisoner in accordance with the terms of the court order. If a prisoner is transferred to a

10 unit of the State prison system, the county from which the prisoner is transferred shall pay the

11 Division of Prisons of the Department of Adult Correction and ~~Juvenile Justice of the Department~~

12 ~~of Public Safety~~ for maintaining the prisoner for the time designated by the court at the per day,

13 per inmate rate at which the Division of Prisons of the Department of Adult Correction and

14 ~~Juvenile Justice of the Department of Public Safety~~ pays a local jail for maintaining a prisoner.

15 The county shall also pay the Division of Prisons of the Department of Adult Correction and

16 ~~Juvenile Justice of the Department of Public Safety~~ for the costs of medical care incurred while

17 the prisoner was in the custody of the ~~Division of Adult Correction and Juvenile Justice of the~~

18 ~~Department of Public Safety~~, Division, defined as follows:

19           ...

20           (c2)   Whenever prisoners are arrested in such numbers that county jail facilities are

21 insufficient and inadequate for the safekeeping of such prisoners, the resident judge of the

22 superior court or any superior or district court judge holding court in the district may order the

23 prisoners transferred to a unit of the Division of Prisons of the Department of Adult Correction

24 and ~~Juvenile Justice of the Department of Public Safety~~ designated by the Secretary of ~~Public~~

25 ~~Safety~~ the Department of Adult Correction or the Secretary's authorized representative, where

26 the prisoners may be held for such length of time as the judge may direct, such detention to be in

27 cells separate from those used for imprisonment of persons already convicted of crimes, except

28 when admission to an inpatient prison medical or mental health unit is required to provide

29 services deemed necessary by a prison health care clinician. The sheriff of the county from which

30 the prisoners are removed shall be responsible for conveying the prisoners to the prison unit or

31 units where they are to be held, and for returning them to the common jail of the county from

32 which they were transferred. However, if due to the number of prisoners to be conveyed the

33 sheriff is unable to provide adequate transportation, the sheriff may request the assistance of the

34 ~~Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~, Division

35 and the Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ is

36 hereby authorized and directed to cooperate with the sheriff and provide whatever assistance is

37 available, both in vehicles and manpower, to accomplish the conveying of the prisoners to and

38 from the county to the designated prison unit or units. The officer in charge of the prison unit

39 designated by the Secretary of ~~Public Safety~~ the Department of Adult Correction or the

40 Secretary's authorized representative shall receive and release the custody of the prisoners in

41 accordance with the terms of the court order. The county from which the prisoners are transferred

42 shall pay to the Division of ~~Adult Correction and Juvenile Justice of the Department of Public~~

43 ~~Safety~~ the actual cost of transporting the prisoners and the cost of maintaining the prisoners at

44 the per day, per inmate rate at which the Division of ~~Adult Correction and Juvenile Justice of the~~

45 ~~Department of Public Safety~~ pays a local jail for maintaining a prisoner, provided, however, that

46 a county is not required to reimburse the State for transporting or maintaining a prisoner who

47 was a resident of another state or county at the time the prisoner was arrested. However, if the

48 county commissioners shall certify to the Governor that the county is unable to pay the bill

49 submitted by the Division of ~~Adult Correction and Juvenile Justice of the Department of Public~~

50 ~~Safety~~ to the county for the services rendered, either in whole or in part, the Governor may

51 recommend to the Council of State that the State of North Carolina assume and pay, in whole or



1 in part, the obligation of the county to the ~~Division of Adult Correction and Juvenile Justice of~~  
2 ~~the Department of Public Safety, Division,~~ and upon approval of the Council of State the amount  
3 so approved shall be paid from the Contingency and Emergency Fund to the Division of Prisons  
4 ~~of the Department of Adult Correction and Juvenile Justice of the Department of Public~~  
5 ~~Safety.~~Correction.

6 (c3) When, due to an emergency, it is not feasible to obtain from a judge of the superior  
7 or district court a prior order of transfer, the sheriff of the county and the Division of Prisons of  
8 ~~the Department of Adult Correction and Juvenile Justice of the Department of Public Safety~~ may  
9 exercise the authority hereinafter conferred; provided, however, that the sheriff shall, as soon as  
10 possible after the emergency, obtain an order from the judge authorizing the prisoners to be held  
11 in the designated place of confinement for such period as the judge may direct. All provisions of  
12 this section shall be applicable to municipalities whenever prisoners are arrested in such numbers  
13 that the municipal jail facilities and the county jail facilities are insufficient and inadequate for  
14 the safekeeping of the prisoners. The chief of police is hereby authorized to exercise the authority  
15 herein conferred upon the sheriff, and the municipality shall be liable for the cost of transporting  
16 and maintaining the prisoners to the same extent as a county would be unless action is taken by  
17 the Governor and Council of State as herein provided for counties which are unable to pay such  
18 costs.

19 (d) Whenever a prisoner held in a county jail requires medical or mental health treatment  
20 that the county decides can best be provided by the ~~Division of Adult Correction and Juvenile~~  
21 ~~Justice of the Department of Public Safety, Department of Adult Correction,~~ the resident judge  
22 of the superior court or any judge holding superior court in the district or any district court judge  
23 may order the prisoner transferred to a unit of the State prison system designated by the Secretary  
24 of ~~Public Safety~~ the Department of Adult Correction or the Secretary's authorized representative  
25 for an initial period not to exceed 30 days. The sheriff of the county from which the prisoner is  
26 removed shall be responsible for conveying the prisoner to the prison unit where the prisoner is  
27 to be held, and for returning the prisoner to the jail of the county from which the prisoner was  
28 transferred. The officer in charge of the prison unit designated by the Secretary of ~~Public Safety~~  
29 shall receive custody of the prisoner in accordance with the terms of the order. Prior to the  
30 conclusion of the 30-day period, the Division of Prisons of the Department of Adult Correction  
31 ~~and Juvenile Justice~~ shall conduct an assessment of treatment and venue needs. The assessment  
32 shall be conducted by the attending medical or mental health professional and shall assess the  
33 medical and mental health needs of the prisoner and make a recommendation on whether the  
34 prisoner should remain in the custody of the ~~Division of Adult Correction and Juvenile Justice~~  
35 ~~of the Department of Public Safety~~ or if the prisoner should be returned to the custody of the  
36 county. To extend the order beyond the initial 30-day period, the sheriff shall provide the  
37 Division of Prisons of the Department of Adult Correction and Juvenile Justice assessment and  
38 any other relevant information to the resident judge of the superior court or any judge holding  
39 superior court in the district or any district court judge who shall determine whether to extend  
40 the transfer of the prisoner to a unit of the State prison system beyond the initial 30-day period.  
41 If the judge determines that the prisoner should remain in the custody of the ~~Division of Adult~~  
42 ~~Correction and Juvenile Justice, Division,~~ the judge shall renew the order and include a date  
43 certain for review by the court. Prior to the date of review, the Division shall conduct a  
44 reassessment of treatment and venue needs and the sheriff shall provide the reassessment and any  
45 other relevant information to the court, as described in this subsection. If the judge determines  
46 that the prisoner should not remain in the custody of the ~~Division of Adult Correction and~~  
47 ~~Juvenile Justice, Division,~~ the officer in charge of the prison unit designated by the Secretary of  
48 ~~Public Safety~~ shall release custody of the prisoner in accordance with the court order and the  
49 instructions of the attending medical or mental health professional. The county from which the  
50 prisoner is transferred shall pay the Division of ~~Adult Correction and Juvenile Justice of the~~  
51 ~~Department of Public Safety~~ for maintaining the prisoner for the period of treatment at the per

1 day, per inmate rate at which the Division of ~~Adult Correction and Juvenile Justice~~ of the  
2 ~~Department of Public Safety~~ pays a local jail for maintaining a prisoner, and for extraordinary  
3 medical expenses as set forth in subsection (c) of this section.

4 (e) The number of county prisoners incarcerated in the State prison system pursuant to  
5 safekeeping orders from the various counties pursuant to subsection (b) of this section or for  
6 medical or mental health treatment pursuant to subsection (d) of this section may not exceed 200  
7 at any given time unless authorized by the Secretary of Public Safety. The Secretary may refuse  
8 to accept any safekeeper and may return any safekeeper transferred under a safekeeping order  
9 when this capacity limit is reached. The Secretary shall not refuse to accept a safekeeper because  
10 a county has failed to pay the Department of ~~Public Safety~~ Adult Correction for services rendered  
11 pursuant to this section.

12 (f) If, after 10 days of receiving notification and request for transfer from the Department  
13 of ~~Public Safety~~ Adult Correction pursuant to G.S. 148-19.3(a), the sheriff fails to assume  
14 custody of the county prisoner from the State prison facility to which the prisoner was assigned,  
15 then, in addition to the actual cost of transporting the prisoner and the cost of maintaining the  
16 prisoner at the per day, per inmate rate at which the Division of Prisons of the Department of  
17 ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ pays a local jail for  
18 maintaining a prisoner, the county shall be liable to the State for an additional per day, per inmate  
19 rate not to exceed twenty dollars (\$20.00) for each day the sheriff fails to assume custody of the  
20 prisoner, unless the sheriff has obtained an extension of the order because the inmate cannot be  
21 safely housed in the local jail. The section chief of the Health Services Section may waive up to  
22 10 days of the additional per day rate if the sheriff provides documentation of extenuating  
23 circumstances."

24 **SECTION 19C.9.(ssss)** G.S. 164-40 reads as rewritten:

25 "**§ 164-40. Correction population simulation model; ~~Juvenile Justice Section of the Division~~**  
26 **~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~**  
27 **juvenile justice facilities population simulation model.**

28 (a) The Commission shall develop a correctional population simulation model, and shall  
29 have first priority to apply the model to a given fact situation, or theoretical change in the  
30 sentencing laws, when requested to do so by the Chairman, the Executive Director, or the  
31 Commission as a whole.

32 The Executive Director or the Chairman shall make the model available to respond to  
33 inquiries by any State legislator, ~~or~~ by the Secretary of the Department of Public Safety, or by  
34 the Secretary of the Department of Adult Correction, in second priority to the work of the  
35 Commission.

36 (b) The Commission shall develop a ~~Juvenile Justice Section of the Division of Adult~~  
37 ~~Correction and Juvenile Justice of the Department of Public Safety~~ facilities population  
38 simulation ~~model~~, model for juvenile justice facilities and shall have first priority to apply the  
39 model to a given fact situation, or theoretical change in the dispositional laws set forth in Chapter  
40 7B of the General Statutes, when requested to do so by the Chairman, the Executive Director, or  
41 the Commission as a whole.

42 The Executive Director or the Chairman shall make the model available to respond to  
43 inquiries by any State legislator, or by the Division of Juvenile Justice ~~Section of the Division of~~  
44 ~~Adult Correction and Juvenile Justice~~ of the Department of Public Safety, in second priority to  
45 the work of the Commission."

46 **SECTION 19C.9.(tttt)** G.S. 164-43 reads as rewritten:

47 "**§ 164-43. Priority of duties; reports; continuing duties.**

48 ...

49 (d) Once the primary duties of the Commission have been accomplished, it shall have the  
50 continuing duty to monitor and review the criminal justice and corrections systems and the  
51 juvenile justice system in this State to ensure that sentences and dispositions remain uniform and

1 consistent, and that the goals and policies established by the State are being implemented by  
2 sentencing and dispositional practices, and it shall recommend methods by which this ongoing  
3 work may be accomplished and by which the correctional population simulation model and the  
4 ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the~~  
5 ~~Department of Public Safety~~ juvenile justice facilities population simulation model developed  
6 under G.S. 164-40 shall continue to be used by the State.

7 ...

8 (h) The Commission or its successor shall meet within 10 days after the last day for filing  
9 general bills in the General Assembly for the purpose of reviewing bills as described in  
10 subsections (e), (f), and (g). The Commission or its successor shall include in its report on a bill  
11 an analysis based on an application of the correctional population simulation model or the  
12 ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the~~  
13 ~~Department of Public Safety~~ juvenile justice facilities population simulation model to the  
14 provisions of the bill."

15 **SECTION 19C.9.(uuuu)** G.S. 164-47 reads as rewritten:

16 **"§ 164-47. Biennial Report on Recidivism.**

17 The Judicial Department, through the North Carolina Sentencing and Policy Advisory  
18 Commission, ~~the Division of Prisons of the Department of Adult Correction, and the Division of~~  
19 ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department  
20 of ~~Public Safety~~ Adult Correction shall jointly conduct ongoing evaluations of community  
21 corrections programs and in-prison treatment programs and make a biennial report to the General  
22 Assembly. The report shall include composite measures of program effectiveness based on  
23 recidivism rates, other outcome measures, and costs of the programs.

24 During the 1998-99 fiscal year, the Sentencing and Policy Advisory Commission shall  
25 coordinate the collection of all data necessary to create an expanded database containing offender  
26 information on prior convictions, current conviction and sentence, program participation, and  
27 outcome measures. Each program to be evaluated shall assist the Commission in the development  
28 of systems and collection of data necessary to complete the evaluation process. The first  
29 evaluation report shall be presented to the Chairs of the Senate and House Appropriations  
30 Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice  
31 and Public Safety by April 15, 2000, and future reports shall be made by April 15 of each  
32 even-numbered year."

33  
34 **INSTRUCTIONS TO REVISOR OF STATUTES/REPORTING/EFFECTIVE DATE**

35 **SECTION 19C.9.(vvvv)** Throughout the General Statutes, the Revisor of Statutes  
36 may replace (i) a reference to the Section of Prisons of the Division of Adult Correction and  
37 Juvenile Justice of the Department of Public Safety with a reference to the Division of Prisons of  
38 the Department of Adult Correction, (ii) a reference to the Section of Community Corrections of  
39 the Division of Adult Correction and Juvenile Justice of the Department of Public Safety with a  
40 reference to the Division of Community Supervision and Reentry of the Department of Adult  
41 Correction, and (iii) a reference to the Juvenile Justice Section of the Division of Adult Correction  
42 and Juvenile Justice of the Department of Public Safety with a reference to the Division of  
43 Juvenile Justice of the Department of Public Safety.

44 **SECTION 19C.9.(wwww)** The Department of Public Safety (DPS) shall determine  
45 the number of positions currently assigned to the Administrative Division of DPS that should be  
46 transferred to the Department of Adult Correction created in this section. DPS shall submit an  
47 interim report on this matter to the Joint Legislative Oversight Committee on Justice and Public  
48 Safety on or before March 15, 2022, and a final report no later than October 1, 2022.

49 **SECTION 19C.9.(xxxx)** The Office of State Budget and Management, in  
50 consultation with the Department of Public Safety, shall make an interim report on or before July  
51 15, 2022, on progress implementing this section to the Joint Legislative Oversight Committee on

1 Justice and Public Safety. The Office of State Budget and Management, in consultation with the  
2 Department of Public Safety and the Department of Adult Correction, shall make a final report  
3 on or before January 15, 2023, on progress implementing this section to the Joint Legislative  
4 Oversight Committee on Justice and Public Safety. The final report shall include information  
5 regarding:

- 6 (1) Any reclassifications of positions or reductions in force.
- 7 (2) Any recommendations for changes to the statutes that organize the  
8 Department of Public Safety or the Department of Adult Correction.

9 **SECTION 19C.9.(yyyy)** In addition to the reporting requirements of G.S. 143C-6-9,  
10 the Department of Public Safety shall report for the 2021-2022, the 2022-2023, and the  
11 2023-2024 fiscal years the following information to the chairs of the Joint Legislative Oversight  
12 Committee on Justice and Public Safety and the chairs of the House of Representatives  
13 Appropriations Committee on Justice and Public Safety and the Senate Appropriations  
14 Committee on Justice and Public Safety:

- 15 (1) The amount of lapsed salary generated by fund code for the previous six  
16 months.
- 17 (2) An itemized accounting of the use of lapsed salary funds, including:
  - 18 a. Fund code.
  - 19 b. Current certified budget.
  - 20 c. Annual projected expenditure.
  - 21 d. Annual projected shortfall.
  - 22 e. Amount of lapsed salary funds transferred to date.

23 The reports shall be submitted by August 1, November 1, February 1, and May 1 of  
24 each fiscal year. The August report shall also include an annual accounting of this information  
25 for the previous fiscal year.

26 **SECTION 19C.9.(zzzz)** In addition to the reporting requirements of G.S. 143C-6-9,  
27 the Department of Adult Correction shall report for the 2022-2023 and the 2023-2024 fiscal years  
28 the following information to the chairs of the Joint Legislative Oversight Committee on Justice  
29 and Public Safety and the chairs of the House of Representatives Appropriations Committee on  
30 Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- 31 (1) The amount of lapsed salary generated by fund code for the previous six  
32 months.
- 33 (2) An itemized accounting of the use of lapsed salary funds, including:
  - 34 a. Fund code.
  - 35 b. Current certified budget.
  - 36 c. Annual projected expenditure.
  - 37 d. Annual projected shortfall.
  - 38 e. Amount of lapsed salary funds transferred to date.

39 The reports shall be submitted by August 1, November 1, February 1, and May 1 of  
40 each fiscal year. The August report shall also include an annual accounting of this information  
41 for the previous fiscal year.

42 **SECTION 19C.9.(aaaaa)** This subsection and subsections (vvvv), (www), (xxxx),  
43 (yyyy), and (zzzz) of this section are effective when this act becomes law. The remainder of this  
44 section becomes effective January 1, 2023. On and after that date, any references or directives in  
45 this act to the Division of Adult Correction and Juvenile Justice, the Section of Adult Correction  
46 in the Division of Adult Correction and Juvenile Justice, the Section of Juvenile Justice of the  
47 Division of Adult Correction and Juvenile Justice, or the Section of Community Corrections of  
48 the Division of Adult Correction and Juvenile Justice shall be construed to apply to the  
49 appropriate division of either the Department of Public Safety or the Department of Adult  
50 Correction pursuant to the departmental changes enacted by this section.

1 **INCREASED MISDEMEANANT CONFINEMENT REIMBURSEMENT RATE IF**  
2 **UTILIZING INMATE LABOR**

3 **SECTION 19C.10.(a)** Notwithstanding G.S. 162-58, and consistent with the  
4 provisions of Article 3 of Chapter 148 of the General Statutes, sheriffs having custody of inmates  
5 under the Statewide Misdemeanant Confinement Program may utilize those inmates to maintain  
6 the cleanliness of areas along local and State roadways.

7 **SECTION 19C.10.(b)** For purposes of this section, the following definitions shall  
8 apply:

9 (1) Road mile. – A section of roadside equaling 1 mile in length, not including  
10 any roadsides that are parallel to that section.

11 (2) Work hour. – An hour worked by an individual inmate, including time spent  
12 traveling to and from work sites and break time taken during work efforts.

13 **SECTION 19C.10.(c)** A sheriff that utilizes inmates pursuant to subsection (a) of  
14 this section shall coordinate with the Department of Transportation before and after a cleanup  
15 project to ensure that cleanup efforts are not unnecessarily duplicated by either the sheriff's office  
16 or the Department of Transportation. The sheriff shall also ensure that all inmates utilized  
17 pursuant to this subsection are appropriately guarded while working and that food, water, and  
18 bathroom facilities are accessible in reasonable amounts and times.

19 **SECTION 19C.10.(d)** A sheriff that utilizes inmate labor pursuant to subsection (a)  
20 of this section for a combined total of 500 work hours in one calendar month shall submit a record  
21 documenting those work hours and the corresponding road miles to the North Carolina Sheriffs'  
22 Association and shall be reimbursed by the Statewide Misdemeanant Confinement Program for  
23 caring for and housing the inmates of the Statewide Misdemeanant Confinement Program at a  
24 rate of at least sixty dollars (\$60.00) per day, per inmate held under the Statewide Misdemeanant  
25 Confinement Program for each calendar month in which 500 work hours were completed.  
26 Participating sheriffs shall comply with all requirements established by the Statewide  
27 Misdemeanant Confinement Program necessary to certify the hours worked and to confirm  
28 funding availability. This increased reimbursement rate shall be paid to participating sheriffs only  
29 until the funds that have been specifically appropriated by the General Assembly for this purpose  
30 are exhausted. Funds allocated under this section shall not revert but shall be available until  
31 expended.

32 **SECTION 19C.10.(e)** The North Carolina Sheriffs' Association shall report no later  
33 than the fifteenth day of each month to the Office of State Budget and Management and the Fiscal  
34 Research Division regarding (i) the counties with sheriffs' offices that utilized inmate labor  
35 pursuant to subsection (a) of this section, (ii) the number of total work hours performed by  
36 inmates in each participating county, and (iii) the number of road miles cleaned by inmates in  
37 each participating county.

38 **SECTION 19C.10.(f)** The North Carolina Sheriffs' Association shall report no later  
39 than October 1 of each year to the chairs of the House of Representatives Appropriations  
40 Committee on Justice and Public Safety, the chairs of the Senate Appropriations Committee on  
41 Justice and Public Safety, the chairs of the Joint Legislative Oversight Committee on Justice and  
42 Public Safety, and the chairs of the Joint Legislative Transportation Oversight Committee  
43 regarding (i) the counties with sheriffs' offices that utilized inmate labor pursuant to subsection  
44 (a) of this section, (ii) the number of total work hours performed by inmates in each participating  
45 county, and (iii) the number of road miles cleaned by inmates in each participating county.

46 **SECTION 19C.10.(g)** This section is effective when it becomes law.

47  
48 **REQUEST FOR PROPOSALS FOR PRISON TECHNOLOGY**

49 **SECTION 19C.11.(a)** Prior to using the funds appropriated in this act to the  
50 Department of Public Safety for prison technology upgrades, the Department of Public Safety  
51 shall issue a request for proposals that meets the following requirements:

- 1 (1) Either the products or services offered by a participating vendor are capable  
2 of each of the following:  
3 a. Tracking all phones and other wireless devices within a State prison.  
4 b. Blocking the use of contraband phones and other wireless devices  
5 within a State prison.  
6 c. Broadcasting a secure, private long-term evolution (LTE) network.  
7 d. Creating a virtual bank account for each inmate that allows approved  
8 friends or family members to send or receive money to and from the  
9 account.  
10 e. Providing a single sign-on management platform.  
11 (2) The vendor shall:  
12 a. Be able to deploy the products and services it offers within two months  
13 of award of the funds.  
14 b. Have at least five years of experience performing similar work.  
15 (3) No funds awarded by the vendor may be used for lobbying the North Carolina  
16 General Assembly.

17 **SECTION 19C.11.(b)** The Department of Public Safety shall, in consultation with  
18 the vendor, report on the expenditure of the funds awarded pursuant to subsection (a) of this  
19 section to the Joint Legislative Oversight Committee on Justice and Public Safety no later than  
20 October 1, 2022, in an interim report and no later than October 1, 2023, in a final report.

21 **SECTION 19C.11.(c)** The report required by subsection (b) of this section shall  
22 include, at a minimum, each of the following:

- 23 (1) A time line of the deployment of products and services.  
24 (2) An explanation of the implementation of the awarded contract.  
25 (3) An accounting of the extent to which tracking and blocking technologies were  
26 able to successfully track and block phones and wireless devices in State  
27 prisons.  
28 (4) An accounting of the extent to which the private long-term evolution (LTE)  
29 network met the needs of State prisons.  
30 (5) An accounting of the extent to which the virtual bank accounts of inmates  
31 were utilized by inmates, their friends, and their family members.  
32

### 33 **TRANSFER OF ODOM CORRECTIONAL INSTITUTION TO NORTHAMPTON** 34 **COUNTY**

35 **SECTION 19C.12.(a)** It is the intent of the General Assembly for the State of North  
36 Carolina to convey to the Northampton County Board of Commissioners (Northampton County)  
37 for the consideration of one dollar (\$1.00) all of its right, title, and interest in the property used  
38 for the former Odom Correctional Institution which is currently allocated to the Department of  
39 Public Safety, Division of Adult Correction and Juvenile Justice (DPI). In order to accomplish  
40 this conveyance, DPI and Northampton County shall mutually develop the boundaries of the  
41 property to be conveyed based upon the following directions and limitations:

- 42 (1) The property to be conveyed shall be a subdivision consisting of  
43 approximately 64 acres from Parcel Number 0701397 of Northampton  
44 County, deed reference Book 424, Page 601, and Book 434, Page 133, totaling  
45 approximately 1,119 acres which are currently allocated to the Department of  
46 Public Safety, Division of Adult Correction and Juvenile Justice. The  
47 conveyance shall include:  
48 a. The Odom Correctional Facility buildings and structures, less  
49 Correction Enterprise Agricultural operations and those operations  
50 belonging to Wildlife Resources, inclusive of those appurtenant

- 1 correctional yards, fences, towers, service ways, and parking lots,  
2 totaling approximately 62 acres.
- 3 b. The waste treatment plant and immediate grounds, totaling  
4 approximately 2 acres.
- 5 c. Infrastructure and utility lines that serve the Odom Correctional  
6 Facility, traversing property retained by the Department of Public  
7 Safety, located within easements to be dedicated as noted below.
- 8 (2) The property conveyed pursuant to this section shall not include:  
9 a. Lands used by the Wildlife Resources Commission.  
10 b. Lands used by the Department of Public Safety for agricultural  
11 operations.  
12 c. Lands previously used by the Department of Public Safety for  
13 permitted land application of treated waste.
- 14 (3) The land to be dedicated for rights-of-way and easements to Northampton  
15 County shall be only that of:  
16 a. Sewer collection systems necessary for the operation of the transferred  
17 buildings.  
18 b. Water supply systems necessary for the operation of the transferred  
19 buildings.  
20 c. Roadway access along Odom Prison Road and unnamed agricultural  
21 roads surrounding the buildings.  
22 d. Public utility easements not otherwise previously dedicated for gas or  
23 electricity.

24 **SECTION 19C.12.(b)** Upon completion of developing the boundaries described in  
25 subsection (a) of this section, DPI and Northampton County shall submit a metes and bounds  
26 description of the property to be conveyed to the State Property Office. The State Property Office  
27 shall prepare a deed conveying all of the State's right, title, and interest in the described property  
28 to the Northampton County Board of Commissioners for the consideration of one dollar (\$1.00)  
29 and subject to the following limitations and instructions:

- 30 (1) The conveyance is subject to a reversionary interest reserved by the State. The  
31 property shall be conveyed to the Northampton County Board of  
32 Commissioners for so long as it is utilized for county government purposes.
- 33 (2) The State of North Carolina shall convey the real property described in  
34 subsection (a) of this section "as is" without warranty. The State makes no  
35 representations or warranties concerning the title to the property, the  
36 boundaries of the property, the uses to which the property may be put, zoning,  
37 local ordinances, or any physical, environmental, health, and safety conditions  
38 relating to the property.
- 39 (3) Northampton County shall receive the property with existing water treatment  
40 and waste collection systems. The State makes no representations or  
41 warranties concerning suitability or operability of such systems for use by  
42 Northampton County. Northampton County shall obtain all necessary permits  
43 to operate the waste treatment plant and to remove waste treatment process  
44 material or effluent from the facilities for disposal. The State shall not be  
45 obligated to provide lands for the application of waste treatment process  
46 material, effluent, or sludge.

47 **SECTION 19C.12.(c)** All costs associated with the conveyance of the property  
48 described in subsection (a) of this section, including, but not limited to, subdivision, surveying,  
49 engineering services, permitting, and utility connections, shall be borne by Northampton County.

50 **SECTION 19C.12.(d)** The conveyance of the State's right, title, and interest in Odom  
51 Correctional Institution shall be exempt from the provisions of Article 7 of Chapter 146 of the

1 General Statutes. The conveyance shall comply with the provisions of Article 16 of Chapter 146  
2 of the General Statutes, however, the provisions of G.S. 146-74 shall not apply.

3 **SECTION 19C.12.(e)** This section is effective when it becomes law.  
4

#### 5 **LIMIT USE OF INMATE MEDICAL FUNDS**

6 **SECTION 19C.13.(a)** Of the funds appropriated in this act from the State Fiscal  
7 Recovery Fund to the Department of Public Safety to be used for inmate medical costs, no more  
8 than thirty million dollars (\$30,000,000) may be used in the 2021-2022 fiscal year and no more  
9 than fifteen million dollars (\$15,000,000) may be used in the 2022-2023 fiscal year.

10 **SECTION 19C.13.(b)** All funds appropriated in this act to the Department of Public  
11 Safety to be used for inmate medical costs may only be used within Fund Codes 1331, 1332,  
12 1333, and 1334.  
13

#### 14 **PART XIX-D. JUVENILE JUSTICE**

#### 15 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

16 **SECTION 19D.1.(a)** Funds appropriated in this act to the Department of Public  
17 Safety for the 2021-2023 fiscal biennium for community program contracts, that are not required  
18 for or used for community program contracts, may be used only for the following:  
19

- 20 (1) Other statewide residential programs that provide Level 2 intermediate  
21 dispositional alternatives for juveniles.
- 22 (2) Statewide community programs that provide Level 2 intermediate  
23 dispositional alternatives for juveniles.
- 24 (3) Regional programs that are collaboratives of two or more Juvenile Crime  
25 Prevention Councils which provide Level 2 intermediate dispositional  
26 alternatives for juveniles.
- 27 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2  
28 intermediate dispositional alternatives for juveniles listed in  
29 G.S. 7B-2506(13) through (23).

30 **SECTION 19D.1.(b)** Funds appropriated by this act to the Department of Public  
31 Safety for the 2021-2023 fiscal biennium for community programs may not be used for staffing,  
32 operations, maintenance, or any other expenses of youth development centers or detention  
33 facilities.

34 **SECTION 19D.1.(c)** The Department of Public Safety shall submit an electronic  
35 report by October 1 of each year of the 2021-2023 fiscal biennium on all expenditures made in  
36 the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of  
37 the House of Representatives Appropriations Committee on Justice and Public Safety and the  
38 Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division.  
39 The report shall include all of the following: an itemized list of the contracts that have been  
40 executed, the amount of each contract, the date the contract was executed, the purpose of the  
41 contract, the number of juveniles that will be served and the manner in which they will be served,  
42 the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized  
43 list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.  
44

#### 45 **EXTEND SUNSET DATE FOR USE OF SECURITY GUARDS AT STATE PRISONS**

46 **SECTION 19D.2.** Section 4.15(c) of S.L. 2020-3, as amended by Section 2 of S.L.  
47 2020-15, reads as rewritten:

48 "SECTION 4.15.(c) This section is effective when it becomes law and expires upon the  
49 earlier of August 1, ~~2022~~, 2023, or the date of completion of the Youth Development Center in  
50 Rockingham County."  
51



**PART XIX-E. EMERGENCY MANAGEMENT AND NATIONAL GUARD****TRANSFER OF NCNG TUITION ASSISTANCE PROGRAM**

**SECTION 19E.1.(a)** The North Carolina National Guard Tuition Assistance Program administered by the State Education Assistance Authority is transferred to the Department of Public Safety. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6. The State Education Assistance Authority shall transfer all associated program administration funds to the Department of Public Safety.

**SECTION 19E.1.(b)** Part 2 of Article 23 of Chapter 116 of the General Statutes, G.S. 116-209.50 through G.S. 116-209.55, is recodified as Article 15 of Chapter 127A of the General Statutes, G.S. 127A-190 through G.S. 127A-195.

**SECTION 19E.1.(c)** Article 15 of Chapter 127A of the General Statutes, as recodified by subsection (b) of this section, reads as rewritten:

"Article 15.

"North Carolina National Guard Tuition Assistance Act of 1975.

**"§ 127A-190. Short title.**

This ~~Part~~Article shall be known and may be cited as the North Carolina National Guard Tuition Assistance Act of 1975.

**"§ 127A-191. Purpose.**

The General Assembly of North Carolina, recognizing that the North Carolina National Guard is the only organized, trained and equipped military force subject to the control of the State, hereby establishes a program of tuition assistance for qualifying guard members for the purpose of encouraging voluntary membership in the North Carolina National Guard, improving the educational level of its members, and thereby benefiting the State as a whole.

**"§ 127A-192. Definitions.**

The following definitions apply in this ~~Part~~Article:

- (1) Academic Year. – The annual enrollment period used by the ~~Authority~~Secretary.
- (2) Private Educational Institutions. – Any junior college, senior college or university which is operated and governed by private interests not under the control of the federal, State or any local government, which is located within and licensed by the State of North Carolina, which does not operate for profit, whose curriculum is primarily directed toward the awarding of associate, baccalaureate or graduate degrees, which agrees to the applicable administration and funding provisions of this ~~Part~~Article.
- (3) Proprietary School. – An educational institution that is (i) defined as a proprietary school in G.S. 115D-87(2), (ii) licensed by the State Board of Community Colleges, ~~and or~~ (iii) listed by the North Carolina State Approving Agency for Veterans and Military Education as an approved proprietary school for purposes of this ~~Part~~Article.
- (3a) Secretary. – The Secretary of Public Safety or the Secretary's designee.
- (4) State Educational Institutions. – Any of the constituent institutions of the University of North Carolina, or any community college operated under the provisions of Chapter 115D of the General Statutes of North Carolina.
- (5) Student Loan. – A loan or loans made to eligible students or parents of students to aid in attaining an education beyond the high school level.

**"§ 127A-193. Benefit.**

The benefit provided under this ~~Part~~Article shall consist of a monetary educational assistance grant not to exceed the highest amount charged by a State educational institution per academic year or a lesser amount, as prescribed by the ~~Authority~~Secretary, to remain within the funds appropriated, to qualifying members of the North Carolina National Guard. Benefits provided

1 under ~~G.S. 116-209.55(g)~~G.S. 127A-195(g) shall be payable for a period of one year at a time,  
2 renewable at the option of the ~~Authority~~Secretary. All other benefits provided under this ~~Part~~  
3 Article shall be payable for a period of one academic year at a time, renewable at the option of  
4 the ~~Authority~~Secretary.

5 **"§ 127A-194. Eligibility.**

6 (a) Active members of the North Carolina National Guard who are enrolled or who shall  
7 enroll in any proprietary school, private educational institution, or State educational institution  
8 shall be eligible to apply for this tuition assistance benefit: Provided, that the applicant has a  
9 minimum obligation of two years remaining as a member of the North Carolina National Guard  
10 from the end of the academic period for which tuition assistance is provided or that the applicant  
11 commit himself or herself to extended membership for at least two additional years from the end  
12 of that academic period.

13 (b) This tuition assistance benefit shall be applicable to students in the following  
14 categories:

- 15 (1) Students seeking to achieve completion of their secondary school education  
16 at a community college or technical institute.
- 17 (2) Students seeking trade or vocational training or education.
- 18 (3) Students seeking to achieve a two-year associate degree.
- 19 (4) Students seeking to achieve a four-year baccalaureate degree.
- 20 (5) Students seeking to achieve a graduate degree.
- 21 (6) Students enrolled in a program granting a graduate certificate.
- 22 (7) Students enrolled in a professional certification program recommended by the  
23 Director of the North Carolina National Guard Education and Employment  
24 Center and approved by the North Carolina National Guard Education  
25 Services Officer.

26 (c) The following persons shall be eligible to apply for disbursements to pay outstanding  
27 student loans pursuant to ~~G.S. 116-209.55(g)~~G.S. 127A-195(g):

- 28 (1) Persons described in subsections (a) and (b) of this section.
- 29 (2) Active members of the North Carolina National Guard who were previously  
30 enrolled in any proprietary school, private educational institution, or State  
31 educational institution, but only if:
  - 32 a. The applicant has a minimum obligation of two years remaining as a  
33 member of the North Carolina National Guard from the time of the  
34 application; or
  - 35 b. The applicant commits himself or herself to extended membership for  
36 at least two additional years from the time of the application.

37 **"§ 127A-195. Administration and funding.**

38 (a) The ~~Authority~~Secretary is charged with the administration of the tuition assistance  
39 program under this ~~Part~~Article. The Secretary may delegate administrative tasks to other persons  
40 within the Department of Public Safety as the Secretary deems best for the orderly administration  
41 of this program. The Department of Public Safety may also contract with the State Education  
42 Assistance Authority for the administration of these tuition benefit disbursements.

43 (b) The ~~Authority~~Secretary shall determine the eligibility of applicants, select the benefit  
44 recipients, establish the effective date of the benefit, and may suspend or revoke the benefit if the  
45 ~~Authority~~Secretary finds that the recipient does not maintain an adequate academic status, or if  
46 the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or  
47 otherwise engages in disorderly conduct, breaches of the peace, or unlawful assemblies. The  
48 ~~Authority~~Secretary shall maintain such records and shall promulgate such rules and regulations  
49 as the ~~Authority~~Secretary deems necessary for the orderly administration of this program. The  
50 ~~Authority~~Secretary may require of proprietary schools or State or private educational institutions  
51 such reports and other information as the ~~Authority~~Secretary may need to carry out the

1 provisions of this ~~Part Article~~ and the ~~Authority Secretary~~ shall disburse benefit payments for  
2 recipients upon certification of enrollment by the enrolling institutions.

3 (c) All tuition benefit disbursements shall be made to the proprietary school or State or  
4 private educational institution concerned, for credit to the tuition account of each recipient. Funds  
5 disbursed pursuant to subsection (g) of this section shall be made to the student loan creditor  
6 concerned to be applied against the outstanding student loans of each North Carolina National  
7 Guard member beneficiary.

8 (d) The participation by any proprietary school or private educational institution in this  
9 program shall be subject to the applicable provisions of this ~~Part Article~~ and to examination by  
10 the State Auditor of the accounts of the benefit recipients attending or having attended such  
11 private schools or institutions. The ~~Authority Secretary~~ may defer making an award or may  
12 suspend an award in any proprietary school or private educational institution which does not  
13 comply with the provisions of this ~~Part Article~~ relating to said institutions. The manner of  
14 payment to any proprietary school or private educational institution shall be as prescribed by the  
15 ~~Authority Secretary~~.

16 (e) Irrespective of other provisions of this ~~Part Article~~, the ~~Authority Secretary~~ may  
17 prescribe special procedures for adjusting the accounts of benefit recipients who, for reasons of  
18 illness, physical inability to attend classes or for other valid reason satisfactory to the ~~Authority~~  
19 ~~Secretary~~, may withdraw from any proprietary school or State or private educational institution  
20 prior to the completion of the term, semester, quarter or other academic period being attended at  
21 the time of withdrawal.

22 (f) Any balance of the monetary educational assistance grant up to the maximum for the  
23 academic year remaining after tuition is paid pursuant to subsection (c) of this section may be  
24 disbursed to the recipient as reimbursement for required course books and materials. The manner  
25 of obtaining the reimbursement payment for these required books and materials shall be as  
26 prescribed by the ~~Authority Secretary~~.

27 (g) Any funds not needed to accomplish the other purposes of this ~~Part Article~~ may be  
28 used to help members of the North Carolina National Guard repay outstanding student loans in  
29 accordance with rules to be adopted by the ~~Authority Secretary~~. These rules shall provide that  
30 the length of a member's deployment may be considered in determining whether or not, and in  
31 what amount, a member receives assistance pursuant to this subsection. There shall be no  
32 reimbursement under this subsection for payments already made on student loans, and funds shall  
33 not be provided under this subsection for the purpose of paying student loans obtained for courses  
34 from which the member withdrew or for which the member did not receive a passing grade.  
35 Payments for outstanding loans shall not exceed the maximum benefit available under ~~G.S.~~  
36 ~~116-209.53.G.S. 127A-193.~~"

37 **SECTION 19E.1.(d)** This section is effective when it becomes law.

## 38 **TARHEEL CHALLENGE CODIFICATION**

39 **SECTION 19E.2.(a)** Chapter 127A of the General Statutes is amended by adding a  
40 new Article to read:

41 "Article 18.

42 "Tarheel Challenge Academy.

43 **"§ 127A-220. Purpose; establishment.**

44 The purpose of this Article is to authorize the North Carolina National Guard's Tarheel  
45 Challenge Academy to operate independently of existing schools. The Tarheel Challenge  
46 Academy is established as a Division of the North Carolina National Guard. The Tarheel  
47 Challenge Academy shall satisfy all of the following:

48 (1) Exist as a cost-free program.

49 (2) Be housed for administrative purposes within the North Carolina National  
50 Guard.

- 1           (3)   Be a community-based school that leads, trains, and mentors at-risk youth.
- 2           (4)   Be designated as an approved alternative learning program, as defined in this
- 3           Article, and an innovative school option.
- 4           (5)   Create at least a 22-week residential program that requires a 12-month
- 5           post-residential mentoring period.
- 6           (6)   Improve life skills and employment potential of participants by providing
- 7           quasi-military based training and supervised work experience.
- 8           (7)   Teach the "8 Core Components" of academic excellence, job skills, health and
- 9           hygiene, physical fitness, life coping skills, responsible citizenship,
- 10          leadership, and service to community.
- 11          (8)   Increase opportunity for participants to receive a high school diploma or its
- 12          equivalent.
- 13          (9)   Enjoy the full cooperation of other State and local agencies in carrying out its
- 14          program.

15 **"§ 127A-221. Definitions.**

16       The following definitions apply for the purposes of this Article:

- 17          (1)   Academy. – Tarheel Challenge Academy, a Division of the North Carolina
- 18          National Guard.
- 19          (2)   Alternative learning program. – A program offered by the Academy that
- 20          provides specialized services for at-risk students outside of a standard
- 21          classroom setting. Services should be designed to meet the needs of students
- 22          who have not been successful in the traditional school setting.
- 23          (3)   Eligible participant. – An individual who meets all of the following criteria:
  - 24           a.   Is a minimum of 16 years of age and a maximum of 18 years of age at
  - 25           the time of entry into the program.
  - 26           b.   Has failed to complete or has left school for any reason before
  - 27           graduation or completion of a program of studies without transferring
  - 28           to another school and has not received a certificate from a program of
  - 29           equivalency or has not progressed in a traditional high school setting.
  - 30           c.   A citizen or legal resident of the United States.
  - 31           d.   Unemployed or underemployed.
  - 32           e.   Not currently on parole or probation and not accused or convicted of
  - 33           a crime that would be considered a felony if the individual was an
  - 34           adult.
  - 35           f.   Free from use of illegal drugs or substances.
  - 36           g.   Physically and mentally capable to participate in the alternative
  - 37           learning program.

38 **"§ 127A-222. Administration; supervision.**

39       The general supervision and administration of the Academy shall be vested in the North

40 Carolina National Guard Adjutant General. It shall be the duty of the Adjutant General or his or

41 her designee to do all of the following:

- 42          (1)   Create a written document that incorporates the terms and conditions imposed
- 43          on the Academy by the Federal Youth Challenge Program.
- 44          (2)   Organize and establish all rules and regulations for the Academy, as
- 45          necessary.
- 46          (3)   Direct and control all Academy personnel matters.
- 47          (4)   Oversee and direct the administration and functioning of the alternative
- 48          learning program offered by the Academy."

49       **SECTION 19E.2.(b)** This section is effective when it becomes law.

1           **SECTION 19E.3.** G.S. 146-30 reads as rewritten:

2   "**§ 146-30. Application of net proceeds.**

3       (a)   The net proceeds of any disposition made in accordance with this Subchapter shall be  
4 handled in accordance with the following priority:

5           (1)   First, in accordance with the provisions of any trust or other instrument of title  
6                whereby title to real property was acquired.

7           (2)   Second, as provided by any other act of the General Assembly.

8           (3)   Third, by depositing the net proceeds with the State Treasurer.

9 Nothing in this section, however, prohibits the disposition of any State lands by exchange for  
10 other lands, but if the appraised value in fee simple of any property involved in the exchange is  
11 at least twenty-five thousand dollars (\$25,000), then the exchange shall not be made without  
12 consultation with the Joint Legislative Commission on Governmental Operations.

13       ...  
14       (d)   Notwithstanding any other provision of this Subchapter, the following exceptions  
15 apply:

16       ...  
17       (8)   The net proceeds derived from the sale of any portion of the land owned by  
18 the State in the Camp Butner reservation shall be deposited with the State  
19 Treasurer in a capital improvement account to the credit of the Department of  
20 Health and Human Services to make capital improvements on or to property  
21 owned by the State in the Camp Butner reservation subject to approval by the  
22 Office of State Budget and Management. The net proceeds derived from the  
23 sale of timber from land owned by the State in the Camp Butner reservation  
24 shall be deposited with the State Treasurer in a capital improvement account  
25 to the credit of the Department of Public Safety to be used to support the North  
26 Carolina National Guard's Camp Butner Training Center and other North  
27 Carolina National Guard–operated Training Centers. The definition of "Camp  
28 Butner reservation" in G.S. 122C-3 applies to this subdivision.

29       ...."

### 31 **NORTH CAROLINA NATIONAL GUARD JOB ACT**

32           **SECTION 19E.4.(a)** Article 13 of Chapter 126 of the General Statutes is amended  
33 by adding a new section to read:

34   "**§ 126-80.5. National Guard preference.**

35       (a)   It shall be the policy of the State of North Carolina that, in recognition and  
36 appreciation for service to the State and this country, and in recognition of the time and advantage  
37 lost toward the pursuit of a civilian career, an eligible member of the National Guard as defined  
38 in G.S. 126-81(4) shall be granted preference in employment for positions subject to the  
39 provisions of this Chapter with every State department, agency, and institution.

40       (b)   In all evaluations of applicants for positions with this State or any of its departments,  
41 agencies, or institutions, a preference shall be awarded to all eligible members of the National  
42 Guard who are citizens of the State. This preference applies to initial employment and extends  
43 to other employment events, including a subsequent hiring, promotion, reassignment, or  
44 horizontal transfer.

45       (c)   The provisions of this section shall be subject to the provisions of Article 9 of Chapter  
46 143B of the General Statutes."

47           **SECTION 19E.4.(b)** G.S. 126-81 reads as rewritten:

48   "**§ 126-81. Definitions.**

49       ~~As used in this Article:~~ The following definitions apply in this Article:

50       (1)   ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917,  
51 through November 11, 1918), World War II (December 7, 1941, through

December 31, 1946), the Korean Conflict (June 27, 1950, through January 31, 1955), the period of time between January 31, 1955, and the end of the hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or engagement for which a campaign badge or medal is authorized by the United States Department of Defense.

(2) ~~"Veteran" means a Veteran.~~ – A person who served in the Armed Forces of the United States on active duty, for reasons other than training, and has been discharged under other than dishonorable conditions.

(3) ~~"Eligible veteran" means:~~ Eligible veteran. – Any of the following:

- a. A veteran who served during a period of ~~war; or war.~~
- b. The spouse of a disabled ~~veteran; or veteran.~~
- c. The surviving spouse or dependent of a veteran who dies on active duty during a period of war either directly or indirectly as a result of such ~~service; or service.~~
- d. A veteran who suffered a service-connected disability during ~~peacetime; or peacetime.~~
- e. The spouse of a veteran described in ~~subdivision~~ sub-subdivision d. of this ~~subsection; or subdivision.~~
- f. The surviving spouse or dependent of a person who served in the Armed Forces of the United States on active duty, for reasons other than training, who died for service-related reasons during peacetime.

(4) Eligible member of the National Guard. – Any of the following:

- a. A resident of North Carolina who is a current member in good standing of either the North Carolina Army National Guard or the North Carolina Air National Guard.
- b. A resident of North Carolina who is a former member of either the North Carolina Army National Guard or the North Carolina Air National Guard, whose discharge is under honorable conditions with a minimum of six years of creditable service.
- c. The surviving spouse and dependent of a member of the North Carolina Army National Guard or the North Carolina Air National Guard who dies on State active duty either directly or indirectly as a result of that service.
- d. The surviving spouse or dependent of a member of the North Carolina National Guard who died for service-related reasons during peacetime."

**SECTION 19E.4.(c)** G.S. 128-15 reads as rewritten:

**"§ 128-15. Employment preference for veterans and their spouses or surviving spouses.**

(a) It shall be the policy of the State of North Carolina that, in appreciation for their service to this State and this country during a period of war, and in recognition of the time and advantage lost toward the pursuit of a civilian career, veterans and eligible members of the National Guard shall be granted preference in employment with every State department, agency, and institution.

(b) As used in this section:

- (1) ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917, through November 11, 1918), World War II (December 7, 1941, through December 31, 1946), the Korean Conflict (June 27, 1950, through January 31, 1955), the period of time between January 31, 1955, and the end of the hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or engagement for which a campaign badge or medal is authorized by the United States Department of Defense.

- 1 (2) ~~"Veteran" means a Veteran.~~ – A person who served in the Armed Forces of  
2 the United States on active duty, for reasons other than training, and has been  
3 discharged under other than dishonorable conditions.
- 4 (3) ~~"Eligible veteran" means:~~Eligible veteran. – Any of the following:  
5 a. A veteran who served during a period of ~~war; or war.~~  
6 b. The spouse of a disabled ~~veteran; or veteran.~~  
7 c. The surviving spouse or dependent of a veteran who dies on active  
8 duty during a period of war either directly or indirectly as the result of  
9 such ~~service; or service.~~  
10 d. A veteran who suffered a disabling injury for service-related reasons  
11 during ~~peacetime; or peacetime.~~  
12 e. The spouse of a veteran described in ~~subdivision~~ sub-subdivision d. of  
13 ~~this subsection; or subdivision.~~  
14 f. The surviving spouse or dependent of a person who served in the  
15 Armed Forces of the United States on active duty, for reasons other  
16 than training, who dies for service-related reasons during peacetime.
- 17 (4) Eligible member of the National Guard. – Any of the following:  
18 a. A resident of North Carolina who is a current member in good standing  
19 of either the North Carolina Army National Guard or the North  
20 Carolina Air National Guard.  
21 b. A resident of North Carolina who is a former member of either the  
22 North Carolina Army National Guard or the North Carolina Air  
23 National Guard, whose discharge is under honorable conditions with  
24 a minimum of six years of creditable service.  
25 c. The surviving spouse and dependent of a member of the North  
26 Carolina Army National Guard or the North Carolina Air National  
27 Guard who dies on State active duty either directly or indirectly as a  
28 result of that service.  
29 d. The surviving spouse or dependent of a member of the North Carolina  
30 National Guard who died for service-related reasons during peacetime.

31 (c) Hereafter, in all evaluations of applicants for positions with this State or any of its  
32 departments, institutions or agencies, a preference shall be awarded to all eligible veterans and  
33 eligible members of the National Guard who are citizens of the State and who served the State  
34 or the United States honorably in the military forces of this State or of the United States during  
35 a period of war. This preference applies to initial employment with the State and extends to other  
36 employment events including subsequent hirings, promotions, reassignments, and horizontal  
37 transfers.

38 (d) The provisions of this section shall be subject to the provisions of Article 1 of Chapter  
39 165 of the General Statutes, G.S. 126-83, and Parts 13 and 19 of Article 9 of Chapter 143B of  
40 the General Statutes."

41 **SECTION 19E.4.(d)** This section is effective when it becomes law.

## 42

### 43 **COMPETITIVE EMERGENCY MANAGEMENT GRANTS**

44 **SECTION 19E.5.(a)** The funds appropriated in this act to the Department of Public  
45 Safety, Division of Emergency Management, to provide competitive grants to county emergency  
46 management agencies established in accordance with G.S. 166A-19.15 shall only be awarded to  
47 county emergency management agencies located in counties with a population of 210,000 or  
48 fewer, based upon the 2019 Certified County Population Estimates from the State Demographer  
49 in the Office of State Budget and Management. Grants shall be used to ensure local emergency  
50 management offices are adequately equipped, trained, and prepared for all hazards and

1 emergencies. The Division shall develop policies and procedures to implement a competitive  
2 grant program consistent with this section.

3 **SECTION 19E.5.(b)** The Division shall report on the awarding of grant funds  
4 pursuant to subsection (a) of this section by February 1, 2022, and by January 15 of each year  
5 thereafter until the funds appropriated by this section are expended.

## 7 **EMERGENCY MANAGEMENT ACT REVISIONS**

8 **SECTION 19E.6.(a)** G.S. 166A-19.3 is amended by adding the following new  
9 subdivisions to read:

10 "(2d) Concurrence of the Council of State. – The consensus, within 48 hours of  
11 contact, of a majority of the Council of State prior to the Governor exercising  
12 a power or authority requiring a concurrence of the Council of State. The  
13 Governor shall document the contact and response of each Council of State  
14 member and shall release the concurrence, nonconcurrence, or no response  
15 provided by each member by name and position on the same website in which  
16 the executive order is published. If consensus is achieved, the release of the  
17 information by the Governor shall be prior to, or simultaneously with,  
18 exercising the stated authority. Any failure to respond to the Governor within  
19 the 48 hours of contact shall be deemed a concurrence by the member of the  
20 Council of State failing to respond. All documentation of the contact and  
21 response of each member of the Council of State shall be a public record.

22 (2m) Council of State. – The Lieutenant Governor, Secretary of State, Auditor,  
23 Treasurer, Superintendent of Public Instruction, Attorney General,  
24 Commissioner of Agriculture, Commissioner of Labor, Commissioner of  
25 Insurance, or any interim officer or acting officer appointed in accordance  
26 with Section 7 of Article III of the State Constitution.

27 ...

28 (20) Statewide emergency area. – Any emergency area applicable to two-thirds or  
29 more of the counties in this State."

30 **SECTION 19E.6.(b)** G.S. 166A-19.20 reads as rewritten:

31 **"§ 166A-19.20. Gubernatorial or legislative declaration of state of emergency.**

32 (a) Declaration. – A state of emergency may be declared by the Governor or by a  
33 resolution of the General Assembly, if either of these finds that an emergency exists.

34 (b) Emergency Area. – An executive order or resolution declaring a state of emergency  
35 shall include a definition of the area constituting the emergency area.

36 (c) Expiration of States of Emergency. – A state of emergency declared pursuant to this  
37 section shall expire as follows:

38 (1) If not a statewide emergency area, when it is rescinded by the authority that  
39 issued it.

40 (2) If a statewide emergency area, 30 calendar days after issuance without a  
41 concurrence of the Council of State. A declaration of emergency may not be  
42 continued without the concurrence of the Council of State. If the Council of  
43 State concurs with the declaration of emergency, the declaration of emergency  
44 shall expire 60 calendar days after issuance, unless the General Assembly  
45 extends the declaration of emergency by enactment of a general law. If the  
46 General Assembly does not extend the declaration of emergency by enactment  
47 in accordance with this subdivision, the Governor shall not issue a  
48 substantially similar declaration of emergency arising from the same events  
49 that formed the basis to issue the initial declaration of emergency that was not  
50 extended.



1       (c1) Effect of Failure of Concurrence of the Council of State. – If the concurrence of the  
2 Council of State fails with the issuance or continuation of a declaration of emergency under  
3 subdivision (c)(2) of this section, the Governor shall not issue the same or any other substantially  
4 similar declarations of emergency based on the same emergency.

5       (c2) Multiple Declarations to Avoid Concurrence of Council of State. – If the Governor  
6 declares more than one state of emergency based on the same emergency that would extend the  
7 application of the emergency area, when combined, to more than two-thirds of the counties in  
8 the State, the Governor shall obtain the concurrence of the Council of State in accordance with  
9 subdivision (c)(2) of this section for each declaration of emergency.

10       (d) Exercise of Powers Not Contingent on Declaration of Disaster Type. – Once a state  
11 of emergency has been declared pursuant to this section, the fact that a declaration of disaster  
12 type has not been issued shall not preclude the exercise of powers otherwise conferred during a  
13 state of emergency.

14       (e) Extra Session; Emergency Transportation Expenditures. – The General Assembly  
15 considers a determination by the Secretary of Transportation under G.S. 136-44.2E(f) that  
16 anticipated emergency expenses will exceed the funds in the Transportation Emergency Reserve  
17 within the meaning of the term "extraordinary occasions," and therefore the Governor is  
18 authorized to convene the General Assembly in Extra Session under Section 5(7) of Article III  
19 of the North Carolina Constitution. The General Assembly strongly urges the Governor to  
20 convene the General Assembly in Extra Session within 14 days of notice by the Secretary under  
21 G.S. 136-44.2E(f) for the purpose of appropriating funds from the Savings Reserve to the  
22 Emergency Reserve to address the transportation needs of the State necessitated by a major  
23 disaster."

24       **SECTION 19E.6.(c)** G.S. 166A-19.30 is amended by adding a new subsection to  
25 read:

26       "(c1) Upon exercise of any of the powers granted in subsection (c) of this section, the  
27 following shall apply:

28           (1) The Governor shall notify the affected local authorities immediately upon  
29 exercising any of the powers and any extensions thereof.

30           (2) In exercising any of the powers, notwithstanding subdivision (c)(1) of this  
31 section, the Governor shall obtain a concurrence of the Council of State.

32           (3) The duration of the exercise of any power by the Governor shall expire in  
33 accordance with G.S. 166A-19.20."

34       **SECTION 19E.6.(d)** G.S. 130A-20 reads as rewritten:

35       "**§ 130A-20. Abatement of an imminent hazard.**

36       (a) ~~If the Secretary or a local health director determines that an imminent hazard exists,~~  
37 ~~the Secretary or a local health director may order the owner, lessee, operator, or other person in~~  
38 ~~control of the a specific identified property to abate the imminent hazard or may, after notice to~~  
39 ~~or reasonable attempt to notify the owner, lessee, operator, or other person in control of the~~  
40 ~~property enter upon any the specific identified property and take any action necessary to abate~~  
41 ~~the imminent hazard. If the Secretary or a local health director abates the imminent hazard, the~~  
42 ~~Department or the local health department shall have a lien on the property of the owner, lessee,~~  
43 ~~operator, or other person in control of the specific identified property where the imminent hazard~~  
44 ~~existed for the cost of the abatement of the imminent hazard. The lien may be enforced in~~  
45 ~~accordance with procedures provided in Chapter 44A of the General Statutes. The lien may be~~  
46 ~~defeated by a showing that an imminent hazard did not exist at the time the Secretary or the local~~  
47 ~~health director took the action. The owner, lessee, operator, or any other person against whose~~  
48 ~~property the lien has been filed may defeat the lien by showing that that person was not culpable~~  
49 ~~in the creation of the imminent hazard.~~

1 (b) ~~The Secretary of Environmental Quality and a~~ local health director shall have the  
2 same rights enumerated in subsection (a) of this section to enforce the provisions of Articles 9  
3 and 10 of this Chapter.

4 (c) The Secretary shall have the authority to determine that a class or category of property  
5 uses presents a statewide imminent hazard. For a period of no more than seven calendar days,  
6 the Secretary may order owners, operators, or other persons in control of that class or category  
7 of property uses to abate the statewide imminent hazard. If the Secretary has notified the  
8 Governor, and the Governor has received the concurrence of the Council of State, such order  
9 may be extended for up to 30 days at a time. The Secretary may, after notice to or reasonable  
10 attempt to notify the owners, operators, or other persons in control of a specific property not  
11 complying with the order of abatement, enter upon the property and take any action necessary to  
12 abate the imminent hazard. If the Secretary's orders under this subsection would extend the  
13 application of the class or categories of properties in areas, when combined, to statewide  
14 application, the Secretary shall notify the Governor, and the Governor shall seek the concurrence  
15 of the Council of State in accordance with this subsection prior to extension of any of the orders.

16 (d) The Secretary of Environmental Quality, in accordance with subsection (c) of this  
17 section, may enforce the provisions of Articles 9 and 10 of this Chapter.

18 (e) For purposes of this section, the following definitions shall apply:

19 (1) Concurrence of the Council of State. – As defined in G.S. 166A-19.3(2d).

20 (2) Statewide. – Two-thirds or more of the counties in this State."

21 **SECTION 19E.6.(e)** G.S. 130A-145 reads as rewritten:

22 **"§ 130A-145. Quarantine and isolation authority.**

23 (a) The State Health Director and a local health director are empowered to exercise  
24 quarantine and isolation ~~authority.~~ authority in accordance with this section. Quarantine and  
25 isolation authority shall be exercised only when and so long as the public health is endangered,  
26 all other reasonable means for correcting the problem have been exhausted, and no less restrictive  
27 alternative exists.

28 (b) No person other than a person authorized by the State Health Director or local health  
29 director shall enter quarantine or isolation premises. Nothing in this subsection shall be construed  
30 to restrict the access of authorized health care, law enforcement, or emergency medical services  
31 personnel to quarantine or isolation premises as necessary in conducting their duties.

32 (c) Before applying quarantine or isolation authority to livestock or poultry for the  
33 purpose of preventing the direct or indirect conveyance of an infectious agent to persons, the  
34 State Health Director or a local health director shall consult with the State Veterinarian in the  
35 Department of Agriculture and Consumer Services.

36 (d) When quarantine or isolation limits the freedom of movement of a person or animal  
37 or of access to a person or animal whose freedom of movement is limited, the period of limited  
38 freedom of movement or access shall not exceed 30 calendar days. Any person substantially  
39 affected by that limitation may institute in superior court in Wake County or in the county in  
40 which the limitation is imposed an action to review that limitation. The official who exercises  
41 the quarantine or isolation authority shall give the persons known by the official to be  
42 substantially affected by the limitation reasonable notice under the circumstances of the right to  
43 institute an action to review the limitation. If a person or a person's representative requests a  
44 hearing, the hearing shall be held within 72 hours of the filing of that request, excluding Saturdays  
45 and Sundays. The person substantially affected by that limitation is entitled to be represented by  
46 counsel of the person's own choice or if the person is indigent, the person shall be represented by  
47 counsel appointed in accordance with Article 36 of Chapter 7A of the General Statutes and the  
48 rules adopted by the Office of Indigent Defense Services. The court shall reduce or terminate the  
49 limitation unless it determines, by the preponderance of the evidence, that the limitation is  
50 reasonably necessary to prevent or limit the conveyance of a communicable disease or condition  
51 to others.

1 (e) If the State Health Director or the local health director determines that a  
2 30-calendar-day limitation on freedom of movement or access is not adequate to protect the  
3 public health, the State Health Director or local health director must institute in superior court in  
4 the county in which the limitation is imposed an action to obtain an order extending the period  
5 of limitation of freedom of movement or access. If the person substantially affected by the  
6 limitation has already instituted an action in superior court in Wake County, the State Health  
7 Director must institute the action in superior court in Wake County or as a counterclaim in the  
8 pending case. Except as provided below for persons with tuberculosis, the court shall continue  
9 the limitation for a period not to exceed 30 days if it determines, by the preponderance of the  
10 evidence, that the limitation is reasonably necessary to prevent or limit the conveyance of a  
11 communicable disease or condition to others. The court order shall specify the period of time the  
12 limitation is to be continued and shall provide for automatic termination of the order upon written  
13 determination by the State Health Director or local health director that the quarantine or isolation  
14 is no longer necessary to protect the public health. In addition, where the petitioner can prove by  
15 a preponderance of the evidence that quarantine or isolation was not or is no longer needed for  
16 protection of the public health, the person quarantined or isolated may move the trial court to  
17 reconsider its order extending quarantine or isolation before the time for the order otherwise  
18 expires and may seek immediate or expedited termination of the order. Before the expiration of  
19 an order issued under this section, the State Health Director or local health director may move to  
20 continue the order for additional periods not to exceed 30 days each. If the person whose freedom  
21 of movement has been limited has tuberculosis, the court shall continue the limitation for a period  
22 not to exceed one calendar year if it determines, by a preponderance of the evidence, that the  
23 limitation is reasonably necessary to prevent or limit the conveyance of tuberculosis to others.  
24 The court order shall specify the period of time the limitation is to be continued and shall provide  
25 for automatic termination of the order upon written determination by the State Health Director  
26 or local health director that the quarantine or isolation is no longer necessary to protect the public  
27 health. In addition, where the petitioner can prove by a preponderance of the evidence that  
28 quarantine or isolation was not or is no longer needed for protection of the public health, the  
29 person quarantined or isolated may move the trial court to reconsider its order extending  
30 quarantine or isolation before the time for the order otherwise expires and may seek immediate  
31 or expedited termination of the order. Before the expiration of an order limiting the freedom of  
32 movement of a person with tuberculosis, the State Health Director or local health director may  
33 move to continue the order for additional periods not to exceed one calendar year each.

34 (f) Notwithstanding the first sentence of subsection (d) of this section, for a period of no  
35 more than seven calendar days, the State Health Director shall have the authority to determine  
36 and order that a class or category of persons need to be quarantined or isolated to protect the  
37 public health. If such an order under this section applies statewide, the State Health Director may  
38 move the court for extensions of the order in accordance with subsection (e) of this section after  
39 the State Health Director has notified the Governor, and the Governor has received the  
40 concurrence of the Council of State. If such an order applies less than statewide, the State Health  
41 Director may move the court for extension of the order in accordance with subsection (e) of this  
42 section. If the State Health Director's orders under this subsection would extend the application  
43 of the class or categories in areas, when combined, to statewide application, the State Health  
44 Director shall notify the Governor, and the Governor shall seek the concurrence of the Council  
45 of State in accordance with this subsection prior to moving the court for the extension of any of  
46 the orders.

47 (g) For purposes of this section, the following definitions shall apply:

48 (1) Concurrence of the Council of State. – As defined in G.S. 166A-19.3(2d).

49 (2) Statewide. – Two-thirds or more of the counties in this State."

50 **SECTION 19E.6.(f)** This section becomes effective January 1, 2023, and applies to  
51 the exercise of power under a state of emergency or declaration of emergency existing on or after

1 that date or any order of abatement issued on or after that date. Any power exercised under a  
2 state of emergency or declaration of emergency existing on that date that would require a  
3 concurrence of the Council of State under G.S. 166A-19.20 or G.S. 166A-19.30, as amended by  
4 this section, shall expire two days after this section becomes law unless a concurrence of the  
5 Council of State is sought and received in accordance with G.S. 166A-19.20 or G.S. 166A-19.30,  
6 as amended by this section.

## 8 NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

9 **SECTION 19E.7.** Section 5.7(a) of S.L. 2018-136, as amended by Section 2.15(a)  
10 of S.L. 2018-138 and Section 12.5 of S.L. 2020-78, reads as rewritten:

11 "**SECTION 5.7.(a)** The Office of Recovery and Resiliency (Office) is created in the  
12 Department of Public Safety. The Office shall execute multi-year recovery and resiliency projects  
13 and administer funds provided by the Community Development Block Grant Disaster Recovery  
14 program for Hurricanes Florence and Matthew.

15 "**SECTION 5.7.(a1)** The Secretary may reassign up to 15 existing positions of the Division  
16 of Emergency Management to the Office. In addition, the Secretary may create new ~~three-year~~  
17 ~~time-limited positions.~~ positions if State and federal funds are available to support those  
18 positions. The reassigned positions assigned to the Office shall retain the employment status of  
19 the positions at the time of the reassignment after implementation of this act is completed. The  
20 ~~three-year time-limited new positions created in this section shall be temporary positions based~~  
21 upon availability of State and federal funds and are exempt from the provision of the State Human  
22 Resources Act, Chapter 126 of the General Statutes, except Articles 6 and 7 of that Chapter.

23 "**SECTION 5.7.(a2)** The Office will provide general disaster recovery coordination and  
24 public information; citizen outreach and application case management; audit, finance,  
25 compliance, and reporting on disaster recovery funds; and program and construction  
26 management services. The Office shall also contract for services from vendors specializing in  
27 housing, construction, and project management services."

## 29 STATEWIDE IMPLEMENTATION OF PANIC ALARM APPLICATION

30 **SECTION 19E.8.(a)** Of the funds appropriated in this act to the Department of  
31 Public Safety, Division of Emergency Management (Division), the sum of four million four  
32 hundred sixty-two thousand four hundred seventy-five dollars (\$4,462,475) in nonrecurring  
33 funds for the 2021-2022 fiscal year shall be used to contract with a vendor to implement a  
34 statewide panic alarm application in accordance with this section.

35 **SECTION 19E.8.(b)** Of the funds appropriated in this act to the Division, the sum  
36 of two hundred twenty thousand dollars (\$220,000) in recurring funds for the 2021-2023 fiscal  
37 biennium shall be used to manage the application once implemented.

38 **SECTION 19E.8.(c)** By January 15, 2022, the Division shall implement and  
39 maintain a statewide panic alarm application that meets the requirements prescribed in  
40 G.S. 115C-105.51(c) and is available to all employees of public secondary schools, as that term  
41 is defined in G.S. 115C-105.51(g), in collaboration with the Department of Public Instruction,  
42 Division of School Operations, and the Centers for Safer Schools. When implementing and  
43 maintaining the statewide panic alarm application, the Division shall consider results from the  
44 School Panic Alarm Pilot Program conducted in the 2017-2018 fiscal year and the  
45 recommendations of the May 2018 report entitled "Panic Alarm Solution for North Carolina K-12  
46 Public Schools."

## 48 NCORR ADDITIONAL POSITIONS

49 **SECTION 19E.9.(a)** Of the funds appropriated to the Department of Public Safety,  
50 Office of Recovery and Resiliency, the sum of three hundred fifty-six thousand six hundred  
51 seventeen dollars (\$356,617) in recurring funds for each fiscal year of the 2021-2023 biennium

1 shall be used to support three full-time equivalent positions to (i) carry out resiliency  
2 programming which may include advising State decision makers on recovery and resiliency  
3 activities, (ii) lead and coordinate resiliency efforts across State and federal agencies, regional  
4 and local governments, public higher education, and other public and private stakeholders, (iii)  
5 provide expertise and technical support to communities for resiliency planning and projects to  
6 protect communities from flooding and other natural disasters, and (iv) coordinate and assist with  
7 the implementation of disaster recovery and resiliency projects through the Office. The Office  
8 may locate and station Office employees in key regions to foster partnerships with councils of  
9 government in order to address capacity gaps and to aid local governments to access federal funds  
10 for recovery and resiliency projects and activities.

11 **SECTION 19E.9.(b)** The Office of State Budget and Management is directed to  
12 create a fund code within the Department of Public Safety, Office of Recovery and Resiliency,  
13 to house the staff of the Office.  
14

#### 15 **NORTH CAROLINA PIEDMONT RADAR STUDY**

16 **SECTION 19E.10.(a)** The Department of Public Safety, Division of Emergency  
17 Management (Division), in conjunction with the Western Piedmont, Centralina, and Piedmont  
18 Triad Councils of Governments, shall study the feasibility of closing the radar gap over the  
19 Piedmont region of North Carolina. In conducting the study, the Division shall consult with the  
20 National Weather Service, local stakeholders, and other interested parties in order to complete  
21 the study. The Division shall include in the feasibility study, at a minimum, all of the following:

- 22 (1) Entities able to assist in the implementation of new radar infrastructure,  
23 including local governments, federal agencies, nonprofit organizations,  
24 associations, and other entities specializing in weather or radar monitoring.
- 25 (2) Exact sites of radar infrastructure, construction cost estimates, operational and  
26 maintenance cost estimates, and other considerations related to the  
27 installation, operation, and maintenance of radar infrastructure at each site  
28 over the life span of the radar infrastructure.
- 29 (3) Types of radar infrastructure necessary to provide a network of radar coverage  
30 for the Piedmont region, including C-band radar and X-band radar.
- 31 (4) Identification of federal funds eligible for cost share for the radar projects, and  
32 a plan to secure federal funding prior to the implementation of the radar  
33 projects, if feasible.

34 **SECTION 19E.10.(b)** No later than May 1, 2022, the Division shall submit the  
35 results of the study to the chairs of the House Appropriations Committee on Justice and Public  
36 Safety, the chairs of the Senate Appropriations Committee on Justice and Public Safety, and the  
37 Fiscal Research Division  
38

#### 39 **PART XX. ADMINISTRATION**

#### 40 **MANAGEMENT OF STATE-OWNED AND STATE-LEASED REAL PROPERTY** 41 **PORTFOLIO**

42 **SECTION 20.1.(a)** G.S. 143-341.2 reads as rewritten:

43 **"§ 143-341.2. Proactive management of State-owned and State-leased real property**  
44 **portfolio.**

45 (a) Duties of the Department of Administration. – The Department of Administration  
46 shall have the following powers and duties:

- 47 (1) Development of comprehensive State facilities plan. – No later than ~~December~~  
48 ~~1, 2018,~~ April 1, 2023, and every five years thereafter, the Department of  
49 Administration shall develop and implement a plan to comprehensively  
50

- 1 manage, acquire, and dispose of the facilities and spaces required to fully  
 2 support State government operations. The plan shall do all of the following:  
 3 ...
- 4 f. Provide recommendations for disposing of existing State property and  
 5 facilities, consolidating operations among existing facilities, and  
 6 relocating State agencies from leased facilities to State-owned  
 7 facilities.
- 8 g. Describe all changes made to space planning standards developed and  
 9 distributed as provided in subdivision (4) of this subsection.
- 10 ...
- 11 (3) Development of utilization measures. – ~~No later than December 1, 2016, the~~  
 12 The Department of Administration shall develop and distribute to State  
 13 agencies procedures to be used to measure the utilization of State-owned and  
 14 State-leased real property. The procedures developed pursuant to this  
 15 subdivision shall be all of the following:  
 16 ...
- 17 (4) Development and enforcement of space planning standards. – ~~No later than~~  
 18 ~~December 1, 2016, the~~ The Department of Administration shall develop and  
 19 distribute to State agencies space planning standards to be used to determine  
 20 workspace size and to govern the use of shared space. The standards  
 21 developed pursuant to this subdivision shall be based on the Federal GSA's  
 22 Office of Real Property Management Performance Measurement Division  
 23 Workspace Utilization and Allocation Benchmark report unless the  
 24 Department identifies another efficient industry standard upon which to base  
 25 the space planning standards developed pursuant to this subdivision. The  
 26 Department ~~shall annually shall:~~
- 27 a. Annually perform audits of a portion of State agencies to determine  
 28 each agency's adherence to the space planning standards developed  
 29 pursuant to this subdivision and shall send formal letters of  
 30 admonishment to any agency that fails to justify, in the sole discretion  
 31 of the Department, any deviation from those standards.
- 32 b. Update the space planning standards developed pursuant to this  
 33 subdivision at least once every five years and distribute those changes  
 34 to State agencies.
- 35 ...
- 36 (7) Reporting. – The Department of Administration shall make the following  
 37 reports:  
 38 a. ~~No later than December 1, 2018, April 1, 2023,~~ and every five years  
 39 thereafter, the Department shall report the following to the Joint  
 40 Legislative Commission on Governmental Operations, ~~to the Joint~~  
 41 Legislative Oversight Committee on Capital Improvements, Joint  
 42 Legislative Oversight Committee on General Government, and Fiscal  
 43 Research Division of the General Assembly, and to the Program  
 44 Evaluation Division of the General Assembly: Division:  
 45 ...
- 46 b. If any State agency fails to submit the information required by  
 47 subdivision (b)(1) of this section, the Department shall report the  
 48 failure to the chairs of the Joint Legislative Commission on  
 49 Governmental ~~Operations and to Operations,~~ the chairs of the Joint  
 50 Legislative Oversight Committee on Capital Improvements, and the

1 chairs of the Joint Legislative ~~Program Evaluation Oversight~~  
 2 Committee on General Government within 30 days.

3 c. No later than ~~December 1, 2019,~~ April 1, 2024, and each year  
 4 thereafter, the Department shall report to the Joint Legislative  
 5 Commission on Governmental Operations, ~~to the Joint Legislative~~  
 6 Oversight Committee on Capital Improvements, Joint Legislative  
 7 Oversight Committee on General Government, and Fiscal Research  
 8 Division of the General Assembly, and to the Program Evaluation  
 9 Division of the General Assembly on the State's portfolio of real  
 10 property. This report shall include at least the following information:

11 ...  
 12 8. A list of all audits performed that year pursuant to  
 13 sub-subdivision a. of subdivision (4) of this subsection, a  
 14 summary of the findings of each audit, and the agency's plans  
 15 for addressing the findings of the audit.

16 (b) Duties of Other State Agencies. – Each State agency shall have the following powers  
 17 and duties:

18 (1) Collection and reporting of information on property use. – No later than ~~July~~  
 19 ~~1, 2018,~~ November 1, 2022, and each year thereafter, each State agency shall  
 20 submit to the Department of Administration all of the information described  
 21 in G.S. 143-341(4)b.1. through 15. for each building, facility, or space in any  
 22 building or facility that the agency occupies. This shall be in addition to any  
 23 reports required pursuant to G.S. 143-341(4)h.

24 ...  
 25 (4) Development of five-year property management plan. – No later than ~~July 1,~~  
 26 ~~2018,~~ November 1, 2022, and every five years thereafter, each State agency  
 27 shall develop a five-year real property management plan and shall submit the  
 28 plan to the Department of Administration for review. Each plan shall do all of  
 29 the following:

30 ...."

31 **SECTION 20.1.(b)** The Department of Administration, State Property Office, shall  
 32 include in the April 1, 2023, comprehensive State facilities plan required by G.S. 143-341.2, as  
 33 enacted in subsection (a) of this section, a report on any changes to the space needs of State  
 34 agencies as a result of employees working from home due to the COVID-19 pandemic. The State  
 35 Property Office shall consult with the Office of State Human Resources in preparing the report,  
 36 which shall include all of the following:

- 37 (1) The percentage of employees in each State agency that, on average, worked  
 38 from home at least one day each week from March 1, 2021, to March 1, 2022.
- 39 (2) The percentage of employees in each State agency that, on average, worked  
 40 from home at least four days each week from March 1, 2021, to March 1,  
 41 2022.
- 42 (3) Information from State agencies about the continued duration of their  
 43 work-from-home policies, including anticipated termination of the policies.
- 44 (4) Recommendations for reducing or consolidating State agency facilities in  
 45 response to expanded State agency work-from-home policies.

46  
 47 **DOA DIVISION OF NONPUBLIC EDUCATION/REPORTING REQUIREMENT**

48 **SECTION 20.2.** The Department of Administration, Division of Nonpublic  
 49 Education (Division), shall report to the Joint Legislative Oversight Committee on General  
 50 Government, the Joint Legislative Oversight Committee on Education, and the Fiscal Research  
 51 Division on the use of State Fiscal Recovery Funds appropriated in this act to the Division for

1 the purpose of ensuring compliance with the provisions of G.S. 115C-552 and G.S. 115C-560.

2 The report shall be compiled as follows:

- 3 (1) An initial report submitted no later than February 1, 2022, which shall include  
 4 all of the following:  
 5 a. A description of the increase in home school notice of intent filings as  
 6 a result of the COVID-19 pandemic and the number of those home  
 7 schools that have since submitted termination notices.  
 8 b. The current approach to tracking the number of operational home  
 9 schools in the State.  
 10 c. Challenges in maintaining an accurate count of operational home  
 11 schools.  
 12 d. Efforts underway to determine which home schools are no longer  
 13 operational.  
 14 e. The current methodology for compiling annual statistical reports on  
 15 operational home schools and any planned database improvements and  
 16 changes to the statistical report methodology.  
 17 f. Year-to-date and planned expenditures.  
 18 (2) A final report submitted no later than August 1, 2022, which shall be appended  
 19 to the Division's annual statistical report on home schools and shall include all  
 20 of the following:  
 21 a. An assessment of the long-term impact of the COVID-19 pandemic on  
 22 the number of home schools in the State, including whether the  
 23 increase in the number of home schools experienced during the  
 24 pandemic is likely to continue to rise or decline and the factors  
 25 contributing to those decisions.  
 26 b. An assessment of the accuracy of current data on the number of  
 27 operational home schools.  
 28 c. An update on efforts undertaken to determine which home schools are  
 29 no longer operational.  
 30 d. Any changes made to the way in which the annual statistical report is  
 31 compiled, including any completed database improvements and  
 32 changes to the statistical report methodology.  
 33 e. Recommendations on ways in which the collection and compilation of  
 34 data on the number of operational home schools can be further  
 35 improved.  
 36

37 **DOA DIVISION OF NONPUBLIC EDUCATION ANNUAL REPORTING**  
 38 **REQUIREMENT**

39 **SECTION 20.2A.** G.S. 143-341 reads as rewritten:

40 **"§ 143-341. Powers and duties of Department.**

41 ...

42 (12) Nonpublic Schools:

- 43 a. Via the Division of Nonpublic Education (Division), to submit reports  
 44 to the Joint Legislative Oversight Committee on General Government,  
 45 the Joint Legislative Oversight Committee on Education, and the  
 46 Fiscal Research Division by July 15 of each year that include all of the  
 47 following, including the methodology used to gather or estimate the  
 48 information:  
 49 1. For schools to which Part 1 and Part 2 of Article 39 of Chapter  
 50 115C of the General Statutes relate, excluding home schools as



- 1 defined in Part 3 of Article 39 of Chapter 115C of the General
- 2 Statutes:
- 3 I. Statewide. –
- 4 A. Total number of all schools and total number of
- 5 schools by type. For purposes of this
- 6 subdivision, the term "type" means the school
- 7 is operating as a private church school or school
- 8 of religious charter under Part 1 or as a
- 9 nonpublic school under Part 2 of Article 39 of
- 10 Chapter 115C of the General Statutes.
- 11 B. Total student enrollment and total student
- 12 enrollment by type of school.
- 13 C. Total student enrollment by grade.
- 14 D. Total student enrollment by sex.
- 15 II. For each county. –
- 16 A. Total number of all schools and total number of
- 17 schools by type.
- 18 B. Total student enrollment and total student
- 19 enrollment by type of school.
- 20 C. Total student enrollment by grade.
- 21 2. For home schools as that term is defined in Part 3 of Article 39
- 22 of Chapter 115C of the General Statutes:
- 23 I. Statewide. –
- 24 A. Total number of all home schools and total
- 25 number of home schools electing to operate
- 26 under Part 1 and total number electing to
- 27 operate under Part 2 of Article 39 of Chapter
- 28 115C of the General Statutes.
- 29 B. Total student enrollment and total student
- 30 enrollment for home schools electing to operate
- 31 under Part 1 and total enrollment for home
- 32 schools electing to operate under Part 2 of
- 33 Article 39 of Chapter 115C of the General
- 34 Statutes.
- 35 C. Total student enrollment by grade.
- 36 II. For each county. –
- 37 A. Total number of home schools.
- 38 B. Total student enrollment.
- 39 b. The Division shall prepare separate reports for the information
- 40 required by sub-sub-subdivisions a.1. and a.2. of this subdivision.
- 41 c. The Division shall annually prepare and publish on its website a
- 42 statistical history report on (i) the total number of schools and total
- 43 student enrollment for schools to which Part 1 and Part 2 of Article 39
- 44 of Chapter 115C of the General Statutes relate, excluding home
- 45 schools, and (ii) the total number of home schools and the total student
- 46 enrollment for home schools."

**NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT  
DUTIES**

**SECTION 20.3.** G.S. 143B-393 reads as rewritten:

1 "§ 143B-393. **North Carolina Council for Women and Youth Involvement – creation;**  
2 **powers and duties.**

3 (a) There is hereby created the North Carolina Council for Women and Youth  
4 Involvement of the Department of Administration. The Council shall ~~have~~ perform the following  
5 functions and duties:

- 6 (1) ~~To advise~~ Advise the Governor, the principal State departments, and the State  
7 legislature concerning the education and employment of women in the State  
8 of North Carolina.
- 9 (1a) ~~To advise~~ Advise the Governor or Secretary of Administration upon any  
10 matter relating to the following programs and organizations:  
11 a. North Carolina Internship Council and the North Carolina State  
12 Government Internship Program.  
13 b. SADD (Students Against Destructive Decisions).  
14 c. State Youth Councils.
- 15 (2) ~~To advise~~ Advise the Secretary of Administration upon any matter the  
16 Secretary may refer to the Council.
- 17 (3) Repealed by Session Laws 2013-30.2(b), effective July 1, 2013.
- 18 (4) Administer the Domestic Violence Center Fund, as provided in G.S. 50B-9.
- 19 (5) Administer the Sexual Assault and Rape Crisis Center Fund, as provided in  
20 G.S. 143B-394.21.
- 21 (6) Recommend a person to serve as State Coordinator of the office of  
22 Coordinator of Services for Victims of Sexual Assault, as provided in  
23 G.S. 143B-394.2.
- 24 (7) Provide staff support to the Domestic Violence Commission, as provided in  
25 G.S. 143B-394.16.
- 26 (8) Serve as a member of the North Carolina Child Fatality Task Force, as  
27 provided in G.S. 7B-1402.
- 28 (9) Consult with the Department of Public Safety on a reporting system and  
29 database on certain domestic violence-related homicides, as provided in  
30 G.S. 143B-903.
- 31 (10) Provide staff support for the North Carolina Internship Council and the State  
32 Youth Advisory Council, as provided in G.S. 143B-394.32 and  
33 G.S. 143B-394.26, respectively.

34 ...."

35  
36 **NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT**  
37 **REPORTING REQUIREMENTS**

38 **SECTION 20.6.(a)** G.S. 50B-9 reads as rewritten:

39 "**§ 50B-9. Domestic Violence Center Fund.**

40 (a) The Domestic Violence Center Fund is established within the State Treasury. The  
41 fund shall be administered by the Department of Administration, North Carolina Council for  
42 ~~Women,~~ Women and Youth Involvement, and shall be used to make grants to centers for victims  
43 of domestic violence and to The North Carolina Coalition Against Domestic Violence, ~~Inc.~~  
44 Incorporated. This fund shall be administered in accordance with the provisions of the ~~Executive~~  
45 State Budget Act. The Department of Administration shall make quarterly grants to each eligible  
46 domestic violence center and to The North Carolina Coalition Against Domestic ~~Violence, Inc.~~  
47 Effective July 1, 2017, and each fiscal year thereafter, the Violence, Incorporated. The  
48 Department of Administration shall send the contracts to grantees within 10 business days of the  
49 date the Current Operations Appropriations Act, as defined in G.S. 143C-1-1, is certified for that  
50 fiscal year.

1 (b) Each grant recipient shall receive the same amount. To be eligible to receive funds  
 2 under this section, a domestic violence center must meet the following requirements:

3 (1) It shall have been in operation on the preceding July 1 and shall continue to  
 4 be in operation.

5 (2) It shall offer all of the following services: a hotline, transportation services,  
 6 community education programs, daytime services, and call forwarding during  
 7 the night and it shall fulfill other criteria established by the Department of  
 8 Administration.

9 (3) It shall be a nonprofit corporation or a local governmental entity.

10 (c) ~~The~~ On or before September 1, the North Carolina Council for Women and Youth  
 11 Involvement shall report on the quarterly distributions of the grants from the Domestic Violence  
 12 Center Fund to the House and Senate chairs of the General Government Appropriations  
 13 Committee ~~within five business days of distribution, and the Fiscal Research Division.~~ The report  
 14 shall include the ~~date,~~ following:

15 (1) Date, amount, and recipients of the fund disbursements. ~~The report shall also~~  
 16 ~~include any eligible~~

17 (2) Eligible programs which are ineligible to receive funding during the relative  
 18 reporting cycle as well as the reason of the ineligibility for that relative  
 19 reporting cycle."

20 **SECTION 20.6.(b)** Notwithstanding the provisions of G.S. 50B-9(c), as enacted by  
 21 subsection (a) of this section, the North Carolina Council for Women and Youth Involvement  
 22 shall submit the report on the quarterly distributions of grants from the Domestic Violence Center  
 23 Fund on or before January 1, 2022, instead of on or before September 1, 2021.

24  
 25 **COUNCIL OF STATE REIMBURSEMENT FOR COMMUTING IN STATE-OWNED**  
 26 **MOTOR VEHICLES**

27 **SECTION 20.9.** G.S. 143-341 reads as rewritten:

28 **"§ 143-341. Powers and duties of Department.**

29 The Department of Administration has the following powers and duties:

30 ...  
 31 (8) General Services:

32 ...  
 33 i. To establish and operate a central motor fleet and such subsidiary  
 34 related facilities as the Secretary may deem necessary, and to that end:

35 ...  
 36 7a. ...

37 Every individual who uses a State-owned passenger motor  
 38 vehicle, pickup truck, or van to drive between the individual's  
 39 official work station and his or her home, shall reimburse the  
 40 State for these trips at a rate computed by the Department. This  
 41 rate shall ~~approximate~~ be derived from a method that  
 42 approximates the benefit derived from the use of the vehicle as  
 43 prescribed by federal ~~law.~~ law, which may include the lease  
 44 value rule described in Publication 15-B of the Internal  
 45 Revenue Service. Reimbursement for a member of the Council  
 46 of State shall be for the actual number of days the member uses  
 47 the vehicle to commute during the month. Reimbursement for  
 48 any other individual shall be for 20 days per month regardless  
 49 of how many days the individual uses the vehicle to commute  
 50 during the month. Reimbursement shall be made by payroll  
 51 deduction. Funds derived from reimbursement on vehicles

1 owned by the Motor Fleet Management Division shall be  
2 deposited to the credit of the Division; funds derived from  
3 reimbursements on vehicles initially purchased with  
4 appropriations from the Highway Fund and not owned by the  
5 Division shall be deposited in a Special Depository Account in  
6 the Department of Transportation, which shall revert to the  
7 Highway Fund; funds derived from reimbursement on all other  
8 vehicles shall be deposited in a Special Depository Account in  
9 the Department of Administration which shall revert to the  
10 General Fund. Commuting, for purposes of this  
11 sub-sub-subdivision, does not include those individuals whose  
12 office is in their home, as determined by the Department of  
13 Administration, Division of Motor Fleet Management. Also,  
14 this sub-sub-subdivision does not apply to the following  
15 vehicles: (i) clearly marked police and fire vehicles, (ii)  
16 delivery trucks with seating only for the driver, (iii) flatbed  
17 trucks, (iv) cargo carriers with over a 14,000 pound capacity,  
18 (v) school and passenger buses with over 20 person capacities,  
19 (vi) ambulances, (vii) [Repealed]. (viii) bucket trucks, (ix)  
20 cranes and derricks, (x) forklifts, (xi) cement mixers, (xii)  
21 dump trucks, (xiii) garbage trucks, (xiv) specialized utility  
22 repair trucks (except vans and pickup trucks), (xv) tractors,  
23 (xvi) unmarked law-enforcement vehicles that are used in  
24 undercover work and are operated by full-time, fully sworn  
25 law-enforcement officers whose primary duties include  
26 carrying a firearm, executing search warrants, and making  
27 arrests, and (xvii) any other vehicle exempted under Section  
28 274(d) of the Internal Revenue Code of 1954, and Federal  
29 Internal Revenue Service regulations based thereon. The  
30 Department of Administration, Division of Motor Fleet  
31 Management, shall report quarterly to the Joint Legislative  
32 Commission on Governmental Operations and to the Fiscal  
33 Research Division of the Legislative Services Office on  
34 individuals who use State-owned passenger motor vehicles,  
35 pickup trucks, or vans between their official work stations and  
36 their homes, who are not required to reimburse the State for  
37 these trips.

38 ...."

#### 40 **DOA LEASE LAKE WHEELER FIELD LAB PROPERTY TO USDA**

41 **SECTION 20.10.** The Department of Administration (Department) may lease to the  
42 United States Department of Agriculture, Agricultural Research Service (USDA ARS), for  
43 nominal monetary consideration, up to 15 acres of real property owned by the State and allocated  
44 to North Carolina State University as part of the University's Lake Wheeler Field Lab in the City  
45 of Raleigh near the intersection of Lake Wheeler Road and Inwood Road. The lease may be for  
46 a term of up to 40 years, including renewals, and may permit the construction, as well as the use  
47 and operation, by USDA ARS of an interdisciplinary plant research facility and related  
48 improvements to facilitate, encourage, and strengthen collaboration with university researchers  
49 in related fields. The lease shall provide that USDA ARS shall be responsible for all costs related  
50 to the construction, use, and operation of the facility. Notwithstanding the provisions of  
51 G.S. 146-29.1, the lease shall be effective upon execution and the satisfaction of any conditions

1 precedent to its effectiveness stated in the lease. The Department shall comply with the reporting  
2 requirements of G.S. 146-29(c) prior to entering or renewing any lease under this section.  
3

#### 4 **REVISE LAWS GOVERNING PROCEEDS OF PROPERTY SALES**

5 **SECTION 20.11.(a)** G.S. 146-30.2 reads as rewritten:

6 "**§ 146-30.2. Calculation of net proceeds from the sale of State-owned real property located**  
7 **outside the State Capitol area.**

8 ...

9 (e) Exception. – This section shall not apply to proceeds derived from the sale of land or  
10 property originally purchased with, under the supervision and control of, or maintained with  
11 funds from the State Highway ~~Fund~~ Fund, the Department of Agriculture and Consumer  
12 Services, the Wildlife Resources Commission, or proceeds derived from the disposition of  
13 residue property pursuant to G.S. 136-19.7."

14 **SECTION 20.11.(b)** This section is effective retroactively to June 1, 2021. The net  
15 proceeds of sales of State-owned real property closing on or after that date that were distributed  
16 in a manner contrary to the provisions of this section shall be redistributed by the Department of  
17 Administration to the appropriate recipient of the funds as set forth in G.S. 146-30.  
18

#### 19 **CONTRACTS FOR NONPROFIT WORK CENTERS FOR THE BLIND AND** 20 **SEVERELY DISABLED**

21 **SECTION 20.12.(a)** G.S. 143-129.5 reads as rewritten:

22 "**§ 143-129.5. Purchases from nonprofit work centers for the blind and severely disabled.**

23 (a) Notwithstanding G.S. 143-129, a city, county, or other governmental entity subject to  
24 this Article may purchase goods and services directly from a nonprofit work center for the blind  
25 and severely disabled, as defined in G.S. 143-48.

26 (b) The Secretary of Administration shall, at least annually, canvass nonprofit work  
27 centers for the blind and severely disabled for goods and services required by the State  
28 government or any of its departments, institutions, or agencies and shall purchase or contract for  
29 the purchase, lease, or lease-purchase of those goods and services. The Secretary shall establish  
30 and enforce specifications that shall apply to all goods and services to be purchased or leased  
31 from nonprofit work centers for the use of the State government or any of its departments,  
32 institutions, or agencies. Except as provided in G.S. 148-134, where one or more sources of  
33 supply have been established by contract and certified by the Secretary of Administration to State  
34 departments, institutions, and agencies, it shall be the duty of all State departments, institutions,  
35 and agencies to make requisition or issue orders on forms to be prescribed by the Secretary of  
36 Administration for purchases required by them upon the sources of supply so certified. No State  
37 department, institution, or agency shall purchase from any sources other than those certified by  
38 the Secretary unless the requisition cannot be fulfilled because of insufficient availability of  
39 goods or services required. The Secretary shall, in any contract or lease, require that nonprofit  
40 work centers maintain the price of goods or services substantially in accord with that paid by  
41 governmental agencies for similar goods or services of equivalent quality. The provisions of  
42 G.S. 143-52 shall not apply to purchases made pursuant to this section. However, nothing in this  
43 section shall prohibit a nonprofit work center from submitting bids or making offers for contracts  
44 under G.S. 143-52.

45 (c) The Department of Administration shall report annually to the Joint Legislative  
46 ~~Commission on Governmental Operations Oversight Committee on General Government~~ on its  
47 administration of ~~this program~~ the programs described in subsections (a) and (b) of this section."  
48

49 **SECTION 20.12.(b)** G.S. 143-48.2 reads as rewritten:

50 "**§ 143-48.2. Procurement program for nonprofit work centers for the blind and the**  
**severely disabled.**

1 (a) An agency subject to the provisions of this Article for the procurement of goods may  
2 purchase goods directly from a nonprofit work center for the blind and severely disabled, subject  
3 to the following provisions:

4 ...

5 (2) The goods must not be available under a State requirements ~~contract~~contract,  
6 except as provided in G.S. 143-129.5, or available from Correction  
7 Enterprises as provided in G.S. 148-134.

8 ...

9 (b) An agency subject to the provisions of this Article for the procurement of services  
10 may purchase services directly from a nonprofit work center for the blind and severely disabled,  
11 subject to the following provisions:

12 (1) The services must not be available under a State requirements  
13 ~~contract~~contract, except as provided in G.S. 143-129.5, or available from  
14 Correction Enterprises as provided in G.S. 148-134.

15 ...."

16 **SECTION 20.12.(c)** This section becomes effective January 1, 2022, and applies to  
17 requisitions made on or after that date.

## 18 **REPEAL STATE EMPLOYEE SUGGESTION PROGRAM**

19 **SECTION 20.13.(a)** The State Employee Suggestion Program (NC-Thinks), being  
20 Article 36A of Chapter 143 of the General Statutes, is repealed.

21 **SECTION 20.13.(b)** G.S. 126-3(b)(10) and G.S. 143-340(1) are repealed.

## 22 **DOA SHALL TRANSFER FUNDS TO OSHR FOR IT RATE CHANGES**

23 **SECTION 20.14.(a)** The Department of Administration, in consultation with the  
24 Office of State Human Resources (OSHR), the Office of State Budget and Management (OSBM),  
25 and the Department of Information Technology (DIT), shall transfer funds in each fiscal year of  
26 the 2021-2023 biennium to OSHR in an amount necessary to cover the cost of changes to DIT  
27 rates.

28 **SECTION 20.14.(b)** OSBM shall adjust the authorized budget in each fiscal year of  
29 the 2021-2023 biennium to reflect the transfer set out in subsection (a) of this section.

## 30 **FUNDING FOR THE SEE NC HUMAN TRAFFICKING PROGRAM**

31 **SECTION 20.15.** Of the funds transferred from the Department of Administration's  
32 2020-2021 fiscal year budget to the 2020-2021 Carry Forward Reserve, there is appropriated to  
33 the Department of Administration, North Carolina Council for Women and Youth Involvement,  
34 the sum of six hundred twenty-five thousand dollars (\$625,000) in nonrecurring funds for the  
35 2021-2022 fiscal year for the SEE NC Human Trafficking Program.

## 36 **PART XXI. ADMINISTRATIVE HEARINGS**

### 37 **OFFICE OF ADMINISTRATIVE HEARINGS/USE OF FUNDS FOR HUMAN** 38 **RELATIONS SPECIALIST POSITION**

39 **SECTION 21.1.** Of the funds appropriated in this act to the Office of Administrative  
40 Hearings for a new Human Relations Specialist position, the sum of two thousand five hundred  
41 dollars (\$2,500) in the 2021-2022 fiscal year may be used for start-up costs, including the  
42 purchase of furniture and other necessary equipment.

### 43 **OAH/EXEMPT EMPLOYEES**

44 **SECTION 21.2.(a)** G.S. 7A-760 reads as rewritten:  
45  
46  
47  
48  
49  
50

1 "§ 7A-760. Number and status of employees; staff assignments; role of State Human  
2 Resources Commission.

3 (a) The number of administrative law judges and employees of the Office of  
4 Administrative Hearings shall be established by the General Assembly. The Chief Administrative  
5 Law Judge ~~is and five employees of the Office of Administrative Hearings as designated by the~~  
6 Chief Administrative Law Judge are exempt from provisions of the North Carolina Human  
7 Resources Act as provided by G.S. 126-5(c1)(27). All other employees of the Office of  
8 Administrative Hearings are subject to the North Carolina Human Resources Act.

9 ...."

10 SECTION 21.2.(b) G.S. 126-5 reads as rewritten:

11 "§ 126-5. Employees subject to Chapter; exemptions.

12 ...

13 (c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this  
14 Chapter shall not apply to:

15 ...

16 (27) The Chief Administrative Law Judge of the Office of Administrative  
17 ~~Hearings.~~Hearings and five employees of the Office of Administrative  
18 Hearings as designated by the Chief Administrative Law Judge.

19 ...."

20 SECTION 21.2.(c) This section is effective when it becomes law.

## 21 PART XXII. AUDITOR [RESERVED]

## 22 PART XXIII. BUDGET AND MANAGEMENT

### 23 EVIDENCE-BASED GRANTS

24 SECTION 23.1. Of the funds appropriated in this act to the Office of State Budget  
25 and Management (OSBM), the sum of five hundred thousand dollars (\$500,000) in nonrecurring  
26 funds in each year of the 2021-2023 fiscal biennium shall be used to provide grants to State  
27 agencies to do the following: (i) in partnership with research institutions, conduct research  
28 projects that will directly inform the agencies' policy and program decisions and (ii) pursuant to  
29 contract with an outside entity or in conjunction with OSBM, evaluate how well the agencies'  
30 programs are achieving their intended outcomes. OSBM shall develop guidelines and procedures  
31 for the administration and distribution of these funds to State agencies through a competitive  
32 process and shall, by June 30, 2022, and June 30, 2023, submit reports on the administration and  
33 use of the funds to the Joint Legislative Oversight Committee on General Government and the  
34 Fiscal Research Division. Each report shall include all of the following for both research projects  
35 and evaluation projects for each fiscal year:

- 36 (1) The criteria used by OSBM to evaluate applications from State agencies for  
37 grant funds.
  - 38 (2) The number of applications received.
  - 39 (3) The number of applications accepted and rejected.
  - 40 (4) For each State agency, a description of the specific policies and/or programs  
41 that were included in the projects as well as the data and research methodology  
42 used.
  - 43 (5) The names of the research institutions that partnered with State agencies to  
44 conduct research projects.
  - 45 (6) The names of the outside entities with whom State agencies worked in  
46 conjunction to evaluate program outcomes.
  - 47 (7) The amount spent on each project.
  - 48 (8) The findings of each project.
- 49  
50  
51

- 1 (9) A summary of all policy and program changes planned or enacted as a result  
2 of project findings.  
3

#### 4 **NCPRO/EXTENSION OF OPERATIONS**

5 **SECTION 23.2.** Section 4.3 of S.L. 2020-4, as amended by Section 3.5 of S.L.  
6 2021-1, reads as rewritten:

7 "**SECTION 4.3.(a)** OSBM shall establish a temporary North Carolina Pandemic Recovery  
8 Office (Office) to oversee and coordinate funds made available under COVID-19 Recovery  
9 Legislation. This Office shall also provide technical assistance and ensure coordination of federal  
10 funds received by State agencies and local governments and ensure proper reporting and  
11 accounting of all funds. The authorization set forth in this section expires on ~~December 31, 2021,~~  
12 June 30, 2023, and the Office shall cease to operate upon expiration of the authorization."  
13

#### 14 **LOCAL FISCAL RECOVERY FUNDS/TECHNICAL ASSISTANCE**

15 **SECTION 23.3.(a)** Of the funds appropriated in this act from the State Fiscal  
16 Recovery Fund to the Office of State Budget and Management, Pandemic Recovery Office, the  
17 sum of thirty million dollars (\$30,000,000) in nonrecurring funds for the 2021-2022 fiscal year  
18 shall be allocated equally to the North Carolina League of Municipalities, the North Carolina  
19 Association of County Commissioners, and the North Carolina Association of Regional Councils  
20 of Government to provide guidance and technical assistance to units of local government in the  
21 administration of funds from the Local Fiscal Recovery Fund, as established in Section 2.6 of  
22 S.L. 2021-25.

23 **SECTION 23.3.(b)** Of the funds appropriated in this act from the State Fiscal  
24 Recovery Fund to the Office of State Budget and Management, Pandemic Recovery Office, the  
25 sum of twenty-three million five hundred thousand dollars (\$23,500,000) in nonrecurring funds  
26 for the 2021-2022 fiscal year shall be allocated as follows:

- 27 (1) \$12,000,000 to the Town of Huntersville.  
28 (2) \$11,500,000 to the Town of Apex.  
29

#### 30 **FUNDING FOR STATE RECOGNIZED INDIAN TRIBES**

31 **SECTION 23.4.** Of the funds appropriated in this act from the State Fiscal Recovery  
32 Fund to the Office of State Budget and Management, Pandemic Recovery Office, the sum of ten  
33 million dollars (\$10,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be  
34 allocated to the American Indian tribes named in Chapter 71A of the General Statutes. The funds  
35 shall be allocated based on the number of members enrolled in the tribes on July 1, 2021.  
36

#### 37 **STATE AGENCY PERFORMANCE MANAGEMENT**

38 **SECTION 23.5.(a)** The Program Analyst position established in this act in the Office  
39 of State Budget and Management (OSBM) shall be used to support statewide performance  
40 management initiatives in OSBM.

41 **SECTION 23.5.(b)** The Program Analyst positions established in this act in the  
42 Department of Administration and the Department of Military and Veterans Affairs shall be used  
43 to implement evidence-based program design and management within the respective agencies.  
44 Each department shall collaborate with OSBM on the recruitment, hiring, and onboarding of the  
45 positions and shall, prior to filling the positions, consult with OSBM.  
46

#### 47 **INTERNAL AUDITORS/DOA AND DMVA CONSULT OSBM**

48 **SECTION 23.6.** The Internal Auditor positions established in this act in the  
49 Department of Administration (DOA) and the Department of Military and Veterans Affairs  
50 (DMVA) shall be used to implement evidence-based program design and management within  
51 the respective agencies. Each department shall collaborate with the Office of State Budget and



1 Management on the recruitment, hiring, and onboarding of the positions and shall, prior to filling  
2 the positions, consult with OSBM.

#### 3 4 **PART XXIV. BUDGET AND MANAGEMENT – DIRECTED GRANTS**

##### 5 6 **EASTERN TRIAD WORKFORCE INITIATIVE**

7 **SECTION 24.1A.** Of the funds appropriated in this act to the Office of State Budget  
8 and Management, the sum of four million five hundred thousand dollars (\$4,500,000) in  
9 nonrecurring funds for the 2022-2023 fiscal year shall be used to provide directed grants to  
10 support the Triad Workforce Solutions Collaborative as follows:

- |    |     |                   |             |
|----|-----|-------------------|-------------|
| 11 | (1) | Alamance County   | \$875,000   |
| 12 | (2) | Guilford County   | \$2,250,000 |
| 13 | (3) | Rockingham County | \$625,000   |
| 14 | (4) | Randolph County   | \$750,000.  |

##### 15 16 **TRUCK DRIVER SHORTAGE**

17 **SECTION 24.1B.(a)** Of the funds appropriated in this act from the State Fiscal  
18 Recovery Fund to the Office of State Budget and Management, the sum of five million dollars  
19 (\$5,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to the North  
20 Carolina Trucking Association Foundation (Foundation), a nonprofit corporation, to address the  
21 truck driver shortage in the State. In partnership with the CAGC Foundation, Inc., a nonprofit  
22 corporation, and the North Carolina Community College System, the Foundation shall use these  
23 funds as follows:

- 24 (1) To create and conduct a truck driver shortage and image awareness campaign  
25 statewide targeting outreach to women and minorities.
- 26 (2) To provide funds for community college instructor pay and equipment related  
27 to truck driver training programs in the State, particularly in rural and  
28 depressed areas.
- 29 (3) To provide funds for tuition scholarships paid directly to schools in the State  
30 to provide opportunities for individuals that are unable to afford tuition for  
31 coursework related to truck driver training programs and to obtain commercial  
32 driver licensure.
- 33 (4) To provide stipends to trucking company finishing schools in the State.
- 34 (5) To provide hiring bonuses to retired truck drivers recruited as instructors to  
35 expand community college training programs in the State.
- 36 (6) To encourage trucking companies to partner with community colleges in the  
37 State by offering conditional job placements prior to graduation from a truck  
38 driver training program.
- 39 (7) To offer incentives to trucking companies to establish internships and  
40 pre-apprenticeships to high school students in the State.

41 **SECTION 24.1B.(b)** Funds appropriated for the program described in this section  
42 shall remain available until expended or until December 31, 2024, whichever is later.

##### 43 44 **CONTRACTOR BUSINESS ACADEMY FOR HISTORICALLY UNDERUTILIZED** 45 **BUSINESSES**

46 **SECTION 24.1C.(a)** Of the funds appropriated in this act from the State Fiscal  
47 Recovery Fund to the Office of State Budget and Management, the sum of three million dollars  
48 (\$3,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to CAGC  
49 Foundation, Inc., (CAGC), a nonprofit corporation, to conduct Historically Underutilized  
50 Business Contractor Business Academies (Academies) in partnership with the Department of  
51 Administration, Office for Historically Underutilized Businesses (HUB), and the North Carolina

1 Community Colleges System. In developing and administering the Academies, CAGC shall do  
2 the following:

- 3 (1) In partnership with HUB and the North Carolina Community Colleges  
4 System, develop the content and training to be offered at the Academies.
- 5 (2) Collaborate with nonprofit organizations, including, but not limited to, trade  
6 organizations and affinity groups, religious organizations, and State agencies,  
7 to recruit participants from rural-, minority-, and women-owned businesses in  
8 this State for the Academies.
- 9 (3) Offer at least three Academies in various locations at historically black  
10 colleges and universities and community colleges in this State. The  
11 Academies shall provide instruction through a combination of in-person and  
12 virtual formats and shall be taught by construction industry experts and  
13 professionals.
- 14 (4) Provide participation in the Academies free of charge to Disadvantaged  
15 Business Enterprise, Minority Business Enterprise, and Women Business  
16 Enterprise Program businesses.
- 17 (5) Develop and teach small subcontractors and specialty contractors the basics  
18 of operating a successful construction company that can compete for  
19 State-funded projects.

20 **SECTION 24.1C.(b)** Funds appropriated for the program described in this section  
21 shall remain available until expended or until December 31, 2024, whichever is later.  
22

### 23 **CONSTRUCTION TRAINING AND APPRENTICESHIP PROGRAM**

24 **SECTION 24.1D.(a)** Of the funds appropriated in this act from the State Fiscal  
25 Recovery Fund to the Office of State Budget and Management, the sum of three million five  
26 hundred thousand dollars (\$3,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall  
27 be provided as follows:

- 28 (1) The sum of one million dollars (\$1,000,000) to be allocated to the Community  
29 Colleges System Office to develop an eight-week work-based learning  
30 program across the community college system on campuses where  
31 construction programs currently exist or where there is a demand to expand  
32 construction programs. The work-based learning program shall involve the  
33 construction industry and shall focus on core competencies, including applied  
34 hands-on skills, safety training, and soft skills training.
- 35 (2) The sum of two million five hundred thousand dollars (\$2,500,000) to CAGC  
36 Foundation, Inc., (CAGC), a nonprofit corporation, to be used as follows:
  - 37 a. One million five hundred thousand dollars (\$1,500,000) for outreach,  
38 recruitment, career coaching, placement, and grants to employers for  
39 internships, apprenticeships, and other work-based learning for  
40 eligible participants. For purposes of this sub-subdivision, the term  
41 "eligible participant" means a woman, minority, veteran, low-wealth  
42 individual, and an individual that has been previously incarcerated.
  - 43 b. One million dollars (\$1,000,000) to provide financial assistance to  
44 individuals to pursue a career pathway through a registered  
45 apprenticeship or trade program once an individual has completed the  
46 eight-week work-based learning program described in subdivision (1)  
47 of this subsection.

48 **SECTION 24.1D.(b)** CAGC, in cooperation with the Community Colleges System  
49 Office, shall partner with nonprofit organizations, including, but not limited to, trade  
50 organizations and affinity groups, religious organizations, businesses, media organizations, State  
51 agencies, and other entities, to conduct outreach to low-wealth and rural high schools and

1 minority and non-English speaking populations in this State for purposes of achieving the  
2 objectives prescribed by subsection (a) of this section.

3 **SECTION 24.1D.(c)** Funds appropriated for the program described in this section  
4 shall remain available until expended or until December 31, 2024, whichever is later.

### 5 6 **FUTURE CITY COMPETITION**

7 **SECTION 24.1F.** Of the funds appropriated in this act to the Office of State Budget  
8 and Management, the sum of two hundred thousand dollars (\$200,000) in nonrecurring funds for  
9 the 2021-2022 fiscal year shall be used to provide a directed grant to the Professional Engineers  
10 of North Carolina Educational Foundation (Foundation), a nonprofit organization, to support the  
11 NC Future City competition, a statewide program for sixth, seventh, and eighth grade students  
12 that engages students in a hands-on future challenge to foster engineering skills and create interest  
13 in S.T.E.M. careers. Funds appropriated for the purposes described in this section shall not be  
14 used to fund any portion of the salary for any employee of the Foundation.

### 15 16 **REGISTER OF DEEDS GRANT PROGRAM**

17 **SECTION 24.2.** Of the funds appropriated in this act to the Office of State Budget  
18 and Management – Special Appropriations for the 2021-2022 fiscal year, the sum of two hundred  
19 thousand dollars (\$200,000) in nonrecurring funds shall be used to create a grant program for  
20 county register of deeds offices. The Office of State Budget and Management (OSBM) shall  
21 administer the program and disburse grant funds as follows:

- 22 (1) County register of deeds offices shall apply for the funds in the manner  
23 prescribed by OSBM.
- 24 (2) Applicants shall use grant funds for the preservation of historic records and  
25 files. Allowable uses of the funds include, but are not limited to, document  
26 restoration, reparation, deacidification, and placement in protected archival  
27 binders.
- 28 (3) Funds may be used for document digitization only if the original documents  
29 will continue to be maintained and preserved.
- 30 (4) The maximum grant amount to each office shall be two thousand dollars  
31 (\$2,000). Additional grant funds shall be disbursed in a second round of  
32 applications based on availability of funds. The maximum amount of the  
33 second-round grants shall be determined by OSBM. The provisions of this  
34 section shall apply if a second round of grants is administered.
- 35 (5) Grantees must provide a one hundred percent (100%) match for all grant funds  
36 awarded.

### 37 38 **OSBM/FUNDS FOR AFFORDABLE HOUSING IN DARE COUNTY**

39 **SECTION 24.3.** Of the funds appropriated in this act from the State Fiscal Recovery  
40 Fund to the Office of State Budget and Management, the sum of thirty-five million dollars  
41 (\$35,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to Dare  
42 County for the purpose of making a forgivable loan to a qualified private partner to construct  
43 affordable housing units within the jurisdictional boundaries of Dare County. All of the following  
44 shall apply to the forgivable loan made by Dare County pursuant to this section:

- 45 (1) The selection of a qualified private partner shall not be subject to the  
46 provisions of Article 3 or Article 8 of Chapter 143 of the General Statutes.
- 47 (2) The qualified private partner, principal, or both the qualified private partner  
48 and principal shall have experience in developing multifamily, multistory  
49 housing units in Dare County, other parts of the State, or in Dare County and  
50 other parts of the State.

- 1 (3) The qualified private partner, principal, or both the qualified private partner  
2 and principal shall have experience in executing a public-private partnership,  
3 forgivable loan initiative, or both a public-private partnership and forgivable  
4 loan initiative with local governments.
- 5 (4) Dare County shall enter into an agreement with a qualified private partner to  
6 implement the provisions of this section. All of the following shall apply to  
7 the agreement:
- 8 a. The agreement shall authorize the use of loan funds for new  
9 construction and the acquisition of land for new construction.
- 10 b. The agreement shall be for a term of 25 years. Upon the expiration of  
11 the agreement, Dare County and the qualified private partner may,  
12 upon mutual consent, agree to renew the agreement for additional  
13 five-year terms.
- 14 c. If applicable, the qualified private partner shall consider site and  
15 market evaluation criteria set out in the 2021 Low-Income Housing  
16 Tax Credit Qualified Allocation Plan for the State of North Carolina.
- 17 d. Rent for the majority of the housing units developed shall be within a  
18 range of seventy percent (70%) to eighty percent (80%) of the area  
19 median income determined using the Novogradac Rent & Income  
20 Limit Calculator.
- 21 e. As service repayment on the forgivable loan, the qualified private  
22 partner shall provide affordable housing at a cost-savings between the  
23 usual and market rate for housing of the type developed, which rate  
24 shall be determined jointly by Dare County and the qualified private  
25 partner, and a lower rate between seventy percent (70%) to eighty  
26 percent (80%) of the area median income determined using the  
27 Novogradac Rent & Income Limit Calculator. The agreement shall  
28 account for cost-savings that total the amount of the forgivable loan  
29 over the term of the agreement. Dare County shall, on an annual basis,  
30 forgive that portion of the loan based on the provision of reduced  
31 housing costs by the qualified private partner.
- 32 f. If the qualified private partner does not provide housing cost-savings  
33 in an amount equal to the amount of the forgivable loan over the term  
34 of the agreement, the qualified private partner shall repay to Dare  
35 County within 90 days of the date the agreement terminates an amount  
36 equal to the remaining service repayment obligation. Dare County  
37 shall remit any funds repaid under this subdivision to the Office of  
38 State Budget and Management for deposit in the General Fund as  
39 nontax revenue.
- 40 g. Dare County shall perform all administrative functions necessary to  
41 implement the agreement.  
42

#### 43 **YMCA/FUNDS TO RECOVER FROM ECONOMIC IMPACTS OF COVID-19**

44 **SECTION 24.4.** Of the funds appropriated in this act from the State Fiscal Recovery  
45 Fund to the Office of State Budget and Management, the sum of eleven million four hundred  
46 thousand dollars (\$11,400,000) in nonrecurring funds for the 2021-2022 fiscal year shall be  
47 provided to The Young Men's Christian Association of the Triangle Area, Inc., (YMCA), a  
48 nonprofit corporation, for the North Carolina Alliance of YMCAs (Alliance) which shall develop  
49 and administer a grant program to provide funds to YMCAs in the State to assist them in their  
50 recovery from the economic impacts of the COVID-19 pandemic. For purposes of the grant

1 program, the YMCA shall serve only as the fiscal agent for the Alliance. The following shall  
2 apply to the grant program developed and administered by the Alliance pursuant to this section:

- 3 (1) Individual grants shall not exceed one hundred thousand dollars (\$100,000).
- 4 (2) Applicants shall demonstrate the ability to obligate and use all grant funds by  
5 the dates established by applicable federal law or guidance.
- 6 (3) Of the funds provided for the grant program in this section, the Alliance and  
7 YMCA may use a total of one hundred thousand dollars (\$100,000) for  
8 administrative costs.

## 10 ESTABLISH KEY INDICATORS/INTERNAL AUDITS

11 SECTION 24.5.(a) G.S. 143-746 reads as rewritten:

### 12 "§ 143-746. Internal auditing required.

13 (a) Requirements. – A State agency shall establish a program of internal auditing that:

- 14 (1) Promotes an effective system of internal controls that safeguards public funds  
15 and assets and minimizes incidences of fraud, waste, and abuse.
- 16 (2) Determines if programs and business operations are administered in  
17 compliance with federal and state laws, regulations, and other requirements.
- 18 (3) Reviews the effectiveness and efficiency of agency and program operations  
19 and service delivery.
- 20 (4) Periodically audits the agency's major systems and controls, including:
  - 21 a. Accounting systems and controls.
  - 22 b. Administrative systems and controls.
  - 23 c. Information technology systems and controls.

24 (a1) Key Performance Indicators and Criteria. – In addition to the requirements of  
25 subsection (a) of this section, each agency head shall be responsible for ensuring that agency's  
26 internal audit unit meets the required key indicators and criteria established by the Council under  
27 G.S. 143-747(c)(3a).

28 (b) Internal Audit Standards. – Internal audits shall comply with current Standards for the  
29 Professional Practice of Internal Auditing issued by the Institute for Internal Auditors or, if  
30 appropriate, Government Auditing Standards issued by the Comptroller General of the United  
31 States. Each agency head shall annually certify to the Council that the audit plan was developed  
32 and the audit reports were conducted and reported in accordance with required standards.

33 (c) Appointment and Qualifications of Internal Auditors. – Any State employee who  
34 performs the internal audit function shall meet the minimum qualifications for internal auditors  
35 established by the Office of State Human Resources, in consultation with the Council of Internal  
36 Auditing.

37 (d) Director of Internal Auditing. – The agency head shall appoint a Director of Internal  
38 Auditing who shall report to, as designated by the agency head, (i) the agency head, (ii) the chief  
39 deputy or chief ~~administrative assistant, of staff,~~ or (iii) the agency governing board, or  
40 subcommittee thereof, if such a governing board exists. The Director of Internal Auditing shall  
41 be organizationally situated to avoid impairments to independence as defined in the auditing  
42 standards referenced in subsection (b) of this section.

43 (e) Insufficient Personnel. – If a State agency has insufficient personnel to comply with  
44 this section, the Office of State Budget and Management shall provide technical assistance.

45 (f) Reporting Fraudulent Activity. – If an internal audit conducted pursuant to this section  
46 results in a finding that a private person or entity has received public funds as a result of fraud,  
47 misrepresentation, or other deceptive acts or practices while doing business with the State  
48 agency, the internal auditor shall submit a detailed written report of the finding, and any  
49 additional necessary supporting documentation, to the State Purchasing Officer. A report  
50 submitted under this subsection may include a recommendation that the private person or entity  
51 be debarred from doing business with the State or a political subdivision thereof."

1           **SECTION 24.5.(b)** G.S. 143-747 reads as rewritten:

2   "**§ 143-747. Council of Internal Auditing.**

3       (a) The Council of Internal Auditing is created, consisting of the following members:

4           (1) The State Controller who shall serve as Chair.

5           (2) The State Budget Officer.

6           (3) The Secretary of Administration.

7           (4) The Attorney General. The Attorney General may appoint a designee.

8           (5) The Secretary of Revenue.

9           (6) The State Auditor who shall serve as a nonvoting member. The State Auditor  
10           may appoint a designee.

11           (7) One member appointed by the General Assembly upon the recommendation  
12           of the President Pro Tempore of the Senate pursuant to G.S. 120-121. The  
13           member appointed must be a certified public accountant licensed in this State  
14           who has experience with internal auditing and is in good standing with the  
15           North Carolina State Board of Certified Public Accountant Examiners. The  
16           member shall be appointed for a term of four years and shall serve until a  
17           successor is appointed. A vacancy for a member appointed under this  
18           subdivision shall be filled by the appointing authority set forth in this  
19           subdivision to serve the remainder of the unexpired term.

20           (8) One member appointed by the General Assembly upon the recommendation  
21           of the Speaker of the House of Representatives pursuant to G.S. 120-121. The  
22           member appointed must be a certified public accountant licensed in this State  
23           who has experience with internal auditing and is in good standing with the  
24           North Carolina State Board of Certified Public Accountant Examiners. The  
25           member shall be appointed for a term of four years and shall serve until a  
26           successor is appointed. A vacancy for a member appointed under this  
27           subdivision shall be filled by the appointing authority set forth in this  
28           subdivision to serve the remainder of the unexpired term.

29           (a1) The Council shall hire an Executive Director as selected by a majority of the Council.  
30           The Executive Director shall serve at the will of the Council and be exempt from the provisions  
31           of the North Carolina Human Resources Act under Chapter 126 of the General Statutes.

32           (a2) The Council shall hire two full-time employees, as selected by a majority of the  
33           Council, to provide assistance to the Executive Director and to other staff of the Council of  
34           Internal Auditing. The employees shall perform any duties delegated by the Executive Director,  
35           serve at the will of the Council, and are exempt from the provisions of the North Carolina Human  
36           Resources Act under Chapter 126 of the General Statutes.

37           (b) ~~The Council~~-Council, including the position of Executive Director, shall be supported  
38           by the Office of State Budget and Management.

39           (c) The Council shall:

40           (1) Hold meetings at the call of the Chair or upon written request to the Chair by  
41           two members of the Council.

42           (2) Keep minutes of all proceedings.

43           (3) Promulgate guidelines for the uniformity and quality of State agency internal  
44           audit activities.

45           (3a) Establish required minimum key performance indicators and criteria that  
46           comply with the Professional Practice of Internal Auditing issued by the  
47           Institute for Internal Auditors.

48           (4) Recommend the number of internal audit employees required by each State  
49           agency.

50           (5) Develop internal audit guides, technical manuals, and suggested best internal  
51           audit practices.

- 1 (6) Administer an independent peer review system for each State agency internal  
2 audit activity; specify the frequency of such reviews consistent with  
3 applicable national standards; and assist agencies with selection of  
4 independent peer reviewers from other State agencies.
- 5 (7) Provide central training sessions, professional development opportunities, and  
6 recognition programs for internal auditors.
- 7 (8) Administer a program for sharing internal auditors among State agencies  
8 needing temporary assistance and assembly of interagency teams of internal  
9 auditors to conduct internal audits beyond the capacity of a single agency.
- 10 (9) Maintain a central database of all annual internal audit plans; topics for review  
11 proposed by internal audit plans; internal audit reports issued and individual  
12 findings and recommendations from those reports.
- 13 (10) Require reports in writing from any State agency relative to any internal audit  
14 matter.
- 15 (11) If determined necessary by a majority vote of the council:  
16 a. Conduct hearings relative to any attempts to interfere with,  
17 compromise, or intimidate an internal auditor.  
18 b. Inquire as to the effectiveness of any internal audit unit.  
19 c. Authorize the Chair to issue subpoenas for the appearance of any  
20 person or internal audit working papers, report drafts, and any other  
21 pertinent document or record regardless of physical form needed for  
22 the hearing.
- 23 (11a) Gather and assess the extent to which State agencies have met the minimum  
24 key performance indicators and criteria required under subdivision (3a) of this  
25 subsection. The Council shall report its findings to the Joint Legislative  
26 Commission on Governmental Operations on October 1, 2022, and annually  
27 thereafter.
- 28 (12) Issue an annual report including, but not limited to, service efforts and  
29 accomplishments of State agency internal auditors and to propose legislation  
30 for consideration by the Governor and General Assembly."

31 **SECTION 24.5.(c)** This section is effective when it becomes law.  
32

### 33 **WAYNE COUNTY DIRECTED GRANT**

34 **SECTION 24.6.** Notwithstanding the provisions of Section 5.2(b)(4) of this act,  
35 nonrecurring funds appropriated in this act as a directed grant to Wayne County shall not revert  
36 to the General Fund but shall be available until expended.  
37

### 38 **COMMUNITY DEVELOPMENT FOUNDATION CHALLENGE GRANT/EQUITY** 39 **VENTURE CAPITAL FUND**

40 **SECTION 24.7.** Of the funds appropriated in this act to the Office of State Budget  
41 and Management (OSBM), the sum of two million five hundred thousand dollars (\$2,500,000)  
42 in nonrecurring funds for the 2021-2022 fiscal year shall be provided to the Community  
43 Development Foundation (Foundation), a nonprofit corporation, as a matching grant for its  
44 Equity Venture Capital Fund. OSBM shall disburse State funds provided in this section to the  
45 Foundation on a periodic basis contingent upon the Foundation raising an equal amount of  
46 non-State funds. Any funds not matched as of December 31, 2022, shall revert to the General  
47 Fund.  
48

### 49 **PART XXV. CONTROLLER**

### 50 **OVERPAYMENT AUDITS** 51

1           **SECTION 25.1.(a)** During the 2021-2023 fiscal biennium, receipts generated by the  
2 collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors,  
3 neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously  
4 paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as  
5 required by G.S. 147-86.22(c).

6           **SECTION 25.1.(b)** Of the funds appropriated in this act from the Special Reserve  
7 Account 24172, and for each fiscal year of the 2021-2023 fiscal biennium, two hundred fifty  
8 thousand dollars (\$250,000) of the funds shall be used by the Office of the State Controller for  
9 data processing, debt collection, or e-commerce costs.

10           **SECTION 25.1.(c)** The State Controller shall report annually to the Joint Legislative  
11 Commission on Governmental Operations and the Fiscal Research Division on the revenue  
12 deposited into Special Reserve Account 24172 and the disbursement of that revenue.  
13

#### 14 **DATA SHARING BETWEEN ENTERPRISE-LEVEL SYSTEMS**

15           **SECTION 25.2.(a)** G.S. 143B-1376 reads as rewritten:

16 **"§ 143B-1376. Statewide security and privacy standards.**

17 ...

18           (d) With the approval of the State CIO, enterprise-level system owners may share data  
19 between their secure systems and other enterprise-level secure systems to maximize State  
20 government's effectiveness and productivity, unless sharing the data is expressly prohibited by  
21 State or federal law. Sharing of data under this subsection shall include the transfer of PII or other  
22 potentially sensitive data only when appropriate safeguards are in place for both the transfer of  
23 the data and storage of the data in the receiving system and when consistent with the Statewide  
24 Information Security Policy. For purposes of this subsection, the term "owner" means a State  
25 agency having both (i) possession or control of data with the ability to access, create, modify,  
26 transfer, or remove data and (ii) authority to assign access privileges to others."

27           **SECTION 25.2.(b)** This section is effective when it becomes law.  
28

#### 29 **PART XXVI. ELECTIONS**

#### 30 **POSITIONS FUNDED WITH HAVA AND OTHER FEDERAL FUNDS**

31           **SECTION 26.1.(a)** The State Board of Elections (Board) is authorized to continue  
32 funding 30 time-limited positions in each fiscal year of the 2021-2023 fiscal biennium using any  
33 remaining funds from the three million dollars (\$3,000,000) in nonrecurring Help America Vote  
34 Act (HAVA) funds that were appropriated in Section 5.7 of S.L. 2019-239 to the State Board of  
35 Elections Special Fund (28025) for each fiscal year of the 2019-2021 fiscal biennium.  
36

37           **SECTION 26.1.(b)** The full-time position of Chief Information Security Officer,  
38 authorized in S.L. 2018-5, shall not be phased out unless authorized by the General Assembly.  
39

#### 40 **ELECTIONS CYBERSECURITY FUNDING**

41           **SECTION 26.2.** Of the funds appropriated in this act to the State Board of Elections  
42 from the remaining balance of the federal 2020 Election Security Grant funding under Section  
43 11.1 of S.L. 2020-17, the sum of two million eight hundred thousand dollars (\$2,800,000) in  
44 nonrecurring funds for the 2021-2022 fiscal year shall be used to enhance technology and  
45 improve elections cybersecurity.  
46

#### 47 **PART XXVII. GENERAL ASSEMBLY**

#### 48 **FUNDING TO MITIGATE COVID-19 PANDEMIC FISCAL IMPACT ON** 49 **LEGISLATURE** 50



1           **SECTION 27.1.** Of the funds appropriated in this act from the State Fiscal Recovery  
2 Fund to the General Assembly, the sum of twenty-one million eight hundred thousand dollars  
3 (\$21,800,000) in nonrecurring funds for the 2021-2022 fiscal year to be used for the 2021-2023  
4 fiscal biennium shall be allocated as follows:

- 5           (1) Two million three hundred fifty thousand dollars (\$2,350,000) for premium  
6 pay and bonuses for essential workers.
- 7           (2) Eleven million dollars (\$11,000,000) for staff resources dedicated to support  
8 legislative activities, including research and analysis, developing and drafting  
9 legislation, monitoring spending and compliance with State and federal  
10 requirements, and related activities.
- 11           (3) Four hundred fifty thousand dollars (\$450,000) for replacing revenue lost by  
12 legislative food services due to the negative impact of the COVID-19  
13 pandemic.
- 14           (4) Eight million dollars (\$8,000,000) for making broadband and other  
15 information technology improvements in the legislative complex and for  
16 making improvements in the functionality of committee rooms.
- 17

## 18 **REPEAL PROGRAM EVALUATION DIVISION/CONFORMING CHANGES**

19           **SECTION 27.2.(a)** Chapter 143E of the General Statutes, Article 7C of Chapter 120  
20 of the General Statutes, and G.S. 120-32(1)j., 120-79(c), 120-131.1(a1), and 143-49(16) are  
21 repealed.

22           **SECTION 27.2.(b)** G.S. 63A-23 reads as rewritten:

### 23 **"§ 63A-23. Annual reports.**

24           The Authority shall, promptly following the close of each fiscal year, submit an annual  
25 written report of its activities for the preceding year to the Governor, the General Assembly, and  
26 the Local Government Commission. Each report shall be accompanied by an audit of its books  
27 and accounts, as well as quarterly and annual financial statements. The audit shall be conducted  
28 by the State Auditor. The costs of all audits shall be paid from funds of the Authority.

29           As part of the report, the Authority shall include the following performance measures of the  
30 private sector jobs within the Global TransPark:

- 31           (1) The number, type, and wage level of jobs created or retained.
- 32           (2) The actual full-time equivalent jobs employed, as well as the median and  
33 average salaries for those jobs.

34           The Authority shall submit its annual report to the General Assembly to ~~both~~ the Joint  
35 Legislative Commission on Governmental Operations and the Program Evaluation Division.  
36 Operations. The Authority shall also submit any information about the Authority's activities that  
37 is requested by the Commission.

38           The Authority shall also provide a copy of its annual report on its public Web site."

39           **SECTION 27.2.(c)** G.S. 90-414.5(b) reads as rewritten:

40           "(b) At the written request of the Director of the Fiscal Research, Legislative Drafting, or  
41 Legislative Analysis, or ~~Program Evaluation Analysis~~ Division of the General Assembly for an  
42 aggregate analysis of the data and information disclosed through the HIE Network, the Authority  
43 shall provide the professional staff of these Divisions with the aggregated analysis responsive to  
44 the Director's request. Prior to providing the Director or General Assembly's staff with any  
45 aggregate data or information submitted through the HIE Network or with any analysis of this  
46 aggregate data or information, the Authority shall redact any personal identifying information in  
47 a manner consistent with the standards specified for de-identification of health information under  
48 the HIPAA Privacy Rule, 45 C.F.R. § 164.514, as amended."

49           **SECTION 27.2.(d)** G.S. 120-32.01(a) reads as rewritten:

50           "(a) Every State department, State agency, or State institution shall furnish the Legislative  
51 Services Office and the Legislative Analysis, Fiscal Research, ~~Program Evaluation,~~ and

1 Legislative Drafting Divisions any information or records requested by them and access to any  
 2 facilities and personnel requested by them. Except when accessibility is prohibited by a federal  
 3 statute, federal regulation, or State statute, every State department, State agency, or State  
 4 institution shall give the Legislative Services Office and these divisions access to any database  
 5 or stored information maintained by computer, telecommunications, or other electronic data  
 6 processing equipment, whether stored on tape, disk, or otherwise, and regardless of the medium  
 7 for storage or transmission."

8 **SECTION 27.2.(e)** G.S. 126-85(c) reads as rewritten:

9 "(c) The protections of this Article shall include State employees who report any activity  
 10 described in G.S. 126-84 to the State Auditor as authorized by G.S. 147-64.6B, ~~to the Program~~  
 11 ~~Evaluation Division as authorized by G.S. 120-36.12(10), or to a legislative panel duly appointed~~  
 12 ~~by the President Pro Tempore and/or the Speaker of the House or an agent or employee of such~~  
 13 ~~a legislative panel committee as required by G.S. 120-19."~~

14 **SECTION 27.2.(f)** G.S. 143-341.2(a) reads as rewritten:

15 "(a) Duties of the Department of Administration. – The Department of Administration  
 16 shall have the following powers and duties:

17 ...

18 (7) Reporting. – The Department of Administration shall make the following  
 19 reports:

- 20 a. No later than December 1, 2018, and every five years thereafter, the  
 21 Department shall report the following to the Joint Legislative  
 22 Commission on Governmental ~~Operations, Operations and~~ to the  
 23 Fiscal Research Division of the General Assembly, ~~and to the Program~~  
 24 ~~Evaluation Division of the General Assembly:~~
- 25 1. The plan developed pursuant to subdivision (1) of this  
 26 subsection.
  - 27 2. A summary of the performance measurement procedures  
 28 developed pursuant to subdivision (2) of this subsection.
- 29 b. If any State agency fails to submit the information required by  
 30 subdivision (b)(1) of this section, the Department shall report the  
 31 failure to the chairs of the Joint Legislative Commission on  
 32 Governmental ~~Operations and to the chairs of the Joint Legislative~~  
 33 ~~Program Evaluation Oversight Committee Operations~~ within 30 days.
- 34 c. No later than December 1, 2019, and each year thereafter, the  
 35 Department shall report to the Joint Legislative Commission on  
 36 Governmental ~~Operations, Operations and~~ to the Fiscal Research  
 37 Division of the General Assembly, ~~and to the Program Evaluation~~  
 38 ~~Division of the General Assembly~~ on the State's portfolio of real  
 39 property. This report shall include at least the following information:

40 ...."

41 **SECTION 27.2.(g)** G.S. 120-32.01(b) reads as rewritten:

42 "(b) Notwithstanding subsection (a) of this section, access to the BEACON/HR payroll  
 43 system by the Legislative Analysis and Legislative Drafting Divisions shall only be through the  
 44 Fiscal Research ~~Division and access to the system by the Program Evaluation Division shall only~~  
 45 ~~be through the Division Director and two employees of the Division designated by the Division~~  
 46 ~~Director Division."~~

47  
 48 **PART XXVIII. GOVERNOR [RESERVED]**

49  
 50 **PART XXIX. HOUSING FINANCE AGENCY**

**STUDY MODIFYING QUALIFIED ALLOCATION PLAN**

**SECTION 29.1.(a)** The Housing Finance Agency (hereinafter "Agency") shall study potential modifications to the amenities policies in the Qualified Allocation Plan it uses to establish selection criteria and application requirements for housing credits to allow for siting of development projects in high-opportunity neighborhoods, downtowns, and other areas and the rehabilitation or renovation of historic properties. In conducting the study, the Agency shall, at a minimum, consider all of the following:

- (1) Eliminating or deprioritizing and redefining the "shopping," "grocery," and "pharmacy" categories in the amenity scoring model to include a more diverse range of retail and commercial businesses, including locally owned businesses.
- (2) Eliminating the distinction between primary and secondary amenities in the scoring model.
- (3) Establishing a threshold score to include amenities and measures of opportunity.
- (4) Removing the cap on construction costs for historic rehabilitation projects.
- (5) Using best practices from programs in other states.

**SECTION 29.1.(b)** No later than July 1, 2022, the Agency shall submit the results of the study required by subsection (a) of this section, and any proposed modifications to the amenities policies in the Qualified Allocation Plan, to the North Carolina Federal Tax Reform Allocation Committee (hereinafter "Committee"), established pursuant to Article 51B of Chapter 143 of the General Statutes, and the Fiscal Research Division. The Committee may propose any recommended modifications resulting from the study as part of the 2023 Qualified Allocation Plan.

**SECTION 29.1.(c)** For purposes of this section, the following definitions apply:

- (1) Downtown. – An area of a municipality that has been zoned a "central business district," as that district is defined by the governing body of the municipality, or an area that has been designated a municipal service district pursuant to Article 23 of Chapter 160A of the General Statutes.
- (2) Historic property. – A building or structure (i) designated as a local historic landmark, (ii) listed in the National Register of Historic Places, (iii) located in a locally designated historic district, (iv) located in a historic district listed in the National Register of Historic Places, (v) named on the North Carolina study list for the National Register of Historic Places, or (vi) otherwise deemed eligible for listing in the National Register of Historic Places.

**STATE HOMEOWNER ASSISTANCE FUND**

**SECTION 29.3.(a)** The North Carolina Housing Finance Agency shall establish and administer the State Homeowner Assistance Fund (Fund) to mitigate financial hardships associated with the COVID-19 pandemic by providing funds for qualified expenses to eligible homeowners for the purpose of preventing mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020. The Agency shall do all of the following:

- (1) Develop and submit a plan for the use of federal Housing Assistance Fund (HAF) funding in accordance with the guidelines established by the United States Department of the Treasury (Treasury).
- (2) Upon submission of the plan described in subdivision (1) of this subsection, submit a copy of the plan to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives

1 Appropriations Committee on General Government, and the Fiscal Research  
2 Division.

3 (3) Promptly notify the entities listed in subdivision (2) of this subsection upon  
4 receipt of decisions from the Treasury approving the plan, making  
5 recommendations to improve weaknesses in the plan prior to its approval, or  
6 any other decisions involving the receipt of federal funds for the purposes  
7 described in this section, including the schedule of disbursements of federal  
8 funds.

9 (4) Allocate or expend funds from the Fund only in accordance with section 3206  
10 of the American Rescue Plan Act (the HAF Statute) and the Guidance for the  
11 Homeowner Assistance Fund issued by the Treasury on April 14, 2021, as  
12 amended from time to time, and any other guidance issued by the Treasury  
13 regarding the HAF.

14 (5) Beginning in 2022, on or before March 1 and September 1, and on those dates  
15 in each year thereafter until the federal HAF funds are fully expended, report  
16 to the entities listed in subdivision (2) of this subsection for each program  
17 administered under the Fund by providing, at a minimum, all of the following:

- 18 a. An overview and description of program goals.
- 19 b. The date the program was established and the duration of the program.
- 20 c. The program's target population and geographic area.
- 21 d. Homeowner eligibility requirements.
- 22 e. The number of participating homeowners, type and amount of  
23 assistance provided to those homeowners, and the duration of the  
24 assistance.
- 25 f. Progress in meeting program goals to date.
- 26 g. Interaction with other programs administered under the Fund.
- 27 h. Agency planning and administrative costs, sorted by type, including  
28 staffing, fixed costs, contracts, and information technology.
- 29 i. Total of federal HAF funds spent to date, amount obligated, and  
30 amount unobligated.

31 **SECTION 29.3.(b)** This section expires on September 30, 2025, unless the period  
32 of performance under the federal HAF program is amended or extended by federal law.

### 33 **WORKFORCE HOUSING LOAN PROGRAM**

34 **SECTION 29.4.(a)** G.S. 122A-5.15 reads as rewritten:

#### 35 **"§ 122A-5.15. Workforce Housing Loan Program.**

36 (a) The North Carolina Housing Finance Agency shall establish and administer the  
37 Workforce Housing Loan Program for the purpose of making revolving loans for qualified  
38 low-income housing development in the State. Funds appropriated to the North Carolina Housing  
39 Trust Fund for the Workforce Housing Loan Program shall be used by the Agency only as  
40 provided in this section.

41 ...."

42 **SECTION 29.4.(b)** This section is effective when it becomes law.

43 **SECTION 29.4.(c)** Unless otherwise prohibited by federal law or guidelines, loans  
44 made from the Workforce Housing Loan Program using funds appropriated to the Program from  
45 the State Fiscal Recovery Fund shall be repaid to the Program for the purpose of making  
46 revolving loans as authorized by G.S. 122A-5.15.

47 **SECTION 29.4.(d)** Funds appropriated in this act from the State Fiscal Recovery  
48 Fund to the North Carolina Housing Finance Agency for the 2021-2022 fiscal year shall be used  
49 first to address funding gaps in previously awarded deals for eligible projects under  
50 G.S. 122A-5.15 resulting from the COVID-19 pandemic, including any cost increases, as  
51

1 determined by the Agency. Any funds remaining after the funding gaps have been addressed  
2 shall be used to make loans for new eligible projects under G.S. 122A-5.15.

3  
4 **PART XXX. INSURANCE**

5  
6 **VOLUNTEER FIRE DEPARTMENT GRANT PROGRAM CHANGES**

7 **SECTION 30.2.(a)** Grants Authorized. – Notwithstanding the provisions of  
8 G.S. 58-87-1, the Commissioner of Insurance shall use funds from the Volunteer Fire  
9 Department Fund to provide grants to eligible fire departments in accordance with this section.  
10 The Commissioner may use up to one percent (1%) of the Fund for staff and resources to  
11 administer the grant programs authorized by this section. For purposes of this section, the term  
12 "eligible fire department" has the same meaning as in G.S. 58-87-1(b).

13 **SECTION 30.2.(b)** Base Allocation Grants. – Of the funds appropriated in this act  
14 to the Department of Insurance, the sum of eight million dollars (\$8,000,000) from the State  
15 Fiscal Recovery Fund shall be used to provide eligible fire departments base allocation grants for  
16 purposes consistent with G.S. 58-87-1(a1)(3). An eligible fire department may apply to the  
17 Commissioner and shall be awarded a base allocation of ten thousand dollars (\$10,000) for the  
18 2021-2022 fiscal year to help mitigate the financial impact of the COVID-19 pandemic and its  
19 impact on the department's ability to conduct fundraising and generate revenue. Base allocations  
20 do not require a match and shall be made as soon as practicable, but not later than August 1,  
21 2022.

22 **SECTION 30.2.(c)** Supplemental Grants. – An eligible fire department may apply  
23 to the Commissioner for a supplemental grant to be used to purchase equipment, make capital  
24 improvements, and other related purposes outlined in G.S. 58-87-1(a1)(3). The grants shall be  
25 awarded only during the 2021-2022 fiscal year, shall not exceed thirty-five thousand dollars  
26 (\$35,000), and do not require a cash match. Grant funds shall be disbursed to eligible fire  
27 departments in single lump sum payments. The Commissioner shall award and release grant  
28 funds, as soon as practicable, and, to the extent possible, ensure an equitable distribution of grants  
29 across the State.

30 **SECTION 30.2.(d)** Emergency Reserve Grants. – The Commissioner shall reserve  
31 up to one million dollars (\$1,000,000) in each fiscal year of the 2021-2023 fiscal biennium to  
32 provide grants to eligible fire departments in the event of an emergency. For purposes of this  
33 subsection, the term "emergency" has the same meaning as in G.S. 166A-19.3. Emergency  
34 reserve grants shall not exceed fifty thousand dollars (\$50,000) and shall be used for purposes  
35 consistent with G.S. 58-87-1(a1)(3). Any unspent funds remaining in the emergency reserve on  
36 June 30 of each fiscal year of the 2021-2023 fiscal biennium shall revert to the Volunteer Fire  
37 Department Fund. If an eligible fire department is awarded an emergency reserve grant and  
38 thereafter receives a monetary settlement from its insurance carrier for the same loss or damages  
39 for which the grant was awarded, the fire department shall reimburse the State for the amount of  
40 the grant.

41 **SECTION 30.2.(e)** Report. – Within 60 days after all grants have been awarded  
42 under this section, the Commissioner shall submit a written report to the Senate Appropriations  
43 Committee on General Government and Information Technology, the House of Representatives  
44 Appropriations Committee on General Government, the Joint Legislative Oversight Committee  
45 on General Government, and the Fiscal Research Division which shall be posted on the  
46 Department of Insurance's website and shall contain all of the following:

- 47 (1) For base allocation grants under subsection (b) of this section, the total number  
48 of grants awarded.
- 49 (2) For supplemental grants under subsection (c) of this section:  
50 a. The total number of grants awarded, the average amount of the grants  
51 awarded, and the range of the amounts of the grants awarded.

- 1                   b.       A description of the types of purchases made using grant funds and the  
2                                   other ways in which grant funds were used.
- 3           (3)     For emergency reserve grants under subsection (d) of this section:
- 4                   a.       A list of the eligible fire departments that were awarded grants.
- 5                   b.       The amount of the grant award to each eligible fire department.
- 6                   c.       A description of the emergency for which grant funds were awarded.
- 7

8     **WORKERS' COMPENSATION FUND FOR FIREFIGHTERS AND EMS/RESCUE**  
9     **WORKERS**

10           **SECTION 30.3.** Notwithstanding the provisions of G.S. 58-87-10, for the  
11 2021-2022 fiscal year and the 2022-2023 fiscal year, the State Fire and Rescue Commission shall  
12 not set an amount to be paid by every eligible unit and eligible entity, as those terms are defined  
13 in G.S. 58-87-10(a), that elects to participate in the Workers' Compensation Fund (Fund) created  
14 pursuant to G.S. 58-87-10(b). For the 2021-2022 fiscal year and the 2022-2023 fiscal year, no  
15 eligible unit or eligible entity shall be required to submit to the State Fire and Rescue Commission  
16 any payment to participate in the Fund.

17

18     **PILOT PROGRAM ESTABLISHING SUPPLEMENTAL INSURANCE POLICY FOR**  
19     **FIREFIGHTERS DIAGNOSED WITH CANCER**

20           **SECTION 30.4A.(a)** Firefighters' Health Benefits Pilot Program. – Of the funds  
21 appropriated in this act to the Department of Insurance, the sum of seven million five hundred  
22 thousand dollars (\$7,500,000) in nonrecurring funds for each fiscal year of the 2021-2023 fiscal  
23 biennium shall be used to establish and administer a pilot program to provide health benefits as  
24 authorized by this section to eligible firefighters with a new diagnosis of cancer on or after  
25 January 1, 2022. The health benefits provided under the pilot program shall be supplemental to  
26 any other health benefits authorized by law for firefighters. The pilot program shall end on June  
27 30, 2023, but claims for health benefits filed by that date shall be paid as long as funds  
28 appropriated for the pilot program are available.

29           **SECTION 30.4A.(b)** Definitions. – The following definitions apply in this section:

- 30           (1)     Cancer. – Malignant neoplasms of the body that may be caused by exposure  
31                                   to heat, radiation, or a known carcinogen, as defined by the World Health  
32                                   Organization's International Agency for Research on Cancer.
- 33           (2)     Eligible firefighter. – A firefighter who meets the requirements of subsection  
34                                   (c) of this section.
- 35           (3)     Fire department. – Any organization that is not a federal agency, including  
36                                   any public or government-sponsored organization, that is located and based in  
37                                   this State and provides rescue, fire suppression, and related activities.
- 38           (4)     Firefighter. – As defined in G.S. 58-84-5.

39           **SECTION 30.4A.(c)** Eligibility. – To be eligible to receive benefits under the pilot  
40 program, a firefighter:

- 41           (1)     Must have served in a North Carolina fire department for a minimum of five  
42                                   continuous years.
- 43           (2)     Must have received a new diagnosis of cancer on or after January 1, 2022. A  
44                                   firefighter with a diagnosis of cancer prior to January 1, 2022, is not eligible  
45                                   for benefits in the pilot program for that previously diagnosed cancer type but  
46                                   remains eligible for benefits in the pilot program upon diagnosis of any other  
47                                   cancer type. A firefighter is not eligible to receive benefits under the pilot  
48                                   program if the firefighter is receiving benefits related to cancer under Article  
49                                   1 of Chapter 97 of the General Statutes, the North Carolina Workers'  
50                                   Compensation Act.

- 1 (3) Must have filed a claim with the Department seeking benefits under this  
2 section no later than June 30, 2023.

3 **SECTION 30.4A.(d)** Benefits Under Pilot Program. – To the extent that funds are  
4 available, the following benefits shall be provided under the pilot program:

- 5 (1) Medical costs reimbursement. – An eligible firefighter shall receive  
6 reimbursement of up to twelve thousand dollars (\$12,000) for any  
7 out-of-pocket medical expenses incurred, including deductibles, copayments,  
8 or coinsurance costs, for each diagnosis of cancer.
- 9 (2) Lump sum benefit. – Not to exceed a total of fifty thousand dollars (\$50,000),  
10 a lump sum benefit of twenty-five thousand dollars (\$25,000) for each  
11 diagnosis of cancer shall be payable to an eligible firefighter upon sufficient  
12 proof to the insurance carrier, the Department, or other applicable payor of a  
13 diagnosis of cancer by a board-certified, licensed physician in the medical  
14 specialty appropriate for the type of cancer diagnosed.
- 15 (3) Disability benefit. – Upon sufficient proof to the insurance carrier, the  
16 Department, or other applicable payor of total disability resulting from the  
17 diagnosis of cancer or that the cancer precludes the firefighter from serving as  
18 a firefighter, the following disability benefits shall be paid to an eligible  
19 firefighter beginning six months after the total disability or inability to  
20 perform the duties of a firefighter, whichever applies:
- 21 a. For a nonvolunteer firefighter. – A monthly benefit that is either (i)  
22 equal to seventy-five percent (75%) of the firefighter's monthly salary  
23 or (ii) five thousand dollars (\$5,000), whichever is less.
- 24 b. For a volunteer firefighter. – A monthly benefit of one thousand five  
25 hundred dollars (\$1,500).

26 **SECTION 30.4A.(e)** Limitations on Disability Benefit. – The following limitations  
27 apply to disability benefits under this section:

- 28 (1) Disability benefits shall continue for no more than 36 consecutive months;  
29 provided, however, disability benefits shall continue only until funds  
30 appropriated for the pilot program are available. Upon the expenditure of all  
31 funds appropriated for the pilot program, all disability payments under the  
32 pilot program shall terminate and the Department shall have no other  
33 responsibility to provide benefits under the pilot program.
- 34 (2) Any firefighter receiving disability benefits may be required to have his or her  
35 condition reevaluated to determine if that firefighter has regained the ability  
36 to perform the duties of a firefighter. If that reevaluation indicates that the  
37 firefighter has regained the ability to perform the duties of a firefighter, then  
38 the monthly disability benefits shall cease on the last day of the month the  
39 reevaluation was conducted.
- 40 (3) If there is no reevaluation performed under subdivision (2) of this subsection,  
41 but the firefighter's treating physician determines that the firefighter is again  
42 able to perform the duties of a firefighter, then the disability benefits shall  
43 cease on the last day of the month that the physician made the determination.
- 44 (4) If a firefighter returns to work as a firefighter before exhaustion of the 36  
45 months of disability benefit an eligible firefighter may receive under this  
46 section, and if there is a subsequent recurrence of disability caused by cancer  
47 that again precludes the firefighter from performing the duties of a firefighter,  
48 then the firefighter shall be entitled to any remaining monthly disability  
49 benefits, not to exceed 36 months in total, as long as funds are available under  
50 the pilot program.

- 1 (5) The monthly disability benefit shall be subordinate to any other benefit paid  
2 from any source to the firefighter solely for a disability related to the cancer  
3 diagnosis, so long as that source is not private insurance purchased solely by  
4 the firefighter. Disability benefits under this section shall be limited to the  
5 difference between the benefit amount paid by the other source and the  
6 amounts specified under subdivision (3) of subsection (d) of this section.

7 **SECTION 30.4A.(f)** Reporting Requirements. – On January 1, 2023, and July 1,  
8 2023, the Department shall submit a report to the General Assembly and to the Governor that  
9 includes the following information:

- 10 (1) The number, type, and primary work location of all firefighters participating  
11 in the pilot program.  
12 (2) The number of benefit claims filed.  
13 (3) The types of cancer for which benefit claims were filed.  
14 (4) All benefits paid out under this section.

15 **SECTION 30.4A.(g)** This section becomes effective January 1, 2022.

16 **SECTION 30.4A.(h)** No later than January 1, 2022, the Department shall show proof  
17 of insurance coverage that meets the requirements of this section for all firefighters included on  
18 the Certified Roster submitted to the North Carolina State Firefighters' Association.

19 **SECTION 30.4A.(i)** Notwithstanding the provisions of G.S. 58-6-25(d), the  
20 Department is not required to reimburse the General Fund for the appropriation made in this act  
21 for the purpose of establishing and administering the pilot program described in this section.  
22

## 23 **DOI/FUNDS FOR NEW POSITIONS**

24 **SECTION 30.5.** Notwithstanding the provisions of G.S. 58-6-25, for each fiscal year  
25 of the 2021-2023 fiscal biennium, the Department of Insurance shall transfer funds on a quarterly  
26 basis from the Insurance Regulatory Fund to the Department's operating budget to offset the cost  
27 of the 13 new positions authorized in this act and the operating costs for those positions. The  
28 Office of State Budget and Management shall, in conjunction with the Department of Insurance,  
29 adjust the Department's base budget for each fiscal year of the 2023-2025 fiscal biennium to use  
30 proceeds from the insurance regulatory charge established under G.S. 58-6-25 to fund the  
31 positions and operating costs described in this section.  
32

## 33 **PART XXXI. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]**

## 34 **PART XXXII. LIEUTENANT GOVERNOR [RESERVED]**

## 35 **PART XXXIII. MILITARY AND VETERANS AFFAIRS**

### 36 **ASSESSMENT OF AND LONG-TERM CARE PLANNING FOR VETERANS**

37 **SECTION 33.1.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the funds  
38 appropriated in this act to the Department of Military and Veterans Affairs (Department), the  
39 sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the 2021-2022  
40 fiscal year shall be used by the Department, in consultation with the Department of Health and  
41 Human Services (DHHS), to assess the long-term care needs of veterans across the State for the  
42 purpose of developing a plan to guide the State in enhancing long-term care and other services  
43 for veterans. The assessment and plan shall incorporate the following principles and objectives:  
44

- 45 (1) Use State-specific veterans' demographic information, including the  
46 geographical distribution of veterans across the State.  
47 (2) Allow for the fact that the needs of veterans are complex and broader than the  
48 traditional, institutional-based system of care.  
49  
50



- 1 (3) Take into account the needs of pre- and post-Gulf War veterans in planning  
2 services and support.
- 3 (4) Incorporate the presence and location of current State Veterans Homes, and  
4 the services they provide, in a larger long-term system of care to meet the  
5 needs of veterans in both rural and urban areas.
- 6 (5) Enhance and develop new partnerships, including with the existing nursing  
7 home industry, to encourage and promote the location and certification of  
8 nursing homes in target areas so that those facilities can qualify for  
9 reimbursement from the U.S. Department of Veterans Affairs.
- 10 (6) Explore partnerships with a broader system of nursing homes across the State  
11 to expand State resources.
- 12 (7) Encourage partnerships of home- and community-based services with existing  
13 providers and the U.S. Department of Veterans Affairs for enhanced services.
- 14 (8) Evaluate State planning to explore financially feasible and sustainable options  
15 for meeting veterans' needs.
- 16 (9) Evaluate current resources by determining programmatic approaches to avoid  
17 new construction of State veterans' homes.
- 18 (10) Consider alternate models of care prior to expanding veterans nursing homes.

19 **SECTION 33.1.(b)** To lead the assessment and develop the plan required by this  
20 section, the Department shall issue a request for proposals for an independent consultant with  
21 subject matter expertise in the field of long-term care planning for veterans. The provisions of  
22 Article 3 of Chapter 143 of the General Statutes shall apply to this subsection.

23 **SECTION 33.1.(c)** The Department, in consultation with DHHS, shall issue a  
24 progress report on the implementation of this section no later than February 1, 2022, and May 1,  
25 2022, and a final report, including the results of the assessment and the plan required by this  
26 section, no later than October 1, 2022, to the Joint Legislative Oversight Committee on General  
27 Government, the Senate Appropriations Committee on General Government and Information  
28 Technology, the House of Representatives Appropriations Committee on General Government,  
29 and the Fiscal Research Division.

## 30 **REPORT ON STATE VETERANS HOMES**

31 **SECTION 33.2.** Part 10 of Article 14 of Chapter 143B of the General Statutes is  
32 amended by adding a new section to read:

### 33 **"§ 143B-1301. Detailed annual report.**

34 By March 1 of odd-numbered years and September 1 of even-numbered years, the  
35 Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight  
36 Committee on General Government, the Senate Appropriations Committee on General  
37 Government and Information Technology, the House of Representatives Appropriations  
38 Committee on General Government, and the Fiscal Research Division on the status of the State  
39 Veterans Homes program by providing a general overview of the State Veterans Homes and a  
40 specific description of each facility which shall include, at a minimum, all of the following:

- 41 (1) Facility location and date opened, which shall be included in the first report  
42 only, unless the information has changed.
- 43 (2) Services available, including specialty services offered.
- 44 (3) Staffing levels, including resident-to-nursing ratios.
- 45 (4) Partnerships with outside organizations and governments in delivery of  
46 services.
- 47 (5) Average daily census.
- 48 (6) Number of beds, by type.
- 49 (7) Admission eligibility, admission by type, such as long-term care and  
50 rehabilitation, and admissions by referral.
- 51

- 1           (8)    Description of residents, including:  
2            a.     Demographics by age, race, ethnicity, and gender.  
3            b.     Resident's home county where domiciled prior to admission to facility.  
4            c.     Number of admissions, discharges, and deaths.  
5           (9)    Results of resident and family satisfaction surveys.  
6           (10) Waiting list data, including average length of wait time and priority for  
7           admission.  
8           (11) Certification and quality rating by independent organizations and State and  
9           federal government.  
10          (12) Daily rate by payor, including Medicare, Medicaid, Veterans Affairs, private  
11          pay, or any other source.  
12          (13) Average out-of-pocket payment per resident.  
13          (14) State administrative costs, sorted by type, including staffing, fixed costs,  
14          facility operation, and maintenance.  
15          (15) Total receipts collected, by source, including Medicare, Medicaid, Veterans  
16          Affairs, private pay, or any other source."  
17

18 **PERSONALIZED HOUSING SOLUTIONS FOR VETERANS/VETERANS LIFE**  
19 **CENTER CHALLENGE GRANT**

20           **SECTION 33.3.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the funds  
21 appropriated in this act to the Department of Military and Veterans Affairs, the sum of one  
22 million dollars (\$1,000,000) in nonrecurring funds for the 2022-2023 fiscal year shall be  
23 allocated as a directed grant to Purple Heart Homes, Inc., a nonprofit corporation, to provide  
24 personalized housing solutions for service-connected disabled veterans and their families. These  
25 funds shall be distributed equally to the Charlotte office, Piedmont Chapter, High Country  
26 Chapter, and North Wake Chapter. By September 1, 2023, Purple Heart Homes, Inc., shall  
27 provide a report to the Senate Appropriations Committee on General Government and  
28 Information Technology, the House of Representatives Appropriations Committee on General  
29 Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal  
30 Research Division on the use of these funds, including the number of individuals served and the  
31 type of services provided to those individuals.

32           **SECTION 33.3.(b)** Notwithstanding the provisions of G.S. 143B-1293, the  
33 Department of Military and Veterans Affairs (hereinafter "Department") shall use the sum of  
34 seven hundred fifty thousand dollars (\$750,000) in recurring funds for each year of the  
35 2021-2023 fiscal biennium appropriated in this act from the North Carolina Veterans Home Trust  
36 Fund to the Department to create a challenge grant program for the Veterans Life Center  
37 (hereinafter "Center"), a nonprofit corporation, as provided in this section. The funds shall be  
38 used by the Center for the purpose of providing rehabilitation and reintegration services and  
39 support to veterans across the State. To receive State funds under this section, the Center shall  
40 raise at least seven hundred fifty thousand dollars (\$750,000) in non-State funds for each fiscal  
41 year of the 2021-2023 fiscal biennium, which the Center shall demonstrate to the satisfaction of  
42 the Department prior to the allocation of State funds. The Department shall disburse State funds  
43 on a quarterly basis in an amount equal to the non-State funds raised by the Center in that quarter,  
44 but in no case shall the Department disburse State funds to the Center if it has not raised the  
45 required non-State funds. The Center cannot supplant, shift, or reallocate Center funds for the  
46 purpose of achieving the non-State fundraising target required by this section.

47           **SECTION 33.3.(c)** Not later than August 1, 2022, and August 1, 2023, the  
48 Department shall report to the Joint Legislative Oversight Committee on General Government  
49 and the Fiscal Research Division on the use of the funds authorized in subsection (b) of this  
50 section, including whether the Center achieved the fundraising targets in each fiscal year of the  
51 fiscal biennium to receive State funds. The report shall also detail the specific services that were

1 provided to veterans as a result of the challenge grant program. The Center shall provide  
2 information, as requested by the Department, to prepare the report.

#### 4 **REPORT ON SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS**

5 **SECTION 33.4.** Part 2 of Article 14 of Chapter 143B of the General Statutes is  
6 amended by adding a new section to read:

##### 7 **"§ 143B-1228. Report on scholarships.**

8 By January 1 of each year, the Department of Military and Veterans Affairs shall report to  
9 the Joint Legislative Oversight Committee on General Government, the Senate Appropriations  
10 Committee on General Government and Information Technology, the House of Representatives  
11 Appropriations Committee on General Government, and the Fiscal Research Division the  
12 following data on the Scholarships for Children of Wartime Veterans program:

- 13 (1) Description of the scholarship program, by year, including statutory  
14 establishment, purpose, and eligibility.
- 15 (2) Number of scholarships awarded in each of the past five fiscal years and sorted  
16 by:
  - 17 a. Number of full-time students receiving scholarships and grouped by  
18 public, private, and community colleges.
  - 19 b. Number of new applicants for scholarships.
  - 20 c. Number of new scholarship awards offered, denied, and accepted.
  - 21 d. Range and average amount of scholarships awarded.
  - 22 e. Actual amount of award provided.
  - 23 f. Scholarship awards offered and accepted by county.
  - 24 g. Number of scholarship recipients who completed the degree  
25 requirements for graduation.
  - 26 h. Total expenditures for scholarship awards classified by source,  
27 including State funds and Escheats Fund.
  - 28 i. Total costs of administering the scholarship program."

#### 30 **VETERANS CEMETERIES TRUST FUND**

31 **SECTION 33.5.(a)** Notwithstanding the provisions of G.S. 143B-1293, the sum of  
32 fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2021-2022 fiscal year  
33 transferred in this act from the North Carolina Veterans Home Trust Fund and appropriated to  
34 the North Carolina Veterans Cemeteries Trust Fund shall be used to provide a sustainable and  
35 recurring source of funds for the maintenance of each of the State's veterans cemeteries when  
36 each reaches full capacity.

37 **SECTION 33.5.(b)** G.S. 143B-1293 reads as rewritten:

##### 38 **"§ 143B-1293. North Carolina Veterans Home Trust Fund.**

39 ...  
40 (d) Miscellaneous. – The following provisions apply to the trust fund created in  
41 subsection (a) of this section:

- 42 (1) All funds deposited and all income earned on the investment or reinvestment  
43 of such funds shall be credited to the trust fund.
- 44 (1a) The Department of Military and Veterans Affairs shall transfer ten percent  
45 (10%) of the unspent receipts collected in each fiscal year from the trust fund  
46 to the North Carolina Veterans Cemeteries Trust Fund on or before June 30  
47 of each fiscal year.
- 48 (2) ~~Any~~ Except as provided in subdivision (1a) of this subsection, monies  
49 remaining in the trust fund at the end of each fiscal year shall remain on  
50 deposit in the State treasury to the credit of the North Carolina Veterans Home  
51 Trust Fund.

- 1 (3) Nothing contained herein shall prohibit the establishment and utilization of  
2 special agency accounts by the Department of Military and Veterans Affairs  
3 or by the Veterans' Affairs Commission, for the receipt and disbursement of  
4 personal funds of the State veterans homes' residents or for receipt and  
5 disbursement of charitable contributions for use by and for residents."  
6

#### 7 **VETERANS JUSTICE INTERVENTION PILOT PROGRAM**

8 **SECTION 33.7.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the funds  
9 appropriated in this act from the Veterans Home Trust Fund to the Department of Military and  
10 Veterans Affairs, the sum of two million dollars (\$2,000,000) in nonrecurring funds for the  
11 2021-2022 fiscal year shall be used to provide a directed grant to The Independence Fund, Inc.,  
12 a nonprofit corporation, to establish and implement a pilot program to expand the Veterans  
13 Justice Intervention (VJI) program by working with law enforcement agencies all across the  
14 State. These funds may be used to contract with a subject matter expert for the assessment,  
15 coordination, and implementation of the VJI in each of the law enforcement departments.

16 **SECTION 33.7.(b)** As a condition of receiving the funds authorized in subsection  
17 (a) of this section, The Independence Fund, Inc., shall do all of the following:

- 18 (1) Partner with other nonprofits, State and local governments, and federal  
19 agencies to develop and assess each county's initial response to veterans in  
20 crises and develop an updated data collection process map for each county.  
21 (2) Educate first responders, local community support employees, and others on  
22 veteran-specific crisis intervention, suicide prevention, and VA resources  
23 available through the Veterans Affairs Administration.  
24 (3) Execute new training plans based on the data collection process maps  
25 developed pursuant to subdivision (1) of this subsection.  
26 (4) Monitor the pilot program and maintain regular contact with each county to  
27 ensure up-to-date training and availability and allocation of resources.  
28 (5) By June 30, 2022, report to the Joint Legislative Committee on General  
29 Government, the Joint Legislative Committee on Justice and Public Safety,  
30 and the Fiscal Research Division on the effectiveness of the pilot program,  
31 including the feasibility of expanding the program throughout the State.  
32

#### 33 **FUNDS FOR VETERANS/HBOT**

34 **SECTION 33.8.(a)** Of the funds appropriated in this act from the General Fund to  
35 the Office of State Budget and Management for the 2021-2022 fiscal year, the sum of one  
36 hundred fifty thousand dollars (\$150,000) in nonrecurring funds shall be used to provide a grant  
37 to The Community Foundation of NC East, Inc., a nonprofit corporation, to provide hyperbaric  
38 oxygen therapy treatment to veterans who are residents of North Carolina with a diagnosis of  
39 traumatic brain injury or posttraumatic stress disorder at no cost to the veteran. The provision of  
40 hyperbaric oxygen therapy treatment pursuant to this section shall be in accordance with Part 5  
41 of Article 6 of Chapter 122C of the General Statutes.

42 **SECTION 33.8.(b)** By March 1, 2023, The Community Foundation of NC East, Inc.,  
43 shall report to the Joint Legislative Oversight Committee on Health and Human Services on the  
44 provision of hyperbaric oxygen therapy treatment to veterans, including the use of State funds.  
45

#### 46 **PART XXXIV. REVENUE**

#### 48 **TAX COLLECTION ASSISTANCE FEE/SPECIAL FUND**

49 **SECTION 34.1.** G.S. 105-243.1 reads as rewritten:

50 **"§ 105-243.1. Collection of tax debts.**

51 ...

1 (e) Use. – The fee is a receipt of the Department and ~~must be applied to the costs of~~  
 2 ~~collecting and reducing the incidence of overdue tax debts. The proceeds of the fee must be~~  
 3 ~~credited to a special account within the Department and may be expended only as provided in~~  
 4 ~~this subsection. The proceeds of the fee may not be used for any purpose that is not directly and~~  
 5 ~~primarily related to collecting and reducing the incidence of overdue tax debts. The Department~~  
 6 ~~may apply the proceeds of the fee for the purposes listed in this subsection. The remaining~~  
 7 ~~proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The~~  
 8 ~~fee proceeds do not revert but remain in the special account until spent for the purposes listed in~~  
 9 ~~this subsection. The Department and the Office of State Budget and Management must account~~  
 10 ~~for all expenditures using accounting procedures that clearly distinguish costs allocable to the~~  
 11 ~~purposes listed in this subsection from costs allocable to other purposes and must demonstrate~~  
 12 ~~that none of the fee proceeds are used for any other purpose.~~pursuant to appropriation by the  
 13 General Assembly.

14 The Department may apply the fee proceeds for the following purposes:

- 15 (1) ~~To pay (i) contractors for collecting overdue tax debts under subsection (b) of~~  
 16 ~~this section and (ii) auditors responsible for identifying overdue tax debts.~~
- 17 (2) ~~To pay the fee the United States Department of the Treasury charges for setoff~~  
 18 ~~to recover tax owed to North Carolina.~~
- 19 (3) ~~To pay for taxpayer locator services, not to exceed three hundred fifty~~  
 20 ~~thousand dollars (\$350,000) a year.~~
- 21 (4) ~~To pay for postage or other delivery charges for correspondence directly and~~  
 22 ~~primarily relating to collecting overdue tax debts, not to exceed seven hundred~~  
 23 ~~fifty thousand dollars (\$750,000) a year.~~
- 24 (5) ~~To pay for operating expenses for Project Collection Tax and the Taxpayer~~  
 25 ~~Assistance Call Center.~~
- 26 (6) ~~To pay for expenses of the Examination and Collection Division directly and~~  
 27 ~~primarily relating to collecting overdue tax debts.~~
- 28 (7) ~~To pay the direct and indirect expenses of information technology upgrades~~  
 29 ~~to the Department of Revenue computer systems that are intended to upgrade~~  
 30 ~~Department of Revenue capabilities to (i) allow for electronic filing of returns~~  
 31 ~~by taxpayers and the electronic issuance of refunds by the Department for all~~  
 32 ~~remaining tax schedules and (ii) accomplish other mission-critical information~~  
 33 ~~technology tasks of the Department as approved by the Office of State Budget~~  
 34 ~~and Management in consultation with the State CIO.~~

35 ...."

### 37 TAX FRAUD ANALYTICS

38 **SECTION 34.3.** Of the funds appropriated in this act to the Department of Revenue,  
 39 the sum of four million four hundred thousand dollars (\$4,400,000) in recurring funds for each  
 40 fiscal year of the 2021-2023 fiscal biennium shall be used to continue and expand the  
 41 Department's tax fraud analysis contract through the Government Data Analytics Center  
 42 (GDAC). These funds shall be used in each fiscal year to fund detection analytics, information  
 43 reporting, collections case management, collections optimization, managed services, and  
 44 technical infrastructure. The Department of Revenue shall continue to coordinate with the GDAC  
 45 and utilize the subject matter expertise and technical infrastructure available through existing  
 46 GDAC public-private partnerships for fraud detection and analytics infrastructure.

### 47 BUSINESS RECOVERY GRANT PROGRAM

48 **SECTION 34.3A.(a)** Purpose; Use. – The purpose of this section is to use funds  
 49 from the American Rescue Plan Act to aid businesses in North Carolina that suffered substantial  
 50 economic damage from the COVID-19 pandemic.  
 51

1           **SECTION 34.3A.(b)** Business Recovery Grant Program. – The Department of  
2 Revenue is authorized to create and administer the Business Recovery Grant Program (Program).  
3 The Department must provide a one-time grant to businesses that suffered economic damage  
4 from the COVID-19 pandemic and meet the conditions of this section.

5           **SECTION 34.3A.(c)** Eligibility. – A business is eligible for a grant under this  
6 Program if it meets one of the following conditions:

7           (1) A hospitality grant if the business (i) is classified for the period for which  
8 economic loss is measured in NAICS Code 71 or 72 and (ii) demonstrates that  
9 it suffered an economic loss of at least twenty percent (20%).

10          (2) A reimbursement grant if the business (i) is not classified for the period for  
11 which economic loss is measured in NAICS Code 71 or 72, (ii) demonstrates  
12 that it suffered an economic loss of at least twenty percent (20%), and (iii) has  
13 not previously received an award amount.

14           **SECTION 34.3A.(d)** Applications. – A business must apply to the Department of  
15 Revenue for a grant on a form prescribed by the Department and must include any supporting  
16 documentation required by the Department. The application must be filed with the Department  
17 on or before the deadline prescribed by the Department, which must be at least 60 days after the  
18 effective date of this section but no more than 90 days after the effective date of this section. The  
19 Department may not accept late applications.

20           If funds reserved for both types of grants under this section remain after disposition  
21 of all timely filed applications for grants, the Department shall remit any funds remaining to the  
22 Office of State Budget and Management which shall deposit the funds into the State Fiscal  
23 Recovery Reserve. Amounts deposited into the Reserve under this section are receipts that do  
24 not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V  
25 of the North Carolina Constitution.

26           If funds reserved for one type of grant under this section remain after disposition of  
27 all timely filed applications for that type of grant, the Department shall allocate any funds  
28 remaining to the other type of grant allowed under this section. The Department shall, first, fully  
29 fund any prorated awards and, second, if funds remain after fully funding prorated awards, reopen  
30 the type of grant for which funds become available under this paragraph for additional  
31 applications. The additional applications must be filed with the Department on or before the  
32 deadline prescribed by the Department, which must be at least 90 days after the effective date of  
33 this section but no more than 120 days after the effective date of this section. The Department  
34 may not accept late additional applications permitted under this paragraph.

35           **SECTION 34.3A.(e)** Grant Amount. – The grant amount is equal to the lesser of five  
36 hundred thousand dollars (\$500,000) or a percentage of the economic loss of the business  
37 demonstrated in subsection (c) of this section. For applicants who have not previously received  
38 an award amount, the percentage is equal to twenty percent (20%). For all other applicants, the  
39 percentage is equal to ten percent (10%).

40           **SECTION 34.3A.(f)** Grant Program Limit. – The total of all funds granted under  
41 this Program, including the amounts specifically allowed for administration, marketing, and  
42 recruiting, may not exceed five hundred million dollars (\$500,000,000), of which two hundred  
43 million dollars (\$200,000,000) shall be reserved for reimbursement grants. If a business qualifies  
44 for both a hospitality grant and a reimbursement grant, the amount of the grant to the business  
45 shall be deducted from the amount available for hospitality grants. The Department must  
46 calculate the total amount of grants requested from the applications timely filed under subsection  
47 (d) of this section. If the total amount of grants requested exceeds the maximum amount of funds  
48 available for a type of grant allowed under this subsection, the Department shall do the following:

49           (1) For hospitality grants, (i) prioritize and fully fund grants to applicants who  
50 have not previously received an award amount and (ii) reduce each grant

- 1 award to applicants who have previously received an award amount on a  
2 proportionate basis.
- 3 (2) For reimbursement grants, reduce each grant award on a proportionate basis.  
4 The Department's grant determinations based on applications timely filed are final.
- 5 **SECTION 34.3A.(g) Clawback.** – If a business receives a grant under this program  
6 for which it is ineligible, the business forfeits the grant awarded under this section and is liable  
7 for the amounts received. An award forfeited under this section shall bear interest at the rate  
8 determined in accordance with G.S. 105-241.21 as of the date of receipt until repaid. Failure to  
9 pay an award forfeited shall be collected by a civil action in the name of the State, and the  
10 recipient business shall pay the cost of the action. The Attorney General, at the request of the  
11 Secretary of Revenue, shall institute the action in the proper court for the collection of the award  
12 forfeited, including interest thereon.
- 13 **SECTION 34.3A.(h) Definitions.** – The following definitions apply in this section:
- 14 (1) American Rescue Plan Act. – The American Rescue Plan Act of 2021, P.L.  
15 117-2.
- 16 (1a) Award amount. – Amount awarded from any of the following:
- 17 a. COVID-19 Job Retention Program. – Defined in Section 4.2B of S.L.  
18 2020-4, as enacted by Section 1.1(e) of S.L. 2020-80, as amended.
- 19 b. EIDL Advance. – An Economic Injury Disaster Loan Advance defined  
20 in any of the following:
- 21 1. 15 U.S.C. § 9009(e).
- 22 2. Section 331 of the Economic Aid to Hard-Hit Small  
23 Businesses, Nonprofits, and Venues Act, Title III of Division  
24 N of Public Law 116–260.
- 25 3. Section 5002 of the American Rescue Plan Act of 2021, P.L.  
26 117-2.
- 27 c. Paycheck Protection Program. – Defined in 15 U.S.C. § 636(a)(36).
- 28 d. Restaurant Revitalization Fund. – Defined in section 5003 of the  
29 American Rescue Plan Act of 2021, P.L. 117-2.
- 30 e. Shuttered Venue Operators Grant Program. – Defined in section 324  
31 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and  
32 Venues Act, Title III of Division N of Public Law 116–260.
- 33 (2) Business. – A taxpayer subject to income tax under Article 4 of Chapter 105  
34 of the General Statutes.
- 35 (3) CARES Act. – The federal Coronavirus Aid, Relief, and Economic Security  
36 Act, P.L. 116-136.
- 37 (4) Consolidated Appropriations Act. – The Consolidated Appropriations Act of  
38 2021, P.L. 116-260.
- 39 (5) COVID period. – The period beginning March 1, 2020, and ending February  
40 28, 2021.
- 41 (6) Economic loss. – The economic damage experienced in connection with the  
42 COVID-19 pandemic, determined as the difference between the business's  
43 gross receipts for the COVID period and its gross receipts for the equivalent  
44 time frame in the preceding 12-month period.
- 45 (7) Gross receipts. – The sum of (i) the North Carolina gross receipts listed on  
46 line 1 of Form E-500, Sales and Use Tax Return, for sales occurring during a  
47 specified time period and (ii) gross receipts not listed on Form E-500 but  
48 reported on line 1a of Form 1065 for federal returns, if any, provided the gross  
49 receipts are for transactions apportionable to the State.
- 50 (8) NAICS. – The North American Industry Classification System adopted by the  
51 United States Office of Management and Budget as of December 31, 2020.

1           **SECTION 34.3A.(i)** Outreach. – The Department of Administration, Office for  
2 Historically Underutilized Businesses, is directed to inform and educate minority-owned  
3 businesses that may be eligible to apply for the grants provided by the Program as soon as  
4 practicable so they may have the opportunity to access the grants provided by it. The Department  
5 of Revenue is not required to advertise or provide any specific outreach on the Program except  
6 for posting relevant Program information on its website.

7           **SECTION 34.3A.(j)** Allocation of Funds for the Business Recovery Grant Program.  
8 – Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of  
9 Revenue, the sum of five hundred million dollars (\$500,000,000) in nonrecurring funds for the  
10 2021-2022 fiscal year is allocated for the Business Recovery Grant Program to be used as  
11 provided in this section. The Department of Revenue may use up to two million five hundred  
12 thousand dollars (\$2,500,000) of the funds allocated in this subsection for the administration of  
13 this section. The Department shall use five million dollars (\$5,000,000) of the funds reserved in  
14 this subsection for hospitality grants as a grant to the North Carolina Restaurant and Lodging  
15 Association to be used for hospitality industry workforce recruitment designed to support the  
16 rebuilding of the State's hospitality industry. The Department shall remit any funds remaining  
17 after disposition of all timely filed applications under this section to the Office of State Budget  
18 and Management which shall deposit the funds into the State Fiscal Recovery Reserve. Amounts  
19 deposited into the Reserve under this section are receipts that do not constitute an "appropriation  
20 made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina  
21 Constitution.

22           **SECTION 34.3A.(k)** This section is effective when it becomes law.

23           **SECTION 34.3B.(a)** G.S. 105-130.5(b) reads as rewritten:

24           (b) The following deductions from federal taxable income shall be made in determining  
25 State net income:

26           ...

27           (31a) To the extent included in federal taxable income, the amount received by a  
28 taxpayer under the Business Recovery Grant Program."

29           **SECTION 34.3B.(b)** G.S. 105-153.5(b) reads as rewritten:

30           (b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
31 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
32 the taxpayer's adjusted gross income:

33           ...

34           (14a) The amount received by a taxpayer under the Business Recovery Grant  
35 Program."

36           **SECTION 34.3B.(c)** This section is effective for taxable years beginning on or after  
37 January 1, 2021, and applies to amounts received by a taxpayer on or after that date.

## 39 DEPARTMENT OF REVENUE SYSTEMS PROJECTS UPDATE REPORT

40           **SECTION 34.4.** Section 8.1 of S.L. 2019-246 reads as rewritten:

41           "**SECTION 8.1.(a)** The Department of Revenue shall update its electronic tax systems to  
42 store and recognize power of attorney registrations to ensure that notices generated by the  
43 Department are simultaneously sent to both the taxpayer and the person designated in the  
44 taxpayer's power of attorney registration. By January 31, 2020, the Department shall report to  
45 the Joint Legislative Oversight Committee on General Government on its progress in updating  
46 its electronic tax systems to store and recognize power of attorney registrations.

47           "**SECTION 8.1.(b)** By January 1, 2022, and monthly thereafter, the Department of Revenue  
48 shall submit a written report on the status of the power of attorney registration project required  
49 by subsection (a) of this section to the chairs of the House Appropriations Committee on General  
50 Government and the Senate Appropriations Committee on General Government and Information  
51 Technology and the Fiscal Research Division. The monthly report shall also include an update



1 on the status of the Collections Case Management system implementation and the IBM 4100  
2 replacement project currently underway in the Department."

3  
4 **PART XXXV. SECRETARY OF STATE [RESERVED]**

5  
6 **PART XXXVI. TREASURER**

7  
8 **IMPROVE SYSTEM FOR MONITORING THE FISCAL HEALTH OF LOCAL**  
9 **GOVERNMENT UNITS**

10 **SECTION 36.1.(a)** The Department of State Treasurer, State and Local Government  
11 Finance Division, in consultation with the Local Government Commission (hereinafter  
12 "Commission"), shall evaluate the State's current system for monitoring the financial operations  
13 of local government units (hereinafter "unit" or "units") and approving their requests to issue new  
14 debt and amend current debt. For purposes of this section, the term "unit" has the same meaning  
15 as in G.S. 159-7(b)(15). The Department shall develop a plan to transition to a system for  
16 monitoring the financial operations of units that does all of the following:

- 17 (1) Uses a "value added" approach to reviewing the State's current practices and  
18 policies.
- 19 (2) Directs current Commission staffing resources to the units in greatest need  
20 and away from units with adequate governance, staff, resources, and technical  
21 expertise.
- 22 (3) Implements a schedule of reporting to the Commission based on a unit's  
23 financial health.
- 24 (4) Standardizes training of unit officials and staff, as deemed appropriate by the  
25 Commission.
- 26 (5) Authorizes the Commission to compel units to comply with Commission  
27 directives.
- 28 (6) Incorporates a clear definition of the term "fiscal distress."
- 29 (7) Implements a new fiscal warning system for units at risk of fiscal distress.
- 30 (8) Expands the criteria and parameters for measuring a unit's fiscal health to  
31 incorporate economic and demographic factors.
- 32 (9) Incorporates factors impacting a unit's fiscal health, including changes in  
33 population, tax base, and business and economic indicators.

34 **SECTION 36.1.(b)** The Department shall submit an interim report on the  
35 implementation of this section no later than February 1, 2022, and a final report and plan by May  
36 1, 2022, to the Joint Oversight Committee on General Government, Senate Appropriations  
37 Committee on General Government and Information Technology, House Appropriations  
38 Committee on General Government, and Fiscal Research Division. The reports shall contain any  
39 recommendations for legislation deemed appropriate to implement the provisions of this section.  
40

41 **EXPAND THE TYPE OF CANCERS COVERED AS OCCUPATIONAL DISEASES FOR**  
42 **FIREFIGHTERS' DEATH BENEFITS**

43 **SECTION 36.2.(a)** G.S. 143-166.2 reads as rewritten:

44 **"§ 143-166.2. Definitions.**

45 The following definitions apply in this Article:

- 46 ...
- 47 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:  
48 ...
    - 49 e. When the death of a firefighter occurs as a direct and proximate result  
50 of any of the following cancers that are occupationally related to

1 firefighting, that firefighter is presumed to have been killed in the line  
2 of duty:

- 3 1. Mesothelioma.
- 4 2. Testicular cancer.
- 5 3. ~~Intestinal cancer.~~ Cancer of the small intestine.
- 6 4. Esophageal cancer.
- 7 5. Oral cavity cancer.
- 8 6. Pharynx cancer.

9 ...."

10 **SECTION 36.2.(b)** This section is effective when it becomes law and applies to  
11 deaths occurring on or after that date.

## 13 PART XXXVII. GENERAL GOVERNMENT

### 15 GENERAL GOVERNMENT OVERSIGHT REPORTING REQUIREMENTS

#### 17 DEPARTMENT OF ADMINISTRATION

18 **SECTION 37.1.(a)** G.S. 116D-4 reads as rewritten:

#### 19 "§ 116D-4. Minority and historically underutilized business participation.

20 (a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in  
21 projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued  
22 under this section. The following State agencies shall monitor compliance with this requirement  
23 and shall report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General  
24 Government by January 1 of each year on the participation by minority businesses in these  
25 projects. The State Construction Office, Department of Administration, shall monitor compliance  
26 with regard to projects funded by the proceeds of university improvement general obligation  
27 bonds and notes and special obligation bonds and notes; the Board of Governors of The  
28 University of North Carolina shall provide the State Construction Office any information  
29 required by the State Construction Office to monitor compliance. The Community Colleges  
30 System Office shall monitor compliance with regard to projects funded by the proceeds of  
31 community college general obligation bonds and notes.

32 ...."

33 **SECTION 37.1.(b)** G.S. 143-48 reads as rewritten:

#### 34 "§ 143-48. State policy; cooperation in promoting the use of small contractors, minority 35 contractors, physically handicapped contractors, and women contractors; 36 purpose; required annual reports.

37 ...

38 (d) The Department of Administration shall collect and compile the data described in this  
39 section and report it annually to the ~~General Assembly~~ Joint Legislative Oversight Committee  
40 on General Government.

41 ...."

42 **SECTION 37.1.(c)** G.S. 143-128.3 reads as rewritten:

#### 43 "§ 143-128.3. Minority business participation administration.

44 (a) All public entities subject to G.S. 143-128.2 shall report to the Department of  
45 Administration, Office of Historically Underutilized Business, the following with respect to each  
46 building project:

47 ...

48 The reports shall be in the format and contain the data prescribed by the Secretary of  
49 Administration. The University of North Carolina and the State Board of Community Colleges  
50 shall report quarterly and all other public entities shall report semiannually. The Secretary of the  
51 Department of Administration shall make reports every six months to the Joint Legislative

1 Committee on Governmental Operations and the Joint Legislative Oversight Committee on  
 2 General Government on information reported pursuant to this subsection.

3 ...

4 (c) The Secretary shall study and recommend to the ~~General Assembly~~ Joint Legislative  
 5 Oversight Committee on General Government and other State agencies ways to improve the  
 6 effectiveness and efficiency of the State capital facilities development, minority business  
 7 participation program and good faith efforts in utilizing minority businesses as set forth in  
 8 G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased  
 9 utilization of minority businesses.

10 (d) The Secretary shall appoint an advisory board to develop recommendations to  
 11 improve the recruitment and utilization of minority businesses. The Secretary, with the input of  
 12 its advisory board, shall review the State's programs for promoting the recruitment and utilization  
 13 of minority businesses involved in State capital projects and shall recommend to the ~~General~~  
 14 ~~Assembly,~~ Joint Legislative Oversight Committee on General Government, the State  
 15 Construction Office, The University of North Carolina, and the community colleges system  
 16 changes in the terms and conditions of State laws, rules, and policies that will enhance  
 17 opportunities for utilization of minority businesses on these projects. The Secretary shall provide  
 18 guidance to these agencies on identifying types of projects likely to attract increased participation  
 19 by minority businesses and breaking down or combining elements of work into economically  
 20 feasible units to facilitate minority business participation.

21 ...

22 (g) ~~The~~ Annually, on or before September 1, beginning September 1, 2022, the Secretary  
 23 shall report findings and ~~recommendations~~ recommendations, as required under this section  
 24 section, to the Joint Legislative Committee on Governmental Operations annually on or before  
 25 June 1, beginning June 1, 2002, and the Joint Legislative Oversight Committee on General  
 26 Government and shall post the report findings and recommendations on the Department's  
 27 website."

28 **SECTION 37.1.(d)** G.S. 143-341 reads as rewritten:

29 **"§ 143-341. Powers and duties of Department.**

30 The Department of Administration has the following powers and duties:

31 ...

32 (8) General Services:

33 ...

34 i. To establish and operate a central motor fleet and such subsidiary  
 35 related facilities as the Secretary may deem necessary, and to that end:

36 ...

37 11. To report annually to the ~~General Assembly~~ Joint Legislative  
 38 Oversight Committee on General Government on any rules  
 39 adopted, amended or repealed under sub-sub-subdivisions 3.,  
 40 7., or 7a. of this sub-subdivision.

41 ...

42 (12) Report on Vehicles Managed. – Beginning on June 1, 2022, and semiannually  
 43 thereafter, the Department of Administration shall provide a report to the Joint  
 44 Legislative Oversight Committee on General Government and the Joint  
 45 Legislative Oversight Committee on Justice and Public Safety on the status of  
 46 all motor vehicles managed by the Department of Administration for the  
 47 Department of Public Safety. The report shall include all of the following  
 48 information:

49 a. The number of motor vehicles managed by the Department of  
 50 Administration for the Department of Public Safety.

- 1           b.     The condition of each motor vehicle, including the mileage on each  
2                 motor vehicle.  
3           c.     The average amount of time taken to repair or replace a motor vehicle.  
4           d.     The number and condition of any backup motor vehicles managed by  
5                 the Department of Administration and available for use by the  
6                 Department of Public Safety, including the location and condition of  
7                 each motor vehicle."

8           **SECTION 37.1.(e)** Section 27.6(c) of S.L. 2015-241 is repealed.

9           **SECTION 37.1.(f)** G.S. 143-747 reads as rewritten:

10   **"§ 143-747. Council of Internal Auditing.**

11         ...

12         (c)     The Council shall:

13             ...

14             (12) ~~Issue an annual report including, but not limited to,~~ No later than November  
15                 1 of each year, issue a report that shall include, but not be limited to, service  
16                 efforts and accomplishments of State agency internal auditors and to propose  
17                 proposed legislation for consideration by the Governor and General  
18                 Assembly. The annual report shall be prepared by the Office of State Budget  
19                 and Management and shall be submitted to the Joint Legislative Oversight  
20                 Committee on General Government."

21           **SECTION 37.1.(g)** G.S. 143B-394.16(b) reads as rewritten:

22           "(b) Report. – The Commission shall report its findings and recommendations, including  
23 any legislative or administrative proposals, to the ~~General Assembly~~ Joint Legislative Oversight  
24 Committee on General Government no later than April 1 each year."

25           **SECTION 37.1.(h)** G.S. 143B-394.21 is amended by adding a new subsection to  
26 read:

27           "(c) The North Carolina Council for Women shall report on the quarterly distributions of  
28 the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs  
29 of the General Government Appropriations Committee within five business days of distribution.  
30 The report shall include the date, amount, and recipients of the fund disbursements. The report  
31 shall also include any eligible programs which are ineligible to receive funding during the relative  
32 reporting cycle, as well as the reason of the ineligibility for that relative reporting cycle."

33           **SECTION 37.1.(i)** G.S. 143B-409 reads as rewritten:

34   **"§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

35           The Commission shall prepare a written annual report giving an account of its proceedings,  
36 transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and~~  
37 ~~the legislature.~~ Governor and the Joint Legislative Oversight Committee on General Government.  
38 The report will become a matter of public record and will be maintained in the State Historical  
39 Archives. It may also be furnished to such other persons or agencies as the Commission may  
40 deem proper."

41           **SECTION 37.1.(j)** G.S. 143B-410 reads as rewritten:

42   **"§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical**  
43 **staff.**

44           Fiscal records shall be kept by the Secretary of Administration. The audit report will become  
45 a part of the annual report and will be submitted in accordance with the regulations governing  
46 preparation and submission of the annual report. The Commission shall submit the annual report  
47 to the Joint Legislative Oversight Committee on General Government."

48           **SECTION 37.1.(k)** G.S. 143B-411.2 reads as rewritten:

49   **"§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee –**  
50 **purpose or creation; powers and duties.**

1 The purpose of the Council is to study on a continuing basis the relationship between the  
2 Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of  
3 concern to the State or the Tribe. It shall be the duty of the Council:

- 4 (1) Identify existing and potential conflicts between the State of North Carolina  
5 and the Eastern Band of Cherokee ~~Indians;~~Indians.
- 6 (2) Propose State and federal legislation and agreements between the State of  
7 North Carolina and the Cherokee Tribe to resolve existing and potential  
8 ~~conflicts;~~conflicts.
- 9 (3) To study and make recommendations concerning any issue referred to the  
10 Council by any official of the Eastern Band of the Cherokee, the State of North  
11 Carolina, or the government of Haywood, Jackson, Swain, Graham, or  
12 Cherokee Counties.
- 13 (4) Study other issues of mutual concern to the Eastern Band of the  
14 ~~Cherokee;~~Cherokee.
- 15 (5) ~~Make a report with recommendations as needed, but not less often than~~  
16 ~~biannually to the Governor, the Chief of the Eastern Band of the Cherokee,~~  
17 ~~the General Assembly, and the Tribal Council of the Eastern Band of the~~  
18 ~~Cherokee."~~

19 **SECTION 37.1.(l)** The North Carolina Farmworker Council, enacted as Part 26 of  
20 Article 9 of Chapter 143B of the General Statutes, is repealed.

## 21 ETHICS COMMISSION

22 **SECTION 37.2.** G.S. 138A-10 reads as rewritten:

### 23 "§ 138A-10. Powers and duties.

24 (a) In addition to other powers and duties specified in this Chapter, the Commission shall:

- 25 ...
- 26 (11) Report annually to the ~~General Assembly~~ Joint Legislative Oversight  
27 Committee on General Government and the Governor on the Commission's  
28 activities and generally on the subject of public disclosure, ethics, and  
29 conflicts of interest, including recommendations for administrative and  
30 legislative action, as the Commission deems appropriate.

31 ...."

## 32 OFFICE OF STATE HUMAN RESOURCES

33 **SECTION 37.3.** G.S. 143-583 reads as rewritten:

### 34 "§ 143-583. Model program; technical assistance; reports.

35 ...

36 (c) Reports. – The Office of State Human Resources shall report annually to the Joint  
37 Legislative Commission on Governmental Operations and the Joint Legislative Oversight  
38 Committee on General Government on the safety, health, and workers' compensation activities  
39 of State agencies, compliance with this Article, and the fines levied against State agencies  
40 pursuant to Article 16 of Chapter 95 of the General Statutes."  
41  
42  
43

## 44 OFFICE OF STATE AUDITOR

45 **SECTION 37.4.** G.S. 147-64.11 reads as rewritten:

### 46 "§ 147-64.11. Review of office.

47 The Auditor may, on ~~his~~ the Auditor's own initiative and as often as ~~he~~ the Auditor deems  
48 necessary, or as requested by the ~~General Assembly~~ Assembly or the Joint Legislative Oversight  
49 Committee on General Government, cause to be made a quality review audit of the operations of  
50 ~~his~~ the Auditor's office. Such a "peer review" shall be conducted in accordance with standards  
51 prescribed by the accounting profession. Upon the recommendation of the Joint Legislative

1 Commission on Governmental ~~Operations~~ Operations, the Auditor may contract with an  
2 independent public accountant, qualified management consultant, or other professional person to  
3 conduct a financial and compliance, economy and efficiency, and program result audit of the  
4 State Auditor."  
5

## 6 OFFICE OF STATE BUDGET AND MANAGEMENT

7 SECTION 37.5.(a) Article 6 of Chapter 143C of the General Statutes is amended by  
8 adding a new section to read:

### 9 "§ 143C-6-13. Results first annual report.

10 By December 1 of each year, the Office of State Budget and Management shall submit an  
11 annual report to the Joint Legislative Commission on Governmental Operations and the Joint  
12 Legislative Oversight Committee on General Government on the progress in implementing the  
13 cost-benefit analysis model for use in crafting policy and budget decisions. The report may  
14 include recommendations for legislation."

15 SECTION 37.5.(b) Section 26.3(c) of S.L. 2017-57 is repealed.

16 SECTION 37.5.(c) G.S. 143C-6-23 reads as rewritten:

### 17 "**§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.**

18 ...

19 (h) Report on Grant Recipients That Failed to Comply. – ~~Not later than May 1, 2007, and~~  
20 ~~by May 1 of every succeeding year, the~~ The Office of State Budget and Management shall report  
21 ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research~~  
22 ~~Division on~~ post online at regular intervals a list of all grantees or subgrantees that failed to  
23 comply with this section with respect to grant funds received in the prior fiscal year.  
24

24 ...."

25 SECTION 37.5.(d) G.S. 143-194 is repealed.

## 26 STATE BOARD OF ELECTIONS

27 SECTION 37.6.(a) G.S. 66-58 reads as rewritten:

### 28 "**§ 66-58. Sale of merchandise or services by governmental units.**

29 ...

30 (c) The provisions of subsection (a) of this section shall not prohibit:

31 ...

32 (17) The sale by the State Board of Elections to political committees and candidate  
33 committees of computer software designed by or for the State Board of  
34 Elections to provide a uniform system of electronic filing of the campaign  
35 finance reports required by Article 22A of Chapter 163 of the General Statutes  
36 and to facilitate the State Board's monitoring of compliance with that Article.  
37 This computer software for electronic filing of campaign finance reports shall  
38 not exceed a cost of one hundred dollars (\$100.00) to any political committee  
39 or candidate committee without the State Board of Elections first notifying in  
40 writing the Joint Legislative Commission on Governmental Operations.  
41

42 ...."

43 SECTION 37.6.(b) G.S. 163-165.9 reads as rewritten:

### 44 "**§ 163-165.9. Voting systems: powers and duties of county board of elections.**

45 ...

46 (b) After the acquisition of any voting system, the county board of elections shall comply  
47 with any requirements of the State Board of Elections regarding training and support of the voting  
48 system by completing all of the following:

49 ...

50 (2) The county board of elections shall annually maintain software license and  
51 maintenance agreements necessary to maintain the warranty of its voting

1 system. A county board of elections may employ qualified personnel to  
 2 maintain a voting system in lieu of entering into maintenance agreements  
 3 necessary to maintain the warranty of its voting system. State Board of  
 4 Elections is not required to provide routine maintenance to any county board  
 5 of elections that does not maintain the warranty of its voting system. If the  
 6 State Board of Elections provides any maintenance to a county that has not  
 7 maintained the warranty of its voting system, the county shall reimburse the  
 8 State for the cost. The State Board of Elections shall ~~annually~~ report annually  
 9 by January 15 to the House and Senate Committees on Appropriations, to the  
 10 Fiscal Research Division, to the Joint Legislative Oversight Committee on  
 11 General Government, and to the Joint Legislative Commission on  
 12 Governmental Operations on implementation of this subdivision. If requested  
 13 by the county board of elections, the State Board of Elections may enter into  
 14 contracts on behalf of that county under this subdivision, but such contracts  
 15 must also be approved by the county board of elections. Any contract entered  
 16 into under this subdivision shall be paid from non-State funds. Neither a  
 17 county nor the State Board of Elections shall enter into any contract with any  
 18 vendor for software license and maintenance agreements unless the vendor  
 19 agrees to (i) operate a training program for qualification of county personnel  
 20 under this subsection with training offered within the State of North Carolina  
 21 and (ii) not dishonor warranties merely because the county is employing  
 22 qualified personnel to maintain the voting system as long as the county:  
 23 ...."  
 24

## 25 DEPARTMENT OF INSURANCE

26 **SECTION 37.7.(a)** G.S. 58-2-120 reads as rewritten:

27 **"§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.**

28 The Commissioner shall, from time to time, report to the Governor and ~~the General Assembly~~  
 29 the Joint Legislative Oversight Committee on General Government any change or changes that  
 30 in the Commissioner's opinion should be made in the laws relating to insurance and other subjects  
 31 pertaining to the Department."

32 **SECTION 37.7.(b)** G.S. 58-42-45 reads as rewritten:

33 **"§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.**

34 ...

35 (b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38,  
 36 the Commissioner shall provide copies of the notice to the Joint Regulatory Reform ~~Committee~~  
 37 ~~and to Committee,~~ the Joint Legislative Commission on Governmental ~~Operations.~~ Operations,  
 38 and the Joint Legislative Oversight Committee on General Government. The Commissioner shall  
 39 provide the ~~Committee~~ ~~Committees~~ and Commission with copies of any plan promulgated by or  
 40 approved by the Commissioner under G.S. 58-42-1(1) or (2)."

41 **SECTION 37.7.(c)** G.S. 58-79-20 reads as rewritten:

42 **"§ 58-79-20. Inspection of premises; dangerous material removed.**

43 The Commissioner of Insurance, or the chief of fire department or chief of police where there  
 44 is no chief of fire department, or the city or county building inspector, electrical inspector, heating  
 45 inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of  
 46 examination, to enter into and upon all buildings and premises in their jurisdiction. When any of  
 47 such officers find in any building or upon any premises overcrowding in violation of occupancy  
 48 limits established pursuant to the North Carolina State Building Code, combustible material or  
 49 inflammable conditions dangerous to the safety of such building or premises they shall order the  
 50 same to be removed or remedied, and this order shall be forthwith complied with by the owner  
 51 or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,

1 appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be  
2 at once investigated by ~~his-the Commissioner's~~ direction, and unless by ~~his-the Commissioner's~~  
3 authority the order of the officer above named is revoked it remains in force and must be forthwith  
4 complied with by the owner or occupant. The Commissioner of Insurance, fire chief, or building  
5 inspector, electrical inspector, heating inspector, or fire prevention inspector shall make an  
6 immediate investigation as to the presence of combustible material or the existence of  
7 inflammable conditions in any building or upon any premises under their jurisdiction upon  
8 complaint of any person having an interest in such building or premises or property adjacent  
9 thereto. The Commissioner may, in person or by deputy, visit any municipality or county and  
10 make such inspections alone or in company with the local officer. The Commissioner shall  
11 submit annually, as early as consistent with full and accurate preparation, and not later than the  
12 first day of June, a detailed report of ~~his-the Commissioner's~~ official action under this Article,  
13 and it shall be embodied in ~~his-the~~ report to the ~~General Assembly~~ Joint Legislative Oversight  
14 Committee on General Government."

15 **SECTION 37.7.(d)** G.S. 58-87-1 reads as rewritten:

16 "**§ 58-87-1. Volunteer Fire Department Fund.**

17 ...

18 (c) Report. – The Commissioner must submit a written report to the ~~General Assembly~~  
19 Joint Legislative Oversight Committee on General Government within 60 days after the grants  
20 have been made. This report must contain the following:

21 ...."

22 **SECTION 37.7.(e)** G.S. 58-87-5 reads as rewritten:

23 "**§ 58-87-5. Volunteer Rescue/EMS Fund.**

24 ...

25 (e) Report. – The Commissioner must submit a written report to the ~~General Assembly~~  
26 Joint Legislative Oversight Committee on General Government within 60 days after the grants  
27 have been made. This report must contain the following:

28 ...."

29 **SECTION 37.7.(f)** G.S. 58-92-15(n) reads as rewritten:

30 "(n) The Commissioner shall review the effectiveness of this section and report every three  
31 years to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government  
32 the Commissioner's findings, and if appropriate, recommendations for legislation to improve the  
33 effectiveness of this Article. The report and legislative recommendations shall be submitted no  
34 later than June 30 following the conclusion of each three-year period."

## 36 INDUSTRIAL COMMISSION

37 **SECTION 37.8.(a)** G.S. 97-78 reads as rewritten:

38 "**§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners,**  
39 **and other staff assistance; annual report.**

40 ...

41 (e) No later than October 1 of each year, the Commission shall publish annually for free  
42 distribution a report of the administration of this Article, together with such recommendations as  
43 the Commission deems advisable. No later than October 1 of each year, the Commission shall  
44 submit this report to the Joint Legislative Oversight Committee on ~~Agriculture and Natural and~~  
45 ~~Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and~~  
46 ~~Economic Resources, and the chairs of the House of Representatives Appropriations Committee~~  
47 ~~on Agriculture and Natural and Economic Resources~~ General Government, the Senate  
48 Appropriations Committee on General Government and Information Technology, and the House  
49 Appropriations Committee on General Government.

50 (f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2022, the  
51 Commission shall prepare and implement a strategic plan for accomplishing all of the following:



1 ...  
 2 (g) The Commission shall demonstrate its success in implementing its strategic plan  
 3 under subsection (f) of this section by including all of the following in its annual report under  
 4 subsection (e) of this section:

5 (1) The total number of claims made during the preceding ~~calendar~~ fiscal year,  
 6 the total number of claims in which compliance was not timely made, and, for  
 7 each claim, the date the claim was filed, the date by which compliance was  
 8 required, the date of actual compliance, and any sanctions or other remedial  
 9 action imposed by the Commission.

10 (2) The total number of requests for, and disputes involving, medical  
 11 compensation under G.S. 97-25 in which final disposition was not made  
 12 within 75 days of the filing of the motion with the Commission, and, for each  
 13 such request or dispute, the date the motion or other initial pleading was filed,  
 14 the date on which final disposition was ~~made and, where reasonably~~  
 15 ~~ascertainable, the date on which any ordered medical treatment was actually~~  
 16 ~~provided.~~ made."

17 **SECTION 37.8.(b)** G.S. 143-788(b) reads as rewritten:

18 "(b) No later than October 1 of each year, the Section shall publish annually to the Office  
 19 of the Governor and to the Joint Legislative Commission on Governmental Operations a report  
 20 of the administration of this Article, together with any recommendations as the Section deems  
 21 advisable. This report shall include, at a minimum, the number of reports of employee  
 22 misclassification received, the number of cases referred to each State agency, the number and  
 23 amount of back taxes, wages, benefits, penalties, or other monies ~~assessed, assessed, and, where~~  
 24 ~~reasonably ascertainable, the amount of back taxes, wages, benefits, penalties, or other monies~~  
 25 ~~collected, and the number of cases referred to each State agency.~~ collected."

## 26 DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

27 **SECTION 37.9.(a)** G.S. 144-9 reads as rewritten:

28 "**§ 144-9. Retirement of a flag of the United States of America or the State of North**  
 29 **Carolina.**

30 ...  
 31 (b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or  
 32 otherwise damaged flag of the United States of America or the State of North Carolina from a  
 33 citizen of the State and shall make arrangements for its respectful disposal. The Division shall  
 34 establish a flag retirement program to encourage citizens to send in or drop off such flags at the  
 35 Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and  
 36 may establish other locations for flag drop-off as it deems appropriate. The Division shall  
 37 advertise the flag retirement program on its Web site and by printed posters placed at all flag  
 38 drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall~~  
 39 ~~report the number of flags received under the program to the Joint Legislative Committee on~~  
 40 ~~Governmental Operations.~~

41 ...."

42 **SECTION 37.9.(b)** G.S. 143B-1300(a) reads as rewritten:

43 "(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of  
 44 the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee  
 45 on General Government on the activities of the State Veterans Homes Program. This report shall  
 46 contain an accounting of all monies received and expended, statistics on residents in the homes  
 47 during the year, recommendations to the Secretary, the Governor, and the General Assembly as  
 48 to the program, and such other matters as may be deemed pertinent."

49 **SECTION 37.9.(c)** G.S. 143B-1310 reads as rewritten:

50 "**§ 143B-1310. Commission established; purpose; transaction of business.**

1       ...  
 2       (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once  
 3 during each quarter and shall provide a report on military affairs to the Secretary of Military and  
 4 Veterans Affairs and to the General Assembly Affairs and the Joint Legislative Oversight  
 5 Committee on General Government at least every six months. Prior to the start of a Regular  
 6 Session of the General Assembly, the Commission shall report to the ~~General Assembly Joint~~  
 7 Legislative Oversight Committee on General Government with recommendations, if any, for  
 8 legislation. Priority actions or issues may be submitted at any time.

9       ...."

## 10 DEPARTMENT OF REVENUE

11       SECTION 37.10. G.S. 105-256 reads as rewritten:

12       "**§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention**  
 13 **progress.**

14       (a) Publications. – The Secretary shall prepare and publish the following:

15       ...

16       (6) On an annual basis, a report on the quality of services provided to taxpayers  
 17 through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer  
 18 education. The report must be submitted to the Joint Legislative Commission  
 19 on Governmental ~~Operations~~ Operations and the Joint Legislative Oversight  
 20 Committee on General Government.

21       ...

22       (8) By ~~January 1 and July 1~~ February 15 and August 15 of each year, a semiannual  
 23 report on the Department's activities listed in this subdivision. The report must  
 24 be submitted to the Joint Legislative Commission on Governmental  
 25 ~~Operations~~ Operations, to the Joint Legislative Oversight Committee on  
 26 General Government, and to the Revenue Laws Study Committee.

27       ...."

## 28 SECRETARY OF STATE

29       SECTION 37.11.(a) G.S. 64-1.1 is repealed.

30       SECTION 37.11.(b) G.S. 147-54.5 reads as rewritten:

31       "**§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on**  
 32 **use of the Fund.**

33       ...

34       (f) Beginning January 1, 1997, the Department of the Secretary of State shall report  
 35 annually to the ~~General Assembly's Fiscal Research Division and to of the General Assembly,~~  
 36 the Joint Legislative Commission on Governmental ~~Operations~~ Operations, and the Joint  
 37 Legislative Oversight Committee on General Government on the expenditures from the Investor  
 38 Protection and Education Trust Fund and on the effectiveness of investor awareness education  
 39 efforts of the Department of the Secretary of State."

## 40 DEPARTMENT OF STATE TREASURER

41       SECTION 37.12.(a) G.S. 147-68 reads as rewritten:

42       "**§ 147-68. To receive and disburse moneys; to make reports.**

43       ...

44       (d2) ~~After consulting with the Select Committee on Information Technology and the Joint~~  
 45 ~~Legislative Commission on Governmental Operations and after consultation with and approval~~  
 46 ~~of the Information Resources Management Commission, the Department of State Treasurer may~~  
 47 ~~spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the~~  
 48 ~~Department's investment banking operations system, retirement payroll systems, and other~~

1 information technology infrastructure needs. The Department of State Treasurer shall report by  
2 January 1, 2001, and annually thereafter to the following regarding the amount and use of the  
3 departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs  
4 of the General Government Appropriations Subcommittees of both the House of Representatives  
5 and the Senate, and the Joint Legislative Committee on Information Technology.

6 ...."

7 **SECTION 37.12.(b)** G.S. 147-69.2A reads as rewritten:

8 "**§ 147-69.2A. Investments; special funds held by the State Treasurer.**

9 ...

10 (b) Organization and Reporting. – All documents of the Governor or the State Treasurer  
11 concerning the Fund are public records governed by Chapter 132 of the General Statutes and any  
12 applicable provisions of the General Statutes protecting confidential information.

13 The State Treasurer and the Governor shall jointly develop and adopt an investment policy  
14 statement for the Fund.

15 The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts  
16 of interests such that (i) the designees of the State Treasurer and Governor who selected the  
17 third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund,  
18 and (iii) the third-party investment management firm's employees selecting or overseeing Fund  
19 investments do not provide services for compensation (as an employee, consultant, or otherwise),  
20 within two years after the end of their service to the Fund, to any entity in which an investment  
21 from the Fund was made.

22 ~~By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a~~  
23 ~~report to the Governor, the Office of State Budget and Management, the Joint Legislative~~  
24 ~~Commission on Governmental Operations, and the Fiscal Research Division on investments~~  
25 ~~made from the Fund and any return on investment. This report shall be made for the Fund in lieu~~  
26 ~~of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).~~

27 ...."

28 **SECTION 37.12.(c)** G.S. 147-69.12 reads as rewritten:

29 "**§ 147-69.12. Reporting on the State Treasurer's investment programs.**

30 (a) No later than the tenth day of February, May, August, and November of each year,  
31 the State Treasurer shall report on all investments for which the State Treasurer is in any way  
32 ~~responsible.~~ responsible, including investments made from the Escheat Fund and return on  
33 investment as provided in G.S. 147-69.2A. This report shall be made for the Escheat Fund in lieu  
34 of the report required by G.S. 147-69.8. The State Treasurer's quarterly report shall include each  
35 of the following:

36 ...

37 (c) The Treasurer shall report to the Governor annually ~~and to the General Assembly at~~  
38 ~~the beginning of each biennial session~~ the exact balance in the treasury to the credit of the State,  
39 with a summary of the receipts and payments of the treasury during the preceding fiscal year,  
40 and so far as practicable an account of the same down to the termination of the current calendar  
41 year.

42 ...."

43 **SECTION 37.12.(d)** G.S. 147-86.45 is repealed.

44 **SECTION 37.12.(e)** G.S. 147-86.62 is repealed.

45 **SECTION 37.12.(f)** G.S. 147-86.84 is repealed.

#### 46 **EFFECTIVE DATE FOR PART**

47 **SECTION 37.13.** This Part is effective when this act becomes law and applies to  
48 reports submitted on or after that date.

#### 49 **PART XXXVIII. INFORMATION TECHNOLOGY**

## DIT/GREAT ACT CHANGES

SECTION 38.1.(a) G.S. 143B-1373 reads as rewritten:

"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.

(a) As used in this section, the following definitions apply:

...

(5) Eligible economically distressed ~~county-area~~. – A county designated as a development tier one or tier two area, as defined in ~~G.S. 143B-473.08~~. G.S. 143B-437.08, or a rural census tract, as defined in G.S. 143B-472.127(a)(2), located in any other county. For the purposes of this section, the tier designation that is in effect as of the beginning of a fiscal year shall be applied for all grants awarded for that fiscal year.

(6) Eligible project. – An eligible project is a discrete and specific project located in an unserved economically distressed area ~~of an economically distressed county~~ seeking to provide broadband service to homes, businesses, and community anchor points not currently served. Eligible projects do not include middle mile, backhaul, and other similar projects not directed at broadband service to end users. If a contiguous project area crosses from one eligible county into one or more eligible adjacent counties, for the purposes of this section, the project shall be deemed to be located in the county where the greatest number of unserved households are proposed to be served. ~~To qualify for an award under this section, no more than an incidental number of households or businesses, not to exceed ten percent (10%) of the total households or businesses within the boundaries of the project area submitted by the applicant, may have terrestrially deployed Internet access service with transmission speeds greater than 10 Mbps download and 1 Mbps upload.~~

...

(14) Unserved area. – A designated geographic area that is presently without access to broadband service, as defined in this section, offered by a wireline or fixed wireless provider. Areas where a private provider has been designated to receive funds through other ~~State-State-~~ or federally funded programs designed specifically for broadband deployment shall be considered served if such funding is intended to result in construction of broadband in the area within 18 months. ~~months or for the duration of the federal funding program for that area, or if the funding recipient is otherwise in good standing with the funding agency's regulations governing the funding program.~~

...

(c) ~~Project areas comprised of census blocks, or portions thereof, within which a broadband provider is receiving matching funds to deploy broadband service within the next 18 months are ineligible for the GREAT program. It is essential for the Office to know the location of census blocks, or portions thereof, comprising these areas so it can determine project eligibility. A private provider receiving Universal Service or Connect America Phase II, or nonfederal State or federal funds to deploy broadband service in unserved areas may qualify such area for protection by submitting within 60 days of the application period a listing of the census blocks, or portions thereof, comprising the State- or federally funded project areas meeting this requirement and nothing more to in a manner prescribed by the Office. In future program years, the cutoff date for submitting this census block data shall be established by the Office, but shall be not less than 60 days prior to the beginning date of the application period. This will enable the office to update maps and advise applicants as to the unserved areas of the State that are eligible for consideration in that program year. The Office shall only utilize this data to update maps of census blocks to reflect these census blocks, or portions thereof, as being served. Failure on the~~

1 part of a provider to submit the listing of census blocks by the cutoff date shall result in those  
2 areas being eligible for inclusion under this program during ~~the upcoming subsequent~~ program  
3 ~~year-years~~. The Office shall use the census block data provided only for mapping of unserved  
4 areas. ~~Upon expiration of the 18-month reservation period described in this subsection, A project~~  
5 ~~area shall remain protected for a period of 18 months from the submission of the listing~~  
6 ~~information required under this subsection; provided, however, a private provider that has~~  
7 ~~received a reservation of census blocks protection for a project area shall submit written~~  
8 ~~documentation by April 30 of the year following the program year that broadband deployment~~  
9 ~~has begun or been completed-completed, or is otherwise in good standing, in the census blocks,~~  
10 ~~or portions thereof, that have been deemed ineligible by the Office due to the existence of a~~  
11 ~~federally funded project area. under this subsection. Upon submission of documentation~~  
12 ~~satisfactory to the Office, a protected project area shall remain protected until project completion.~~  
13 ~~A project area where a private provider has forfeited or otherwise defaulted on an agreement in~~  
14 ~~connection with receipt of funds to deploy broadband service shall be eligible for inclusion in~~  
15 ~~this program in subsequent program years. Information provided to the Office pursuant to this~~  
16 ~~subsection is not a public record, as that term is defined in G.S. 132-1.~~

17 ...

18 (d1) An application submitted pursuant to this section shall include a project area map that  
19 provides location-specific data in a format required by the Office. A provider submitting an  
20 application pursuant to this section shall bear the burden of proof that the proposed area to be  
21 served can, in fact, be served using the proposed technology. The burden of proof may be  
22 satisfied by the submission of data, maps, and any other information satisfactory to the Office,  
23 demonstrating that the area and number of prospective broadband recipients proposed to be  
24 served can be provided the minimum upload and download speeds indicated in the application.

25 (e) Applications shall be made publicly available by posting on the Web site of the  
26 Department of Information Technology for a period of at least ~~30-20~~ days prior to award. During  
27 the ~~30-day-20-day~~ period, any interested party may submit comments to the Secretary concerning  
28 any pending application. A broadband service provider of broadband services currently providing  
29 broadband service in a project area proposed in an application may submit a protest of any  
30 application on the grounds the proposed project covers an area that is ~~not an eligible~~ a protected  
31 area under subsection (c) of this section-section, or that the proposed project area contains ten  
32 percent (10%) or more of total households with access to broadband service as defined in this  
33 section. Protests shall be submitted in writing, accompanied by all credible and relevant  
34 supporting documentation, ~~and including~~ specific addresses, and detailed mapping  
35 demonstrating that the protesting broadband provider has installed infrastructure sufficient to  
36 provide broadband service to the specific addresses provided in the protest, along with an  
37 attestation that broadband service is available in the public right-of-way at the specific addresses  
38 indicated. The protest shall be considered by the Office in connection with the review of the  
39 application. Upon submission of evidence satisfactory to the Office that the proposed project area  
40 includes a protected area or prospective broadband recipients that are presently served, as  
41 measured using a methodology satisfactory to the Office, the Office may work with an applicant  
42 to amend an application to reduce the number of unserved prospective broadband recipients in  
43 the project area to reflect an accurate level of current broadband service. The Office may revise  
44 application scores in accordance with amended applications; however, the Office may reject any  
45 amended application resulting in a lower application score to the extent that the lower score  
46 would have impacted the ranking of the application in the initial scoring process. For applications  
47 with filed protests, the Secretary shall issue a written decision to the protesting party at least 15  
48 days prior to the approval of that application. Following a protest that is granted for a portion of  
49 the application, the Office may release to an applicant the locations or areas declared ineligible.  
50 The information released to the applicant is not a public record, as that term is defined under  
51 G.S. 132-1, and shall remain confidential. Any provider submitting a protest shall verify that the

1 information in the protest is accurate and that the protest is submitted in good faith. The Office  
 2 may deny any protest or application that contains inaccurate information.

3 As a means of resolving a protest, the Office may utilize speed tests to determine if the  
 4 protested area or individual households or businesses currently have access to broadband service  
 5 as defined in this section. The Department shall publish the speed test methodology it uses to  
 6 assess speed levels pursuant to this section. All decisions regarding the speed test to be utilized  
 7 and the manner by which the speed tests are applied shall be made by the Secretary or the  
 8 Secretary's designee.

9 ...

10 (g) Applications shall be scored based upon a system that awards a single point for criteria  
 11 considered to be the minimum level for the provision of broadband service with additional points  
 12 awarded to criteria that exceed minimum levels. The Office shall score project applications in  
 13 accordance with the following:

14 (1) Partnership. – Projects ~~involving proposing a partnership~~ shall be given points  
 15 in their application score. A proposed partnership shall (i) be in writing, (ii)  
 16 provide the specific terms and conditions of the partnership, and (iii) be signed  
 17 and attested to by the parties. A county or nonprofit may enter into proposed  
 18 agreements with more than one applicant. For the purposes of scoring under  
 19 this subdivision, a county that provides a portion of the match required by this  
 20 section or that has entered into an agreement with the applicant to one point  
 21 shall be given for a proposed partnership that will make available its existing  
 22 infrastructure that has been installed for the county's partner's enterprise,  
 23 nonconsumer broadband purposes, or any other property, buildings, or  
 24 structures owned by the county, partner, for a proposed project under this  
 25 section shall be considered a partnership section. A county may provide a  
 26 portion of the or nonprofit entity that proposes to provide a financial match  
 27 required by this section pursuant to G.S. 153A-349.60. Projects involving  
 28 partnerships shall be given six points in their application score. shall be given  
 29 one point. Notwithstanding Article 8 of Chapter 143 of the General Statutes,  
 30 or any provision of law to the contrary, a county may use unrestricted general  
 31 funds or federal funding allocated to it for the purpose of improving  
 32 broadband infrastructure for a financial match. Funds received from the  
 33 federal American Rescue Plan Act (P.L. 117-2) may not be used for the  
 34 purposes of this subdivision. Nothing in this subdivision shall be deemed to  
 35 authorize a county to provide broadband service.

36 ...

37 (5) Cost per household or business. – The Office shall give additional points to  
 38 projects that minimize the infrastructure cost of the proposed project per  
 39 household or business, based upon information available to the Office. Points  
 40 shall be given to projects based upon the estimated cost per household or  
 41 business as follows:

42 a. For projects proposed in the Piedmont or Coastal Plain Regions:

<b>Est. Cost per Household/Business</b>	<b>Partnership Using Infrastructure</b>	<b>Private Provider Only Points</b>
Up to \$1,700	\$3,500 4	9
\$1,701 - 2,200	\$3,500, up to \$5,000 3	8
\$2,201 - 2,700	\$5,000, up to \$6,000 2	7
\$2,701 - 3,200	\$6,000 and over 1	6

49 b. For projects located in the Mountain Region:

<b>Est. Cost per Household/Business</b>	<b>Partnership Using Infrastructure</b>	<b>Private Provider Only Points</b>
---	---	-------------------------------------

1	Up to <del>\$2,500</del> <u>\$4,500</u>	4	9
2	<del>\$2,501-3,300</del> <u>\$4,500, up to \$6,000</u>	3	8
3	<del>\$3,301-3,800</del> <u>\$6,000, up to \$7,000</u>	2	7
4	<del>\$3,801-4,300</del> <u>\$7,000 and over</u>	1	<u>6</u>

(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:

<b>Minimum Download:</b>		<b>Score Multiplier</b>
<b>Minimum Upload</b>		
<del>25:3 Mbps. Up</del> <u>Up to 100:10 Mbps.</u>		1.35
100:10 Mbps. up to 200:20 Mbps.		1.75
200:20 Mbps. or greater.		2.00
<u>100 Mbps., symmetrical.</u>		<u>3.00</u>
<u>Greater than 100:100 Mbps.</u>		<u>4.00</u>

...

(i) **(Effective July 1, 2021)** Applications receiving the highest score shall receive priority status for the awarding of grants pursuant this section. As a means of breaking a tie for applications receiving the same score, the Office shall give priority to the application proposing to serve the highest number of new households at the lowest cost per household or business. Applicants awarded grants pursuant to this section shall enter into an agreement with the Office. The agreement shall contain all of the elements outlined in subsection (d) of this section and any other provisions the Office may require. The agreement shall contain a provision governing the time line and minimum requirements and thresholds for disbursement of grant funds measured by the progress of the project. For projects where the application includes a proposed partnership, the agreement shall contain a provision requiring a certification of the existence of the partnership prior to disbursement of grant funds. Grant funds shall be disbursed only upon verification by the Office that the terms of the agreement have been fulfilled according to the progress milestones contained in the agreement. At project completion, the grant recipient shall certify and provide to the Office evidence consistent with Federal Communications Commission attestation that either speeds greater than those identified in the application guidelines or the proposed upstream and downstream broadband speeds identified in the application guidelines, and for which a base speed multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project area prior to any end user connections. A single grant award shall not exceed ~~two~~four million dollars (~~\$2,000,000~~). ~~No more than one grant may be awarded per fiscal year for a project in any one eligible economically distressed county; except that if~~ (\$4,000,000). No combination of grant awards under this section involving any single county may exceed eight million dollars (\$8,000,000) in a fiscal year. If funds remain available after all top scoring projects have been awarded a grant, then the next highest scoring projects may be awarded a grant even if the project is located in a county where a grant has been awarded in that fiscal year provided the total award associated with that county does not exceed ~~two~~eight million dollars (~~\$2,000,000~~)(\$8,000,000) in that fiscal year.

No more than one-half of the funds appropriated to the fund established in subsection (b) of this section shall be disbursed for eligible projects located in a development tier two or tier three county. If the Office has not received enough grant applications for projects located in a development tier one county to disburse one-half of the funds appropriated to the fund established in subsection (b) of this section as of March 1 of each year, then the Office may allocate any unencumbered funds in the fund for eligible projects located in a development tier two or tier three county.

1 Any project that is applied for and not funded in an award round under this section shall be  
 2 eligible for funding under the Completing Access to Broadband program pursuant to  
 3 G.S. 143B-1373.1.

4 (j) Grant recipients are required to provide matching funds based upon the application  
 5 scoring pursuant to this section in the following minimum amounts:

<b>Score</b>	<b>Matching Requirement</b>
6 12.0 points or less	7 <del>55%</del> <u>50%</u>
8 Greater than 12.0 points, but less than 17.5 points	9 <del>50%</del> <u>45%</u>
9 17.5 points, up to 22.0 points	10 <del>45%</del> <u>40%</u>
10 Greater than 22.0 points	11 <del>35%</del> <u>30%</u>

11 Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of  
 12 third-party funding including funds from other grant programs. Funds from the Universal Service  
 13 Fund shall not be used for any portion of the required matching funds. Any other current or future  
 14 federal funds may be used, including any future phase of the Connect America Fund, for the  
 15 required matching funds within the parameters of this program.

16 ...  
 17 (p) The Department may use up to one percent (1.0%) of ~~the State funds~~ appropriated  
 18 funds each fiscal year to administer the GREAT program program established under this  
 19 section."

20 **SECTION 38.1.(b)** This section is effective when it becomes law.

21  
 22 **INTERNAL SERVICE FUND RATE SUBMISSION**

23 **SECTION 38.2.** G.S. 143B-1333 reads as rewritten:

24 **"§ 143B-1333. Internal Service Fund.**

25 (a) The Internal Service Fund is established within the Department as a fund to provide  
 26 goods and services to State agencies on a cost-recovery basis. The Department shall establish  
 27 fees for subscriptions and chargebacks for consumption-based services. The Information  
 28 Technology Strategic Sourcing Office shall be funded through a combination of administrative  
 29 fees as part of the IT Supplemental Staffing contract, as well as fees charged to agencies using  
 30 their services. The State CIO shall establish and annually update consistent, fully transparent,  
 31 easily understandable fees and rates that reflect industry standards for any good or service for  
 32 which an agency is charged. These fees and rates shall be prepared ~~by October 1 and shall be~~  
 33 ~~approved by the Office of State Budget and Management, and submitted by the Department to~~  
 34 the Office of State Budget and Management and Fiscal Research Division on the date agreed  
 35 upon by the State Budget Director and the Department's Chief Financial Officer. The rates shall  
 36 be approved by the Office of State Budget and Management. The Office of State Budget and  
 37 Management shall ensure that State agencies have the opportunity to adjust their budgets based  
 38 on any rate or fee changes prior to submission of those budget recommendations to the General  
 39 Assembly. The approved Information Technology Internal Service Fund budget and associated  
 40 rates shall be included in the Governor's budget recommendations to the General Assembly.

41 (b) Repealed by Session Laws 2016-94, s. 7.4(d), effective July 1, 2016.

42 (c) Receipts shall be used solely for the purpose for which they were collected. In  
 43 coordination with the Office of the State Controller and the Office of State Budget and  
 44 Management, the State CIO shall ensure processes are established to manage federal receipts,  
 45 maximize those receipts, and ensure that federal receipts are correctly utilized."  
 46

47 **CYBERSECURITY REPORTING**

48 **SECTION 38.3.(a)** The Department of Information Technology shall develop a plan  
 49 for its use of funds received for cybersecurity purposes. In developing the cybersecurity plan, the  
 50 Department shall include the following:



- 1 (1) A summary of all cybersecurity funds received and how those funds have been  
2 utilized, current gaps in funding, and how prospective funding will be spent.
- 3 (2) The scope of activities and services planned to do the following:
  - 4 a. Reduce the risks of cybersecurity incidents and significant  
5 cybersecurity incidents in the State.
  - 6 b. Mitigate and address cybersecurity incidents and significant  
7 cybersecurity incidents that have occurred.
  - 8 c. Support business application modernization efforts.
  - 9 d. Provide continuous monitoring of critical applications and maintain  
10 federal and State compliance requirements.
- 11 (3) Potential funding, partnerships, and other resources available to the  
12 Department to assist in its role of preventing, mitigating, and addressing  
13 cybersecurity issues in the State.

14 **SECTION 38.3.(b)** The Department shall submit the cybersecurity plan outlined in  
15 this section to the Joint Legislative Oversight Committee on Information Technology and the  
16 Fiscal Research Division on or before February 1, 2022.

### 17 18 **STATE RECOVERY FUNDS/BROADBAND GRANTS**

19 **SECTION 38.4.(a)** Of the funds appropriated in this act from the State Fiscal  
20 Recovery Fund to the Department of Information Technology for broadband infrastructure  
21 grants, and in accordance with applicable federal guidelines, the Department of Information  
22 Technology shall administer broadband infrastructure grants through the Growing Rural  
23 Economies with Access to Technology (G.R.E.A.T.) grant program. Grant applications shall be  
24 submitted and grant funds shall be awarded pursuant to G.S. 143B-1373, with the exception of  
25 the following:

- 26 (1) The definition of "eligible economically distressed county" in  
27 G.S. 143B-1373(a) shall mean a county designated as a development tier one  
28 or tier two area, as defined in G.S. 143B-437.08, or a rural census tract, as  
29 defined in G.S. 143B-472.127(a)(2), located in any other county. For the  
30 purposes of this subdivision, the tier designation that is in effect as of the  
31 beginning of a fiscal year shall be applied for all grants awarded for that fiscal  
32 year. With the exception of funds expended under this section or under  
33 G.S. 143B-1373.1, as enacted by Section 38.6(a) of this act, a county that has  
34 utilized federal funding for broadband infrastructure on or after May 1, 2021,  
35 shall be ineligible.
- 36 (2) The definition of "eligible project" in G.S. 143B-1373(a) shall be a discrete  
37 and specific project located in an unserved economically distressed area  
38 seeking to provide broadband service to homes, businesses, and community  
39 anchor points not currently served. Eligible projects do not include middle  
40 mile, backhaul, and other similar projects not directed at broadband  
41 service-to-end users. If a contiguous project area crosses from one eligible  
42 county into one or more eligible adjacent counties, for the purposes of this  
43 section, the project shall be deemed to be located in the county where the  
44 greatest number of unserved households are proposed to be served.
- 45 (3) The financial contribution restrictions for partnerships in  
46 G.S. 143B-1373(a)(11a) are removed.
- 47 (4) The definition of "unserved area" in G.S. 143B-1373(a) shall be a designated  
48 geographic area that is presently without access to broadband service, as  
49 defined in G.S. 143B-1373(a), or where internet access service does not meet  
50 the definition of broadband service. Areas where a private provider has been  
51 designated to receive funds through other State- or federally funded programs

1 designed specifically for broadband deployment shall be considered served if  
2 such funding is intended to result in construction of broadband in the area  
3 within 18 months or for the duration of the federal funding program for that  
4 area or if the funding recipient is otherwise in good standing with the funding  
5 agency's regulations governing the funding program.

6 (5) The provisions of G.S. 143B-1373(c) are replaced with the following:

7 A private provider receiving State or federal funds to deploy broadband  
8 service in unserved areas may qualify such area for protection by submitting  
9 a listing of the census blocks, or portions thereof, comprising the State- or  
10 federally funded project areas in a manner prescribed by the Office. The  
11 Office shall only utilize this data to update maps of census blocks to reflect  
12 these census blocks, or portions thereof, as being served. Failure on the part  
13 of a provider to submit the listing of census blocks by the cutoff date shall  
14 result in those areas being eligible for inclusion under the G.R.E.A.T. grant  
15 program during subsequent program years. The Office shall use the census  
16 block data provided only for mapping of unserved areas. A project area shall  
17 remain protected for a period of 18 months from the submission of the listing  
18 information required under this subdivision; provided, however, a private  
19 provider that has received protection for a project area shall submit written  
20 documentation by April 30 of the year following the program year that  
21 broadband deployment has begun, been completed, or is otherwise in good  
22 standing, in the census blocks, or portions thereof, that have been deemed  
23 ineligible by the Office under this subsection. Upon submission of  
24 documentation satisfactory to the Office, a protected project area shall remain  
25 protected until project completion. A project area where a private provider has  
26 forfeited or otherwise defaulted on an agreement in connection with receipt of  
27 funds to deploy broadband service shall be eligible for inclusion in this  
28 program in subsequent program years. Information provided to the Office  
29 pursuant to this subdivision is not a public record, as that term is defined in  
30 G.S. 132-1.

31 (6) The provisions of G.S. 143B-1373(d1) are replaced with the following:

32 An application submitted pursuant to this section shall include a project area  
33 map that provides location-specific data in a format required by the Office. A  
34 provider submitting an application pursuant to this section shall bear the  
35 burden of proof that the proposed area to be served can, in fact, be served  
36 using the proposed technology. The burden of proof may be satisfied by the  
37 submission of data, maps, and any other information satisfactory to the Office  
38 demonstrating that the area and number of prospective broadband recipients  
39 proposed to be served can be provided the minimum upload and download  
40 speeds indicated in the application.

41 (7) The provisions in G.S. 143B-1373(e) are replaced with the following:

42 Applications shall be made publicly available by posting on the website of the  
43 Department of Information Technology for a period of at least 20 days prior  
44 to award. During the 20-day period, any interested party may submit  
45 comments to the Secretary concerning any pending application. A broadband  
46 service provider currently providing broadband service in a project area  
47 proposed in an application may submit a protest of any application on the  
48 grounds the proposed project covers an area that is a protected area under  
49 subsection (c) of this section or that the proposed project area contains ten  
50 percent (10%) or more of total households with access to broadband service  
51 as defined in this section. Protests shall be submitted in writing, accompanied

1 by all credible and relevant supporting documentation, including specific  
2 addresses, and detailed mapping demonstrating that the protesting broadband  
3 provider has installed infrastructure sufficient to provide broadband service to  
4 the specific addresses provided in the protest, along with an attestation that  
5 broadband service is available to the exterior of the structure at the specific  
6 addresses indicated. The protest shall be considered by the Office in  
7 connection with the review of the application. Upon submission of evidence  
8 satisfactory to the Office that the proposed project area includes a protected  
9 area or prospective broadband recipients that are presently served, as  
10 measured using a methodology satisfactory to the Office, the Office may work  
11 with an applicant to amend an application to reduce the number of unserved  
12 prospective broadband recipients in the project area to reflect an accurate level  
13 of current broadband service. The Office may revise application scores in  
14 accordance with amended applications; however, the Office may reject any  
15 amended application resulting in a lower application score to the extent that  
16 the lower score would have impacted the ranking of the application in the  
17 initial scoring process. For applications with filed protests, the Secretary shall  
18 issue a written decision to the protesting party at least 15 days prior to the  
19 approval of that application. Following a protest that is granted for a portion  
20 of the application, the Office may release to an applicant the locations or areas  
21 declared ineligible. The information released to the applicant is not a public  
22 record, as that term is defined under G.S. 132-1, and shall remain confidential.  
23 Any provider submitting a protest shall verify that the information in the  
24 protest is accurate and that the protest is submitted in good faith. The Office  
25 may deny any protest or application that contains inaccurate information.

26 As a means of resolving a protest, the Office may utilize speed tests to  
27 determine if the protested area or individual households or businesses  
28 currently have access to broadband service as defined in this section. The  
29 Department shall publish the speed test methodology it uses to assess speed  
30 levels pursuant to this section. All decisions regarding the speed test to be  
31 utilized and the manner by which the speed tests are applied shall be made by  
32 the Secretary or the Secretary's designee.

33 (8) The partnership scoring provision in G.S. 143B-1373(g)(1) is replaced with  
34 the following:

35 Projects proposing a partnership shall be given points in their application  
36 score. A proposed partnership shall (i) be in writing, (ii) provide the specific  
37 terms and conditions of the partnership, and (iii) be signed and attested to by  
38 the parties. A county or nonprofit may enter into proposed agreements with  
39 more than one applicant. For the purposes of scoring under this subdivision,  
40 one point shall be given for a proposed partnership that will make available  
41 existing infrastructure that has been installed for the partner's enterprise,  
42 nonconsumer broadband purposes, or any other property, buildings, or  
43 structures owned by the partner, for a proposed project under this section. A  
44 county or nonprofit entity that proposes to provide a financial match shall be  
45 given one point. Notwithstanding Article 8 of Chapter 143 of the General  
46 Statutes, or any provision of law to the contrary, a county may use unrestricted  
47 general funds or federal American Rescue Plan Act (P.L. 117-1) funds  
48 allocated to it for the purpose of improving broadband infrastructure for a  
49 financial match. An applicant shall receive two additional points for a  
50 proposed partnership where the county's financial match is comprised entirely  
51 from federal American Rescue Plan Act (P.L. 117-2) funds intended for

broadband infrastructure. Nothing in this subdivision shall be deemed to authorize a county to provide broadband service. For projects where the application includes a proposed partnership, the agreement shall contain a provision requiring a certification of the existence of the partnership prior to disbursement of grant funds.

(9) The scoring model measures contained in G.S. 143B-1373(g)(5) are replaced with the following:

a. For projects proposed in the Piedmont or Coastal Plain Regions:

<b>Est. Cost per Household/Business</b>	<b>Points</b>
Up to \$3,500	9
\$3,500, up to \$5,000	8
\$5,000, up to \$6,000	7
\$6,000 and over	0

b. For projects located in the Mountain Region:

<b>Est. Cost per Household/Business</b>	<b>Points</b>
Up to \$4,500	9
\$4,500, up to \$6,000	8
\$6,000, up to \$7,000	7
\$7,000 and over	0

(10) The base speed multiplier provided in G.S. 143B-1373(g)(6) shall be administered as follows:

<b>Minimum Download:</b>	<b>Score Multiplier</b>
<b>Minimum Upload</b>	
100:20 Mbps. or greater.	1.00
100 Mbps., symmetrical	2.00
Greater than 100:100 Mbps.	3.00

An applicant proposing minimum download and minimum upload speeds of less than 100 Mbps., symmetrical, shall provide an attestation to the Office that, upon project completion, the completed infrastructure will be scalable to a minimum of 100 Mbps. download and 100 Mbps. upload on or before December 31, 2026, subject to the return of all federal American Rescue Plan Act (P.L. 117-2) funds received under this section and all of the grant forfeiture provisions in G.S. 143B-1373(l).

(11) Additional points shall be awarded to counties providing a portion of a project's matching funds entirely from federal American Rescue Plan Act (P.L. 117-2) funds the county received directly from the federal government. For counties that received an aggregate of eight million dollars (\$8,000,000) or more directly from the federal government, the following points shall be added to the application score:

<b>County Match</b>	<b>Points</b>
\$1,000,000, up to \$2,000,000	1
\$2,000,000, up to \$4,000,000	2
\$4,000,000, up to \$6,000,000	3
\$6,000,000, up to \$8,000,000	4
\$8,000,000, or greater	5

For counties that (i) received less than an aggregate of eight million dollars (\$8,000,000) directly from the federal government from the American Rescue Plan Act (P.L. 117-2) and (ii) are providing a portion of a project's matching funds using the entirety of the federal funds the county received, together with

any other unrestricted general fund monies, if needed, the following points shall be added to the application score:

<b>County Match</b>	<b>Points</b>
\$250,000, up to \$6,000,000	6
\$6,000,000, up to \$8,000,000	7

(12) The grant limitation amounts in G.S. 143B-1373(i) are changed as follows: A single grant award shall not exceed four million dollars (\$4,000,000). No combination of grant awards involving any single county may exceed eight million dollars (\$8,000,000) in a fiscal year. Any project that is applied for and not funded in an award round under this section shall be eligible for funding under the Completing Access to Broadband program pursuant to G.S. 143B-1373.1.

(13) The provisions of G.S. 143B-1373(j) are replaced with the following: Grant recipients are required to provide matching funds based upon the application scoring pursuant to this section in the following minimum amounts:

<b>Score</b>	<b>Matching Requirement</b>
12.0 points or less	50%
Greater than 12.0 points, but less than 17.5 points	45%
17.5 points, up to 22.0 points	40%
Greater than 22.0 points	30%

Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of third-party funding, including funds from other grant programs or federal funds, to the extent applicable rules permit. A grant recipient receiving a portion of matching funds from a county, where the county portion of matching funds is partially comprised of federal American Rescue Plan Act (P.L. 117-2) funding, may have the grant recipient's portion of the matching requirement imposed under this subdivision reduced to a maximum of twenty-five percent (25%). A grant recipient receiving a portion of matching funds from a county, where the county portion of matching funds is entirely comprised of federal American Rescue Plan Act (P.L. 117-2) funding, may have the grant recipient's portion of the matching requirement imposed under this subdivision reduced to a maximum of fifteen percent (15%).

**SECTION 38.4.(b)** The Department of Information Technology shall utilize a portion of the administrative funds authorized in this Part for legal and appraisal services needed to assist the Department of Administration in administering the provisions of G.S. 146-29.2(b1). The Department of Administration shall utilize all available resources to prioritize the review and disposition of requests for collocation, installation, and operation of equipment for broadband providers receiving grants under this Part.

**STATE RECOVERY FUNDS/BROADBAND STOPGAP SOLUTIONS**

**SECTION 38.5.** The Department of Information Technology shall use the funds appropriated in this act from the State Fiscal Recovery Fund for Stopgap Solutions–Federal Broadband Funds to provide grants to internet service providers, local government entities, and nonprofits for the provision and installation of infrastructure, as that term is defined in G.S. 143B-1373(a), that will expand the provision of broadband service to unserved and underserved households in this State. The Department shall ensure that grant funds are awarded and utilized in compliance with applicable federal guidelines. No more than ten percent (10%) of the funds described in this section may be granted for broadband projects located in any single county.

1  
2 **COMPLETING ACCESS TO BROADBAND PROGRAM**

3 **SECTION 38.6.** Article 15 of Chapter 143B of the General Statutes is amended by  
4 adding a new section to read:

5 **"§ 143B-1373.1. Completing Access to Broadband program.**

6 (a) As used in this section, the following definitions apply:

- 7 (1) Broadband service. – Terrestrially deployed internet access service with  
8 transmission speeds of at least 25 megabits per second (Mbps) download and  
9 at least 3 megabits per second upload (25:3).  
10 (2) Department. – The Department of Information Technology.  
11 (3) Eligible area. – An area that is unserved or underserved in a county. A county  
12 that has utilized federal funding for broadband infrastructure projects on or  
13 after May 1, 2021, is not eligible.  
14 (4) Office. – The Broadband Infrastructure Office within the Department of  
15 Information Technology.  
16 (5) Project area. – An eligible area that is jointly determined by a requesting  
17 county and the Broadband Infrastructure Office within the Department of  
18 Information Technology as requiring project funding under this section to  
19 further complete the deployment of broadband service in the county.  
20 (6) Unserved or underserved. – A location within a county that has no deployment  
21 of broadband service or that has internet access service that does not meet the  
22 definition of broadband service. Areas where a private provider has been  
23 designated to receive funds through other State- or federally funded programs  
24 designed specifically for broadband deployment shall be considered served if  
25 such funding is intended to result in construction of broadband in the area  
26 within 18 months or for the duration of the federal funding program for that  
27 area, or if the funding recipient is otherwise in good standing with the funding  
28 agency's regulations governing the funding program.

29 (b) The Completing Access to Broadband Fund (CAB Fund) is established as a special  
30 revenue fund in the Department of Information Technology. The Secretary may award grants  
31 from the CAB Fund projects meeting the criteria established under this section. State funds  
32 appropriated to this Fund shall be considered an information technology project within the  
33 meaning of G.S. 143C-1-2. The Office shall establish procedures in accordance with this section  
34 that allow every county in the State to participate in the Completing Access to Broadband  
35 program. Monies awarded from the CAB Fund shall be used for infrastructure and infrastructure  
36 costs, as those terms are defined in G.S. 143B-1373(a). The State shall not be obligated for funds  
37 committed for project costs from the CAB Fund in excess of those sums appropriated by the  
38 General Assembly to the CAB Fund.

39 (c) In collaboration with the Broadband Infrastructure Office, a county may request  
40 funding under this section for either a defined eligible project area that is mutually identified by  
41 the county and the Office or for a project that was not awarded a grant in the most recent round  
42 of grant awards under G.S. 143B-1373. All identified projects shall be subject to the bid process  
43 requirements in this subsection. In selecting project areas to receive funding, the Office shall give  
44 priority to eligible areas that a county has requested funding for based upon utilizing the Office's  
45 Community Broadband Planning Playbook and those counties that meet the criteria established  
46 in subsection (e) of this section. The Department shall utilize its authority under Part 4 of this  
47 Article to develop competitive bid processes for the procurement of the construction, installation,  
48 and operation of broadband infrastructure. Notwithstanding Article 8 of Chapter 143 of the  
49 General Statutes, or any other provision of law to the contrary, the Department may delegate to  
50 a county the authority to select a provider for the project area in accordance with Part 4 of this  
51 Article. The Department shall reserve the authority to approve the selection of a county pursuant

1 to this subsection. Unless the county has bid processes acceptable to the Office, the Office shall  
 2 utilize customizable forms and procedures developed by the Department for the purposes of this  
 3 subsection. Selections made pursuant to this subsection are not subject to the Department's  
 4 administrative review authority under Article 3A of Chapter 150B of the General Statutes or the  
 5 Department's administrative rules regarding information technology bid protests and contested  
 6 case procedures. Selection of project areas shall be subject to the protections provided in  
 7 G.S. 143B-1373(c). In conjunction with the bid process, a proposed project area shall be posted  
 8 on the Department's website for a period of at least 10 days. Upon submission of credible  
 9 evidence, a broadband service provider may request a project scope adjustment to the Office in  
 10 accordance with G.S. 143B-1373(e). Upon a finding that the evidence submitted by the  
 11 broadband service provider is credible, the Office shall work with the county to amend the scope  
 12 of the project. The Office shall develop and administer any agreement entered into pursuant to  
 13 this section. Nothing in this subsection shall be deemed to grant authority for a county to own,  
 14 operate, or otherwise control broadband infrastructure contracted for under this section.

15 (d) A broadband service provider selected for a project under this section may provide  
 16 up to thirty percent (30%) of the total estimated project cost. The Office may commit up to  
 17 thirty-five percent (35%) of the total estimated project cost from monies in the CAB Fund. The  
 18 county requesting the project shall be responsible for at least thirty-five percent (35%) of the total  
 19 estimated project cost and shall utilize federal American Rescue Plan Act (P.L. 117-2) funds or  
 20 nonrestricted general funds for that purpose. In the event CAB Fund monies are insufficient to  
 21 fund a project, a county may increase its share of the total estimated project cost, or the Office  
 22 may adjust the scope of the project to meet the level of available funding. No county may receive  
 23 more than four million dollars (\$4,000,000) in aggregate funding from the CAB Fund in any  
 24 single fiscal year.

25 (e) Notwithstanding the project cost responsibility allocations in subsection (d) of this  
 26 section, for a county receiving from the federal government less than an aggregate of eight  
 27 million dollars (\$8,000,000) in federal American Rescue Plan Act (P.L. 117-2) funds, a  
 28 broadband service provider selected for a project shall provide not less than fifteen percent (15%)  
 29 of the total estimated project cost. If a broadband service provider provides more than fifteen  
 30 percent (15%) of the total estimated project cost, the State and county cost responsibilities shall  
 31 be equally apportioned. The following cost responsibility allocations for counties meeting the  
 32 requirements of this subsection and the State apply:

<u>Direct Federal Funds Received</u>	<u>County Responsibility</u>	<u>State Responsibility</u>
\$250,000, up to \$4,000,000	5%, minimum	Up to 80%
\$4,000,000, up to \$8,000,000	10%, minimum	Up to 75%

36 (f) A broadband service provider selected for a project under this section shall enter into  
 37 an agreement with the Office that shall include the project description, time lines, benchmarks,  
 38 proposed broadband speeds, and any other information and documentation the Office deems  
 39 necessary. All proposed broadband speeds must meet or exceed the federal guidelines for use of  
 40 American Rescue Plan Act (P.L. 117-2) funds. Upon execution of an agreement, the county shall  
 41 provide its portion of the total estimated project costs to the Office to be combined with CAB  
 42 Funds awarded for the project and placed in a separate project account. The Office shall provide  
 43 project oversight, and, upon completion of established benchmarks in the project agreement, the  
 44 Office shall disburse funds from the project account to the broadband service provider. The  
 45 forfeiture provisions in G.S. 143B-1373(l) shall apply to agreements entered into under this  
 46 section."

47  
 48 **EXPANSION OF THE G.R.E.A.T. PROGRAM FOR FIXED WIRELESS AND**  
 49 **SATELLITE BROADBAND GRANTS**

50 **SECTION 38.7.(a)** Article 15 of Chapter 143B of the General Statutes is amended  
 51 by adding a new section to read:

**"§ 143B-1373.1. G.R.E.A.T. program fixed wireless and satellite broadband grants.**

(a) The following definitions apply in this section:

- (1) Broadband service. – Internet access service provided by low-orbit geostationary satellites or fixed wireless networks with (i) a latency of 500 milliseconds or less and (ii) transmission speeds that are equal to or greater than the requirements for the minimum performance tier, as provided by the Federal Communications Commission in Paragraph 39 of the report and order adopted January 30, 2020, and released February 7, 2020.
- (2) Equipment. – The antenna and any necessary hardware provided by a broadband service provider to a subscriber that enables the subscriber to connect to the broadband service. The term does not include a modem.
- (3) Fixed wireless provider. – A broadband service provider that provides internet access to a subscriber via fixed antenna that receives a radio link from the provider's network to the subscriber.
- (4) Grantee. – A broadband provider that has been awarded a grant pursuant to this section.
- (5) Office. – The Broadband Infrastructure Office in the Department of Information Technology.
- (6) Satellite broadband provider. – A broadband service provider that provides Internet access directly to consumers via satellite technology.
- (7) Secretary. – The Secretary of the Department of Information Technology.
- (8) Unserved household. – A household located in this State that does not have access to broadband service from a wireline or wireless service provider. A household that is included in an area where a grant from the Growing Rural Economies with Access to Technology (GREAT) program pursuant to G.S. 143B-1373 has been awarded is not eligible for a grant under this section.

(b) Applications for grants will be submitted at times designated by and on forms prescribed by the Secretary. Notwithstanding any other provision of law, if the Secretary deems some of the information in an application to contain proprietary information, the Secretary may provide that such information is not a public record, as that term is defined in G.S. 132-1, subject to public records or other laws requiring the disclosure of such information and have that portion of the application redacted. An application shall include, at a minimum, the following information:

- (1) The identity of the applicant.
- (2) The specific address of the subscriber.
- (3) A description of the services provided, including the upstream and downstream broadband speeds delivered, latency metrics, and any applicable data caps. Any applicant proposing a data cap below 150 Gigabytes of usage per month shall also provide justification to the satisfaction of the Office that the proposed cap is in the public interest and consistent with industry standards.
- (4) The cost to be charged to the unserved household for the equipment needed to connect to the broadband service for the next two years.
- (5) Evidence of a contract with the subscriber, including the amount charged for the equipment and the installation of the equipment, necessary for providing broadband service to the subscriber.
- (6) The terms and conditions imposed upon the subscriber, including restrictions on use and possession of equipment used for broadband service connection.
- (7) Any other information or supplementary documentation requested by the Office.



1       (c)     The Office shall determine eligibility for a grant pursuant to this section based upon  
2 the information provided in the application of a broadband service provider and any other  
3 information or supplementary documentation requested by the Office. As a measurement of the  
4 provision of broadband equipment to an unserved household, the Office shall award grants to  
5 applicants that demonstrate the provision of equipment that has provided broadband service to  
6 an unserved household. The Office shall provide grants to eligible broadband service providers  
7 for providing broadband service equipment to unserved households as follows:

8           (1)     Up to one thousand one hundred dollars (\$1,100) for the provision of satellite  
9                 broadband equipment to any single unserved household, or up to seven  
10                hundred dollars (\$700.00) for the provision of fixed wireless broadband  
11                equipment to any single unserved household, providing broadband speeds of  
12                50 megabits per second download and 3 megabits per second upload or  
13                greater.

14           (2)     Up to seven hundred dollars (\$700.00) for the provision of satellite broadband  
15                 equipment to any single unserved household, or up to five hundred dollars  
16                 (\$500.00) for the provision of fixed wireless broadband equipment to any  
17                 single unserved household, providing less than 50 megabits per second  
18                 download and 3 megabits per second upload.

19       The grants awarded by the Office shall not exceed the cost of the broadband provider's  
20 equipment, including any installation costs, necessary to provide broadband service to the  
21 unserved household.

22       (d)     Eligibility for a grant award is dependent upon the household maintaining broadband  
23 service with the grantee for at least 24 consecutive months. No grant shall be awarded for  
24 providing broadband service at an address that the Office has previously awarded a grant under  
25 this section. A grantee shall submit documentation to the Office annually that will provide  
26 information sufficient for the Office to verify eligibility of subscriptions, including that the  
27 household was unserved. Payment of grant funds is subject to documentation showing eligibility  
28 of subscriptions.

29       (e)     The Office shall require a grantee to enter into an agreement. The agreement shall  
30 contain at least all of the following:

31           (1)     An address of the household subscribing for broadband service for which the  
32                 grant is sought.

33           (2)     A provision that requires the grantee to maintain its service for the subscriber  
34                 for at least 24 consecutive months.

35           (3)     A provision establishing the conditions under which the grant agreement may  
36                 be terminated and under which grant funds may be recaptured by the Office.

37           (4)     A provision stating that unless the agreement is terminated pursuant to its  
38                 terms, the agreement is binding and constitutes a continuing contractual  
39                 obligation of the State and the grantee.

40           (5)     A provision that establishes any allowed variation in the terms of the  
41                 agreement that will not subject the grantee to grant reduction, amendment, or  
42                 termination of the agreement.

43           (6)     A provision describing the manner in which the amount of the grant will be  
44                 measured and administered to ensure compliance with the agreement and this  
45                 section.

46           (7)     A provision stating that any recapture of a grant and any reduction in the  
47                 amount of the grant or the term of the agreement must, at a minimum, be  
48                 proportional to the failure to comply measured relative to the condition or  
49                 criterion with respect to which the failure occurred.

1           (8) A provision describing the methodology the Office will use to verify  
2           subscriptions and the types of information required to be submitted by the  
3           grantee.

4           (9) A provision stating that the grantee may not impose data caps upon any  
5           eligible subscription, for the term of the agreement.

6           (10) A provision stating that the equipment necessary for a subscriber to receive  
7           broadband service from the grantee shall be deemed a fixed asset upon the  
8           property of the eligible subscription and shall transfer with the property to any  
9           successors.

10          (11) Any other provision the Office deems necessary.

11          (f) If the grantee fails to meet or comply with any condition or requirement set forth in  
12          an agreement, the Office shall reduce the amount of the grant or the term of the agreement, may  
13          terminate the agreement, or both. The reduction in the amount or the term must, at a minimum,  
14          be proportional to the failure to comply measured relative to the condition with respect to which  
15          the failure occurred. If the Office finds that the grantee has manipulated or attempted to  
16          manipulate data with the purpose of increasing the amount of a grant, the Office shall  
17          immediately terminate the agreement and take action to recapture any grant funds disbursed in  
18          any year in which the Office finds the grantee manipulated or attempted to manipulate data with  
19          the purpose of increasing the amount of a grant.

20          (g) The grantee shall certify and provide to the Office evidence consistent with a Federal  
21          Communications Commission attestation that the proposed minimum upstream and minimum  
22          downstream broadband speeds and latency metrics identified in the application guidelines are  
23          and will be available throughout the project area during the term of the agreement prior to any  
24          end user connections. A grantee may receive a disbursement of a grant only after the Office has  
25          certified that the grantee has met the terms and conditions of the agreement. A grantee shall  
26          submit a certification of compliance with the agreement to the Office. The Office shall require  
27          the grantee to provide any necessary evidence of compliance to verify that the terms of the  
28          agreement have been met.

29          (h) The Office shall require that a grantee offer the proposed advertised minimum  
30          download and minimum upload speeds and subscription cost identified in the application for the  
31          duration of the 24 consecutive months provided in the agreement. Upon request, a grantee shall  
32          provide to the Office evidence consistent with a Federal Communications Commission  
33          attestation that the grantee is making available the proposed advertised speed, or a faster speed,  
34          as contained in the grant agreement."

35                 **SECTION 38.7.(b)** The Department may utilize up to one million dollars  
36 (\$1,000,000) in funds appropriated to the Growing Rural Economies with Access to Technology  
37 Fund established in G.S. 143B-1373(b) for grants awarded under this section.

38                 **SECTION 38.7.(c)** This section becomes effective July 1, 2022.

## 40 BROADBAND MAPPING

41                 **SECTION 38.8.(a)** G.S. 143B-1321 reads as rewritten:

42 **"§ 143B-1321. Powers and duties of the Department; cost-sharing with exempt entities.**

43                 (a) The Department shall have the following powers and duties:

44                 ...

45                 (34) Prepare and maintain statewide broadband maps incorporating current and  
46                 future federal data along with State data collected by the Department or  
47                 provided to the Department from other sources to identify the capabilities and  
48                 needs related to broadband distribution and access and serve as the sole source  
49                 provider of broadband mapping for State agencies.

50                 ...."

51                 **SECTION 38.8.(b)** G.S. 143B-1370 reads as rewritten:

1 **"§ 143B-1370. Communications services.**

2 (a) The State CIO shall exercise authority for telecommunications and other  
3 communications included in information technology relating to the internal management and  
4 operations of State agencies. In discharging that responsibility, the State CIO shall do the  
5 following:

6 ...

7 (5) Provide for the establishment, management, and operation, through either  
8 State ownership, by contract, or through commercial leasing, of the following  
9 systems and services as they affect the internal management and operation of  
10 State agencies:

- 11 a. Central telephone systems and telephone networks, including Voice  
12 over Internet Protocol and Commercial Mobile Radio Systems.  
13 b. Satellite services.  
14 c. Closed-circuit TV systems.  
15 d. Two-way radio systems.  
16 e. Microwave systems.  
17 f. Related systems based on telecommunication technologies.  
18 g. The "State Network," managed by the Department, which means any  
19 connectivity designed for the purpose of providing Internet Protocol  
20 transport of information for State agencies.  
21 h. ~~Broadband~~Broadband, including serving as the sole source of agency  
22 broadband maps.

23 ...."

24 **SECTION 38.8.(c)** G.S. 143B-1373 reads as rewritten:

25 **"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.**

26 ...

27 (m) The Office of Broadband Infrastructure in the Department of Information Technology  
28 (Office) shall be the designated agency for receipt and disbursement of federal grant funds  
29 intended for the State for broadband expansion and shall seek available federal grant funds for  
30 that purpose. All federal grant funds received for the purpose of broadband expansion shall be  
31 disbursed in accordance with this section. The Office shall serve as the designated agency for the  
32 receipt of all State, federal, and private grants, gifts, or matching funds for broadband mapping,  
33 as provided by G.S. 143B-1370(a)(5)h. Funds received under this subsection shall remain  
34 unexpended until appropriated by an act of the General Assembly.

35 ...."

36  
37 **FACILITATION OF BROADBAND DEPLOYMENT**

38 **SECTION 38.9.(a)** Article 15 of Chapter 160A of the General Statutes is amended  
39 by adding a new section to read:

40 **"§ 160A-296.1. Facilitation of broadband deployment.**

41 (a) Except as provided in G.S. 160D-935, a city shall issue a written decision to approve  
42 or deny an application for a permit or encroachment to conduct activities in the city's  
43 rights-of-way that has been submitted by an entity deploying broadband service, as defined in  
44 G.S. 143B-1373(a), within 30 days of the submission of the application. If a written decision has  
45 not been issued within the 30-day period, the application shall be deemed approved by the city.  
46 An application submitted pursuant to this section shall include information concerning the  
47 identity of the applicant and any contractors for the applicant, the type of installation and related  
48 facilities to be installed, the proposed construction time line, and the location or address of the  
49 proposed construction or installation. A city may deny an application that fails to meet reasonable  
50 guidelines established pursuant to this section and shall provide the reasons for denial to the  
51 applicant. An applicant may cure the deficiencies identified in the application denial and resubmit

1 a revised application at no additional cost to the applicant. A city shall review only the portion  
2 of a resubmitted application relating to the deficiencies initially identified and shall approve or  
3 deny the resubmitted application within 10 days of resubmission. A city shall include a method  
4 to designate applications submitted pursuant to this section as being submitted by an entity  
5 deploying broadband service.

6 (b) In administering the provisions of this section, a city may do the following:

7 (1) Determine reasonable guidelines for the installation of facilities in the city's  
8 rights-of-way to prevent any activities from interfering with or endangering  
9 public use of city streets.

10 (2) Require an applicant to promptly repair any damage caused by the applicant  
11 or an agent of the applicant.

12 (3) Require that an applicant execute an affidavit evidencing financial  
13 responsibility or obtain commercially reasonable insurance that demonstrates  
14 adequate resources to repair any damage caused by the applicant or an agent  
15 of the applicant.

16 A city may not impose additional conditions or requirements on an applicant beyond those  
17 listed in this subsection. A city may not require an entity that has been issued a valid certificate  
18 of public convenience by the Public Utilities Commission or a franchise to provide video  
19 programming services issued by the Secretary of State to enter into a master encroachment  
20 agreement or other similar agreement as a condition of approval of an application under this  
21 section."

22 SECTION 38.9.(b) This section is effective when it becomes law.

## 23 BROADBAND ACCELERATION

24 SECTION 38.10.(a) G.S. 153A-459 reads as rewritten:

25 "**§ 153A-459. Authorization to provide grants. County broadband acceleration.**

26 A county may provide grants to unaffiliated ~~qualified~~ private or nonprofit providers of  
27 high-speed Internet access service, ~~broadband service,~~ as that term is defined in  
28 G.S. 160A-340(4), G.S. 143B-1373(a)(2), for the purpose of expanding broadband service in  
29 unserved areas for economic development in the county. The grants shall be awarded on a  
30 technology neutral basis, shall be open to ~~qualified applicants,~~ all private or nonprofit providers  
31 of broadband service, and may require matching funds by the private ~~provider,~~ or nonprofit  
32 providers. A county shall seek and consider requests for proposal from ~~qualified private providers~~  
33 within the county prior to awarding a broadband grant and shall use reasonable means to ensure  
34 that potential applicants are made aware of the grant, including, at a minimum, compliance with  
35 the notice procedures set forth in G.S. 160A-340.6(e). ~~grant; provided, however, a county is not~~  
36 ~~required to seek and consider requests for proposal when providing financial or other support in~~  
37 ~~connection with an application from a private provider for a broadband service grant under~~  
38 ~~G.S. 143B-1373. The county shall may use only unrestricted general fund revenue as well as~~  
39 ~~State or federal funds for the grants. For the purposes of this section, a qualified private provider~~  
40 ~~is a private provider of high-speed Internet access service in the State prior to the issuance of the~~  
41 ~~grant proposal. For purposes of this section, the term "unserved area" has the same meaning as~~  
42 ~~in G.S. 143B-1373(a)(14). For any grants awarded pursuant to this section after the date this~~  
43 ~~section becomes effective, the term "unserved area" shall not include any location where a private~~  
44 ~~provider has been designated to receive funds through State- or federally funded programs~~  
45 ~~designed specifically for broadband service deployment if the recipient of the funding is in good~~  
46 ~~standing with the grantor agency's requirements regarding construction build-out and time lines.~~  
47 Nothing in this section authorizes a county to provide high-speed Internet broadband service."

48 SECTION 38.10.(b) The Broadband Pole Replacement Program (hereinafter  
49 "Program") is hereby established for the purpose of speeding and facilitating the deployment of  
50 broadband service to individuals, businesses, agricultural operations, and community access  
51

1 points in unserved areas by reimbursing a portion of eligible pole replacement costs incurred by  
2 communications service providers. A communications service provider who pays or incurs the  
3 costs of removing and replacing an existing pole in connection with a qualified project may apply  
4 to the Department for reimbursement in an amount equal to fifty percent (50%) of eligible pole  
5 replacement costs paid or incurred by the applicant or ten thousand dollars (\$10,000), whichever  
6 is less, for each pole replaced.

7 **SECTION 38.10.(c)** The funds appropriated in this act for the Program shall be held  
8 by the Department in a special fund and shall not revert to the General Fund but shall remain  
9 available to reimburse communications service providers as authorized in this section until  
10 December 30, 2026, provided that reimbursements shall comply with applicable federal  
11 guidelines for the use of these recovery funds. The Department may use up to one percent (1%)  
12 of the funds appropriated for the Program, not to exceed the total sum of one hundred thousand  
13 dollars (\$100,000) in each fiscal year, to administer the Program. The Department shall issue  
14 guidelines for the implementation of the Program and shall take all actions necessary to obtain  
15 access to the Coronavirus Capital Projects Fund for such purpose, including applying for such  
16 funding to the United States Treasury and promulgating any additional program requirements  
17 required by the United States Treasury as a condition of obtaining access to such funding.

18 **SECTION 38.10.(d)** Each applicant for reimbursement under the Program shall  
19 provide the following in a form specified by the Department:

- 20 (1) Information sufficient to establish the number, cost, and eligibility of pole  
21 replacements and the identity of the communications service provider  
22 attaching the broadband facilities.
- 23 (2) Documentation sufficient to establish that the pole replacements have been  
24 completed or are scheduled for completion not later than 90 days after the  
25 applicant has been reimbursed as authorized by this section.
- 26 (3) The amount of reimbursement requested and documentation or information  
27 justifying the amount requested.
- 28 (4) A verified statement from an officer or agent of the applicant declaring that  
29 the contents of the application are true and accurate.
- 30 (5) Any other information the Department deems necessary for final review of the  
31 application and award of reimbursement.

32 **SECTION 38.10.(e)** No later than 60 days after the date the Department receives a  
33 completed application for reimbursement under the Program, the Department shall review the  
34 application and, if the application establishes that the applicant has paid or incurred costs eligible  
35 for reimbursement under the Program and there are sufficient funds in the Program special fund,  
36 shall reimburse the applicant as authorized in this section. The Department shall reimburse an  
37 applicant no later than 30 days after the date the Department determines reimbursement can be  
38 made as provided in this subsection. If a communications service provider incurs eligible pole  
39 replacement costs, the pole owner shall cooperate and coordinate with the provider to supply all  
40 information required by the Department to aid the provider in promptly completing and  
41 submitting an application for reimbursement under the Program. A pole owner shall reasonably  
42 and promptly cooperate with any request by the Department for substantiation of charges  
43 assessed by the pole owner.

44 **SECTION 38.10.(g)** A pole owner shall promptly review a request for access,  
45 perform surveys, provide estimates and final invoices, and complete, or require the completion  
46 by other attaching entities of, any make-ready work necessary for purposes of offering broadband  
47 service in an unserved area. A pole owner shall provide a good-faith estimate for any make-ready  
48 costs to the communications service provider within 60 days after receipt of a complete  
49 application for access. If requested by the communications service provider, the pole owner shall  
50 provide accompanying documentation indicating the basis of all estimated fees or other charges,  
51 including, but not limited to, administrative costs, that form the basis of its estimate. A good-faith

1 estimate shall remain valid for 14 days. To accept a good-faith estimate, a communications  
2 service provider must provide the pole owner with written acceptance and payment of the  
3 good-faith estimate. For a request for access affecting up to 30 utility poles for the purpose of  
4 providing broadband service to an unserved area, make-ready work shall be completed within 90  
5 days of written acceptance and payment of the good-faith estimate by the communications  
6 service provider. For a request for access affecting more than 30 utility poles for the purpose of  
7 providing broadband service to an unserved area, make-ready work shall be conditioned upon  
8 payment of the good-faith estimate and shall be completed within a reasonable time frame  
9 mutually agreed to by the communications service provider and the pole owner. A pole owner  
10 may treat multiple requests from a single communications service provider as one application for  
11 access when the requests are filed within 90 days of one another. A pole owner may deviate from  
12 the time limits specified in this subsection during performance of make-ready work for good and  
13 sufficient cause that renders it infeasible to complete make-ready work within the time limits  
14 specified in this subsection. Any deviation from the time limits specified in this subsection shall  
15 extend for a period no longer than necessary. A communications service provider shall promptly  
16 be notified, in writing, of the reason for a deviation and the new completion date estimate. A  
17 communications service provider shall provide notice, in writing, to the pole owner no later than  
18 14 days after attaching equipment to a pole in an unserved area.

19 **SECTION 38.10.(h)** A party subject to a dispute arising under subsection (g) of this  
20 section may invoke the dispute procedures authorized in G.S. 62-350 in the same manner as a  
21 party seeking resolution of a dispute under G.S. 62-350(c), and the Utilities Commission shall  
22 issue a final order resolving the dispute within 120 days of the date the proceedings were initiated;  
23 provided, however, the Commission may extend the time for issuance of a final order for good  
24 cause and with the agreement of all parties. In such a dispute, the Commission shall apply the  
25 provisions of this section notwithstanding any contrary provisions of any existing agreement.

26 **SECTION 38.10.(i)** No later than 60 days after the date funds are appropriated to  
27 the Program special fund, and on a quarterly basis thereafter, the Department shall maintain and  
28 publish on its website all of the following:

- 29 (1) The number of applications for reimbursement received, processed, and  
30 rejected, including the reasons applications were rejected.
- 31 (2) The amount of each reimbursement, the total number of reimbursements, and  
32 the status of any pending reimbursements.
- 33 (3) The estimated remaining balance in the Program special fund.

34 **SECTION 38.10.(j)** The following definitions apply in this section:

- 35 (1) Broadband service. – As defined in G.S. 143B-1373(a).
- 36 (2) Communications service provider. – As defined in G.S. 62-350(e).
- 37 (3) Department. – The Department of Information Technology.
- 38 (4) Eligible pole replacement cost. – The actual and reasonable costs paid or  
39 incurred by a party after June 1, 2021, to remove and replace a pole, including  
40 the amount of any expenditures to remove and dispose of the existing pole,  
41 purchase and install a replacement pole, and transfer any existing facilities to  
42 the new pole. The term includes costs paid or incurred by the party responsible  
43 for the costs of a pole replacement to reimburse the party that performs the  
44 pole replacement. The term does not include costs that the party incurs initially  
45 that have been reimbursed to the party by another party ultimately responsible  
46 for the costs.
- 47 (5) Pole. – Any pole used, wholly or partly, for any wire communications or  
48 electric distribution, irrespective of who owns or operates the pole.
- 49 (6) Pole owner. – A city or cooperatively organized entity that owns utility poles.
- 50 (7) Qualified project. – A project undertaken by a communications service  
51 provider that is not affiliated with a pole owner seeking to provide qualifying

- 1 internet access service on a retail basis to one or more households, businesses,  
 2 agricultural operations, or community access points in an unserved area.  
 3 (8) Qualifying internet access service. – Fixed, terrestrial internet access service  
 4 with such speeds and technical capabilities required by the United States  
 5 Treasury for projects under the Coronavirus Capital Projects Fund established  
 6 by section 9901 of the American Rescue Plan Act and codified at section 604  
 7 of the Social Security Act, provided that if the United States Treasury does  
 8 not establish such requirements, qualifying internet access shall mean service  
 9 offered over a network that is capable of speeds of 100 megabits per second  
 10 or faster in both the downstream and upstream directions.  
 11 (9) Unserved area. – An area in which, according to the most recent map of fixed  
 12 broadband internet access service made available by the Federal  
 13 Communications Commission, fixed, terrestrial broadband service at speeds  
 14 of at least 25 megabits per second download and at least 3 megabits per second  
 15 upload is unavailable at the time the communications service provider  
 16 requests access. A pole shall be presumed to be located in an unserved area if  
 17 the pole is located in an area that is the subject of a federal or State grant to  
 18 deploy broadband service, the conditions of which limit the availability of a  
 19 grant to unserved areas.

20 **SECTION 38.10.(k)** If any provision of this section or its application is held invalid,  
 21 the invalidity does not affect other provisions or applications of this section that can be given  
 22 effect without the invalid provisions or application, and to this end, the provisions of this section  
 23 are severable.

24 **SECTION 38.10.(l)** G.S. 160D-931 reads as rewritten:

25 **"§ 160D-931. Definitions.**

26 The following definitions apply in this Part:

- 27 ...  
 28 (7) City utility pole. – A pole owned by a city (i) in the city right-of-way that  
 29 provides lighting, traffic control, or a similar function-function and (ii) as part  
 30 of a public enterprise owned or operated by a city pursuant to Article 16 of  
 31 Chapter 160A of the General Statutes consisting of an electric power  
 32 generation, transmission, or distribution system.

33 ...."

34 **SECTION 38.10.(m)** G.S. 160D-935 reads as rewritten:

35 **"§ 160D-935. Collocation of small wireless facilities.**

36 ...  
 37 (a1) A city may not charge a wireless provider who is taxed under G.S. 105-164.4(a)(4c)  
 38 and submits an application under G.S. 160D-935(d) or G.S. 160D-936(j) either of the following:

- 39 (1) A fee for the collocation of a small wireless facility or the installation,  
 40 modification, or replacement of a utility pole or city utility pole in the city  
 41 right-of-way, including, without limitation, a fee under subsections (e) and (f)  
 42 of this section or a fee for a building permit, electrical permit, inspection, lane  
 43 closure, or work permit of any kind.  
 44 (2) Except for recurring charges assessed under G.S. 160D-937(a), (c), and (d), a  
 45 recurring charge for the collocation of a small wireless facility in the city  
 46 right-of-way or the installation, modification, or replacement of a utility pole  
 47 or city utility pole in the city right-of-way, including, without limitation, a  
 48 recurring charge under G.S. 160D-936(f).

49 ...  
 50 (e) Subject to the limitations provided in G.S. 160A-296(a)(6), a city may charge an  
 51 application fee that shall not exceed the lesser of (i) the actual, direct, and reasonable costs to

1 process and review applications for collocated small wireless facilities, (ii) the amount charged  
2 by the city for permitting of any similar activity, or (iii) one hundred dollars (\$100.00) per facility  
3 for the first five small wireless facilities addressed in an application, plus fifty dollars (\$50.00)  
4 for each additional small wireless facility addressed in the application. In any dispute concerning  
5 the appropriateness of a fee, the city has the burden of proving that the fee meets the requirements  
6 of this subsection.

7 (f) ~~Subject to the limitations provided in G.S. 160A-296(a)(6), a~~ A city may impose a  
8 technical consulting fee for each application, not to exceed five hundred dollars (\$500.00), to  
9 offset the cost of reviewing and processing applications required by this section. The fee must be  
10 based on the actual, direct, and reasonable administrative costs incurred for the review,  
11 processing, and approval of an application. A city may engage an outside consultant for technical  
12 consultation and the review of an application. The fee imposed by a city for the review of the  
13 application shall not be used for either of the following:

14 ...."

15 **SECTION 38.10.(n)** G.S. 160D-936 reads as rewritten:

16 **"§ 160D-936. Use of public right-of-way.**

17 ...

18 (f) Except as provided in this Part, a city may assess a right-of-way charge under this  
19 section for use or occupation of the right-of-way by a wireless ~~provider, subject to the restrictions~~  
20 ~~set forth under G.S. 160A-296(a)(6).~~ provider. In addition, charges authorized by this section  
21 shall meet all of the following requirements:

22 ...."

23 **SECTION 38.10.(o)** G.S. 160D-937 reads as rewritten:

24 **"§ 160D-937. Access to city utility poles to install small wireless facilities.**

25 ...

26 (i) ~~This section shall not apply to an excluded entity. Nothing in this Part shall be~~  
27 ~~construed to apply to an electric membership corporation organized under Chapter 117 of the~~  
28 ~~General Statutes that owns or controls poles, ducts, or conduits and is exempt from regulation~~  
29 ~~under section 224 of the Communications Act of 1934, 47 U.S.C. § 151, et seq., as amended.~~  
30 ~~Nothing in this section shall be construed to affect the authority of an excluded entity electric~~  
31 ~~membership corporation to deny, limit, restrict, or determine the rates, fees, terms, and conditions~~  
32 ~~for the use of or attachment to its utility poles, city utility poles, poles or wireless support~~  
33 ~~structures by a wireless provider. This section shall not be construed to alter or affect the~~  
34 ~~provisions of G.S. 62-350, and the rates, terms, or conditions for the use of poles, ducts, or~~  
35 ~~conduits by communications service providers, as defined in G.S. 62-350, are governed solely~~  
36 ~~by G.S. 62-350. For purposes of this section, "excluded entity" means (i) a city that owns or~~  
37 ~~operates a public enterprise pursuant to Article 16 of Chapter 160A of the General Statutes~~  
38 ~~consisting of an electric power generation, transmission, or distribution system or (ii) an electric~~  
39 ~~membership corporation organized under Chapter 117 of the General Statutes that owns or~~  
40 ~~controls poles, ducts, or conduits, but which is exempt from regulation under section 224 of the~~  
41 ~~Communications Act of 1934, 47 U.S.C. § 151, et seq., as amended. G.S. 62-350, of poles, ducts,~~  
42 ~~or conduits owned by electric membership corporations."~~

43 **SECTION 38.10.(p)** This section is effective when it becomes law. Subsections (b)  
44 through (k) of this section expire December 31, 2024.

## 46 STATE SURPLUS COMPUTERS FOR NONPROFITS

47 **SECTION 38.11.(a)** G.S. 143-64.03 reads as rewritten:

48 **"§ 143-64.03. Powers and duties of the State agency for surplus property.**

49 (a) The State Surplus Property Agency is authorized and directed to:



- 1 (1) Sell all State owned supplies, materials, and equipment that are surplus,  
2 obsolete, or unused and sell all seized vehicles and other conveyances that the  
3 State Surplus Property Agency is authorized to sell;  
4 (2) Warehouse such property; and  
5 (3) Distribute such property to tax-supported or nonprofit tax-exempt  
6 organizations.

7 (b) The State Surplus Property Agency is authorized and empowered to act as a  
8 clearinghouse of information for agencies and private nonprofit tax-exempt organizations, to  
9 locate property available for acquisition from State agencies, to ascertain the terms and conditions  
10 under which the property may be obtained, to receive requests from agencies and private  
11 nonprofit tax-exempt organizations, and transmit all available information about the property,  
12 and to aid and assist the agencies and private nonprofit tax-exempt organizations in transactions  
13 for the acquisition of State surplus property. ~~When Prioritization should be given to distributing~~  
14 ~~computer equipment to nonprofit entities that refurbish computers and donate them to~~  
15 ~~low-income students or households in this State, the State Surplus Property Agency shall~~  
16 ~~distribute the computer equipment at no cost or the lowest possible cost to the nonprofit entities~~  
17 ~~and must give consideration to the counties where the computer equipment will be donated to~~  
18 ~~ensure that all geographic regions of the State benefit from the distributions.~~

19 (b1) Nothing in this Article, or any administrative rules promulgated under this Article,  
20 shall be deemed to prohibit The University of North Carolina from conveying surplus computer  
21 equipment at no cost and The University of North Carolina is encouraged to prioritize distribution  
22 to nonprofit entities that refurbish computers to donate to low-income students or households in  
23 the State. Any conveyance to a nonprofit under this subsection shall be conditioned upon, and in  
24 consideration of, the nonprofit's promise to refurbish the computer equipment and its donation to  
25 low-income students or households in the State and the nonprofit's reporting of information  
26 required by this subsection. After an initial conveyance, The University of North Carolina shall  
27 not convey additional surplus computer equipment to a nonprofit, unless that nonprofit has  
28 reported the information required by this subsection for prior conveyances.

29 When making a distribution under this subsection, The University of North Carolina shall  
30 keep records on the type of computer equipment distributed, the number distributed, the name of  
31 the nonprofit that received the distributions, and the nonprofit's report on donations of refurbished  
32 computers to low-income students or households in the State. If the nonprofit is unable to  
33 refurbish computer equipment for any reason, its report shall include the disposition of such  
34 computer equipment. A nonprofit shall provide a report to the Board of Governors of The  
35 University of North Carolina by February 1, 2022, and by February 1 of each year thereafter. The  
36 report shall contain the information required by this subsection and any other information the  
37 Board of Governors deems reasonably necessary to ensure the conditions required under this  
38 subsection are satisfied. The Board of Governors of The University of North Carolina shall  
39 submit a report containing the information required to be collected under this subsection to the  
40 Joint Legislative Education Oversight Committee by December 1, 2022, and by December 1 of  
41 each year thereafter.

42 ...."

43 **SECTION 38.11.(b)** This section is effective when it becomes law.

44  
45 **JLOCIT/STUDY STATE INFORMATION TECHNOLOGY INTERNAL SERVICE**  
46 **RATES/REVIEW ALTERNATIVE COST RECOVERY METHODS**

47 **SECTION 38.12.** The Joint Legislative Oversight Committee on Information  
48 Technology (JLOCIT) shall conduct a study of best practices and make recommendations for  
49 legislative proposals to formulate a new budget and cost accounting model for State information  
50 technology goods and services provided to State agencies by the Department of Information  
51 Technology (DIT). The JLOCIT shall do at least the following in conducting this examination:

- 1 (1) Evaluate the current internal service fund rate structure under  
 2 G.S. 143B-1333, including the methodologies used by DIT in setting rates and  
 3 fees and whether industry standards are reflected for the goods and services  
 4 for which State agencies are charged. The specific matters for review include,  
 5 but are not limited to, whether those rates and fees are (i) understandable, (ii)  
 6 priced on usage, (iii) predictable for planning purposes, (iv) related to value  
 7 received, (v) priced competitively with open market services, and (vi) readily  
 8 adjustable to factor in unplanned events.
- 9 (2) Focus on the internal service rates and fees charged by DIT for State agency  
 10 internet service, Wide Area Network costs, and any other costs of information  
 11 technology goods and services that the JLOCIT deems appropriate.
- 12 (3) Review alternative ways to capture and recover the costs of information  
 13 technology goods and services that DIT provides to State agencies.
- 14 (4) Examine how replacement costs are accounted for and built into State agency  
 15 operating budgets.
- 16 (5) Review whether some State agencies should pay for information technology  
 17 using the current or a similar rate system or if some should have information  
 18 technology charges and costs funded differently.

19 The JLOCIT may make an interim report of its findings, conclusions, and legislative  
 20 recommendations to the 2022 Regular Session of the 2021 General Assembly and shall make a  
 21 final report to the 2023 General Assembly.

22  
 23 **CYBERSECURITY/STATE AGENCIES PROHIBITED FROM MAKING**  
 24 **RANSOMWARE PAYMENTS**

25 **SECTION 38.13.(a)** Chapter 143 of the General Statutes is amended by adding a  
 26 new Article to read:

27 "Article 84.

28 "Various Technology Regulations.

29 "**§ 143-800. State entities and ransomware payments.**

30 (a) No State agency or local government entity shall submit payment or otherwise  
 31 communicate with an entity that has engaged in a cybersecurity incident on an information  
 32 technology system by encrypting data and then subsequently offering to decrypt that data in  
 33 exchange for a ransom payment.

34 (b) Any State agency or local government entity experiencing a ransom request in  
 35 connection with a cybersecurity incident shall consult with the Department of Information  
 36 Technology in accordance with G.S. 143B-1379.

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

38 (1) Local government entity. – A local political subdivision of the State,  
 39 including, but not limited to, a city, a county, a local school administrative  
 40 unit as defined in G.S. 115C-5, or a community college.

41 (2) State agency. – Any agency, department, institution, board, commission,  
 42 committee, division, bureau, officer, official, or other entity of the executive,  
 43 judicial, or legislative branches of State government. The term includes The  
 44 University of North Carolina and any other entity for which the State has  
 45 oversight responsibility."

46 **SECTION 38.13.(b)** G.S. 143B-1320 reads as rewritten:

47 "**§ 143B-1320. Definitions; scope; exemptions.**

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

49 ...

50 (4a) Cybersecurity incident. – An occurrence that:

- a. Actually or imminently jeopardizes, without lawful authority, the integrity, confidentiality, or availability of information or an information system; or
- b. Constitutes a violation or imminent threat of violation of law, security policies, privacy policies, security procedures, or acceptable use policies.

...

(14a) Ransomware attack. – A cybersecurity incident where a malicious actor introduces software into an information system that encrypts data and renders the systems that rely on that data unusable, followed by a demand for a ransom payment in exchange for decryption of the affected data.

...

(16a) Significant cybersecurity incident. – A cybersecurity incident that is likely to result in demonstrable harm to the State's security interests, economy, critical infrastructure, or to the public confidence, civil liberties, or public health and safety of the residents of North Carolina. A significant cybersecurity incident is determined by the following factors:

- a. Incidents that meet thresholds identified by the Department jointly with the Department of Public Safety that involve information:
  - 1. That is not releasable to the public and that is restricted or highly restricted according to Statewide Data Classification and Handling Policy; or
  - 2. That involves the exfiltration, modification, deletion, or unauthorized access, or lack of availability to information or systems within certain parameters to include (i) a specific threshold of number of records or users affected as defined in G.S. 75-65 or (ii) any additional data types with required security controls.
- b. Incidents that involve information that is not recoverable or cannot be recovered within defined time lines required to meet operational commitments defined jointly by the State agency and the Department or can be recovered only through additional measures and has a high or medium functional impact to the mission of an agency.

...."

**SECTION 38.13.(c)** G.S. 143B-1379(c) reads as rewritten:

"(c) ~~County and municipal government agencies~~ Local government entities, as defined in G.S. 143-800(c)(1), shall report cybersecurity incidents to the Department. Information shared as part of this process will be protected from public disclosure under G.S. 132-6.1(c). Private sector entities are encouraged to report cybersecurity incidents to the Department."

**SECTION 38.13.(d)** G.S. 143B-1322(c) reads as rewritten:

"(c) Administration. – The Department shall be managed under the administration of the State CIO. The State CIO shall have the following powers and duty to do all of the following:

...

(22) Coordinate with the Department of Public Safety to manage statewide response to cybersecurity ~~incidents and incidents,~~ incidents and incidents, significant cybersecurity ~~incidents incidents, and ransomware attacks~~ incidents incidents, and ransomware attacks as defined by G.S. 143B-1320."

**SECTION 38.13.(e)** This section is effective when it becomes law.

**ADMINISTRATIVE EXPENSES-STATE RECOVERY FUNDS**

**SECTION 38.14.** The funds appropriated in this act to the Department of Information Technology for Broadband Administration shall be utilized solely for the purpose of

1 the administration of broadband grants and projects authorized in this act. Notwithstanding any  
2 provision of law or in this act to the contrary, the Department may not utilize additional State  
3 Fiscal Recovery Fund monies for the administration of broadband grants and projects and may  
4 not expend more than three million seven hundred fifty thousand dollars (\$3,750,000) in State  
5 Fiscal Recovery Fund monies during any fiscal year for administrative purposes.

## 6 7 **PART XXXIX. SALARIES AND BENEFITS**

### 8 9 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY** 10 **INCREASES/EFFECTIVE JULY 1, 2021, AND JULY 1, 2022**

11 **SECTION 39.1.(a)** Effective July 1, 2021, except as provided by subsection (b) of  
12 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
13 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
14 position on June 30, 2021, is awarded:

15 (1) A legislative salary increase in the amount of two and one-half percent (2.5%)  
16 of annual salary in the 2021-2022 fiscal year.

17 (2) Any salary adjustment otherwise allowed or provided by law.

18 **SECTION 39.1.(a1)** Effective July 1, 2022, except as provided by subsection (b) of  
19 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
20 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
21 position on June 30, 2022, is awarded:

22 (1) A legislative salary increase in the amount of two and one-half percent (2.5%)  
23 of annual salary in the 2022-2023 fiscal year.

24 (2) Any salary adjustment otherwise allowed or provided by law.

25 **SECTION 39.1.(b)** For the 2021-2023 fiscal biennium, the following persons are  
26 not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this  
27 section:

28 (1) Employees of local boards of education.

29 (2) Local community college employees.

30 (3) Employees of The University of North Carolina.

31 (4) Clerks of superior court compensated under G.S. 7A-101.

32 (5) Correctional employees to which Section 39.14 of this Part applies.

33 (6) Law enforcement officers to which Section 39.15 of this Part applies.

34 (7) Probation and parole officers to which Section 39.15A of this Part applies.

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

38 **SECTION 39.1.(c)** Part-time employees shall receive the increases authorized by  
39 this section on a prorated and equitable basis.

40 **SECTION 39.1.(d)** No eligible State-funded employee shall be prohibited from  
41 receiving the full salary increases provided in this section solely because the employee's salary  
42 after applying the legislative increase is above the maximum of the salary range prescribed by  
43 the State Human Resources Commission.

### 44 45 **BONUSES AWARDED TO STATE EMPLOYEES FOR WORK DURING THE** 46 **PANDEMIC**

47 **SECTION 39.2.(a)** The General Assembly finds that North Carolina's response  
48 efforts to the COVID-19 pandemic have included the extraordinary work of State employees and  
49 local school employees at all levels and in all agencies. Essential services were continuously  
50 provided throughout the pandemic to the citizens of North Carolina, including, but not limited  
51 to, public health, public safety, transportation, education, and public recreation. Therefore, it is

1 appropriate that State employees and local education employees who worked to continue the  
2 operations and services of government during the pandemic receive additional pay for their  
3 efforts during the emergency.

4 **SECTION 39.2.(b)** Further, the General Assembly finds that certain employees were  
5 at increased risk of exposure to COVID-19 due to job duties that required significant in-person  
6 interaction. These employees should receive additional pay due to the increased personal risk  
7 involved in providing the essential services associated with their job duties.

8 **SECTION 39.2.(c)** By January 31, 2022, employers of State employees and local  
9 education employees shall administer a one-time, lump sum bonus of one thousand dollars  
10 (\$1,000) to all permanent full-time State employees and local education employees who are  
11 employed as of December 1, 2021.

12 **SECTION 39.2.(d)** By January 31, 2022, employers of State employees and local  
13 education employees shall provide an additional one-time, lump sum bonus of five hundred  
14 dollars (\$500.00) to all permanent full-time State employees and local education employees who  
15 are employed as of January 1, 2022, and who meet at least one of the following eligibility criteria  
16 for the additional bonus:

- 17 (1) The employee earns an annual salary that does not exceed seventy-five  
18 thousand dollars (\$75,000).
- 19 (2) The employee is employed as a law enforcement officer.
- 20 (3) The employee is an employee in the Division of Adult Correction and Juvenile  
21 Justice of the Department of Public Safety with job duties requiring frequent  
22 in-person contact.
- 23 (4) The employee is employed in a position at a 24-hour residential or treatment  
24 facility operated by the Department of Health and Human Services.

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

- 27 (1) The term "State employee" includes all State employees in all State agencies,  
28 departments, and institutions regardless of funding source.
- 29 (2) The term "local education employee" includes all employees of community  
30 colleges, local school administrative units, innovative schools, regional  
31 schools, and public charter schools regardless of funding source.

32 **SECTION 39.2.(f)** Of the funds appropriated in this act from the State Fiscal  
33 Recovery Fund, the sum of five hundred forty-five million dollars (\$545,000,000) for the  
34 2021-2022 fiscal year is allocated to provide the one-time, lump sum bonuses authorized in this  
35 section to State employees and local education employees for work performed during the  
36 COVID-19 pandemic.

37 **SECTION 39.2.(g)** The premium pay bonuses awarded by this section:

- 38 (1) Are in addition to any regular wage or other bonuses the employee receives  
39 or is scheduled to receive.
- 40 (2) Are not considered compensation for any retirement system administered by  
41 the State.

42 **SECTION 39.2.(h)** Permanent part-time employees shall receive the bonuses  
43 authorized in this section on a prorated and equitable basis.

44 **SECTION 39.2.(i)** The Office of State Budget and Management shall ensure that the  
45 funds for the bonuses authorized by this section are used only for the purposes set forth in this  
46 section. If the Director of the Budget determines that funds appropriated to a State agency for  
47 these bonuses exceed the amount required by that agency, the Director may reallocate those funds  
48 to another State agency for payment of these bonuses. Notwithstanding G.S. 143C-4-9, funds  
49 appropriated for these bonuses in excess of the amounts required for implementation shall not be  
50 credited to the Pay Plan Reserve.

1           **SECTION 39.2.(j)** Any funds remaining after these bonuses are awarded in  
 2 accordance with this section shall be credited to the State Fiscal Recovery Fund.

3  
 4 **GOVERNOR AND COUNCIL OF STATE**

5           **SECTION 39.3.(a)** Effective July 1, 2021, G.S. 147-11 reads as rewritten:

6 "**§ 147-11. Salary and expense allowance of Governor; allowance to person designated to**  
 7 **represent Governor's office.**

8           (a) The salary of the Governor shall be ~~one hundred fifty-four thousand seven hundred~~  
 9 ~~forty-three dollars (\$154,743)~~ one hundred fifty-eight thousand six hundred twelve dollars  
 10 (\$158,612) annually, payable monthly.

11           (b) ~~He~~ The Governor shall be paid annually the sum of eleven thousand five hundred  
 12 dollars (\$11,500) as an expense allowance in attending to the business for the State and for  
 13 expenses out of the State and in the State in representing the interest of the State and people,  
 14 incident to the duties of ~~his~~ the office, the said allowance to be paid monthly.

15           (c) In addition to the foregoing allowance, the actual expenses of the Governor while  
 16 traveling outside the State on business incident to ~~his~~ the office shall be paid by a warrant drawn  
 17 on the State Treasurer. Whenever a person who is not a State official or employee is designated  
 18 by the Governor to represent the Governor's office, ~~such~~ the person shall be paid actual travel  
 19 expenses incurred in the performance of such duty; provided that the payment of ~~such~~ the travel  
 20 expense shall conform to the provisions of the biennial appropriation act in effect at the time the  
 21 payment is made."

22           **SECTION 39.3.(a1)** Effective July 1, 2022, G.S. 147-11(a), as amended by  
 23 subsection (a) of this section, reads as rewritten:

24           "(a) The salary of the Governor shall be ~~one hundred fifty-eight thousand six hundred~~  
 25 ~~twelve dollars (\$158,612)~~ one hundred sixty-two thousand five hundred seventy-seven dollars  
 26 (\$162,577) annually, payable monthly."

27           **SECTION 39.3.(b)** Effective July 1, 2021, the annual salaries for members of the  
 28 Council of State, payable monthly, are set as follows:

<b>Council of State</b>	<b>Annual Salary</b>
Lieutenant Governor	\$140,116
Attorney General	140,116
Secretary of State	140,116
State Treasurer	140,116
State Auditor	140,116
Superintendent of Public Instruction	140,116
Agriculture Commissioner	140,116
Insurance Commissioner	140,116
Labor Commissioner	140,116

39           **SECTION 39.3.(b1)** Effective July 1, 2022, the annual salaries for members of the  
 40 Council of State, payable monthly, are set as follows:

<b>Council of State</b>	<b>Annual Salary</b>
Lieutenant Governor	\$143,619
Attorney General	143,619
Secretary of State	143,619
State Treasurer	143,619
State Auditor	143,619
Superintendent of Public Instruction	143,619
Agriculture Commissioner	143,619
Insurance Commissioner	143,619
Labor Commissioner	143,619

**CERTAIN EXECUTIVE BRANCH OFFICIALS**

**SECTION 39.4.(a)** Effective July 1, 2021, the annual salaries, payable monthly, for the following executive branch officials for the 2021-2022 fiscal year are as follows:

<b>Executive Branch Officials</b>	<b>Annual Salary</b>
Chairman, Alcoholic Beverage Control Commission	\$125,821
State Controller	175,200
Commissioner of Banks	141,214
Chair, Board of Review, Division of Employment Security	138,516
Members, Board of Review, Division of Employment Security	136,823
Chairman, Parole Commission	138,516
Full-Time Members of the Parole Commission	128,072
Chairman, Utilities Commission	157,017
Members of the Utilities Commission	141,214
Executive Director, North Carolina Agricultural Finance Authority	122,530

**SECTION 39.4.(a1)** Effective July 1, 2022, the annual salaries, payable monthly, for the following executive branch officials for the 2022-2023 fiscal year are as follows:

<b>Executive Branch Officials</b>	<b>Annual Salary</b>
Chairman, Alcoholic Beverage Control Commission	\$128,966
State Controller	179,580
Commissioner of Banks	144,745
Chair, Board of Review, Division of Employment Security	141,979
Members, Board of Review, Division of Employment Security	140,244
Chairman, Parole Commission	141,979
Full-Time Members of the Parole Commission	131,273
Chairman, Utilities Commission	160,942
Members of the Utilities Commission	144,745
Executive Director, North Carolina Agricultural Finance Authority	125,593

**JUDICIAL BRANCH**

**SECTION 39.5.(a)** Effective July 1, 2021, the annual salaries, payable monthly, for the following judicial branch officials for the 2021-2022 fiscal year are as follows:

<b>Judicial Branch Officials</b>	<b>Annual Salary</b>
Chief Justice, Supreme Court	\$164,859
Associate Justice, Supreme Court	160,581
Chief Judge, Court of Appeals	158,041
Judge, Court of Appeals	153,939
Judge, Senior Regular Resident Superior Court	149,785
Judge, Superior Court	145,634
Chief Judge, District Court	132,350
Judge, District Court	128,198
Chief Administrative Law Judge	129,297
District Attorney	140,834
Assistant Administrative Officer of the Courts	135,621

1	Public Defender	140,834
2	Director of Indigent Defense Services	145,152
3	<b>SECTION 39.5.(a1)</b> Effective July 1, 2022, the annual salaries, payable monthly,	
4	for the following judicial branch officials for the 2022-2023 fiscal year are as follows:	
5	<b>Judicial Branch Officials</b>	<b>Annual Salary</b>
6	Chief Justice, Supreme Court	\$168,980
7	Associate Justice, Supreme Court	164,595
8	Chief Judge, Court of Appeals	161,992
9	Judge, Court of Appeals	157,787
10	Judge, Senior Regular Resident Superior Court	153,530
11	Judge, Superior Court	149,275
12	Chief Judge, District Court	135,659
13	Judge, District Court	131,403
14	Chief Administrative Law Judge	132,529
15	District Attorney	144,355
16	Assistant Administrative Officer of the Courts	139,011
17	Public Defender	144,355
18	Director of Indigent Defense Services	148,781

19 **SECTION 39.5.(b)** The district attorney or public defender of a judicial district, with  
 20 the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense  
 21 Services, respectively, shall set the salaries of assistant district attorneys or assistant public  
 22 defenders, respectively, in that district such that the average salaries of assistant district attorneys  
 23 or assistant public defenders in that district, for the 2021-2022 fiscal year, do not exceed  
 24 eighty-four thousand six hundred fifty-eight dollars (\$84,658) and the minimum salary of any  
 25 assistant district attorney or assistant public defender is at least forty-five thousand four hundred  
 26 thirty-seven dollars (\$45,437), effective July 1, 2021.

27 **SECTION 39.5.(b1)** The district attorney or public defender of a judicial district,  
 28 with the approval of the Administrative Officer of the Courts or the Commission on Indigent  
 29 Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant  
 30 public defenders, respectively, in that district such that the average salaries of assistant district  
 31 attorneys or assistant public defenders in that district, for the 2022-2023 fiscal year, do not exceed  
 32 eighty-six thousand seven hundred seventy-four dollars (\$86,774) and the minimum salary of  
 33 any assistant district attorney or assistant public defender is at least forty-six thousand five  
 34 hundred seventy-three dollars (\$46,573), effective July 1, 2022.

35  
 36 **CLERKS OF SUPERIOR COURT**

37 **SECTION 39.6.(a)** Effective July 1, 2021, G.S. 7A-101(a) reads as rewritten:

38 "(a) The clerk of superior court is a full-time employee of the State and shall receive an  
 39 annual salary, payable in equal monthly installments, based on the number of State-funded  
 40 assistant and deputy clerks of court as determined by the Administrative Office of Court's  
 41 workload formula, according to the following schedule:

42	Assistants and Deputies	Annual Salary
43	0-19	<del>\$97,375</del> <u>\$99,809</u>
44	20-29	<del>107,625</del> <u>110,316</u>
45	30-49	<del>117,875</del> <u>120,822</u>
46	50-99	<del>128,125</del> <u>131,328</u>
47	100 and above	<del>130,688</del> <u>133,955</u>

48 If the number of State-funded assistant and deputy clerks of court as determined by the  
 49 Administrative Office of Court's workload formula changes, the salary of the clerk shall be  
 50 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate



1 for that new number, except that the salary of an incumbent clerk shall not be decreased by any  
 2 change in that number during the clerk's continuance in office."

3 **SECTION 39.6.(a1)** Effective July 1, 2022, G.S. 7A-101(a), as amended by  
 4 subsection (a) of this section, reads as rewritten:

5 "(a) The clerk of superior court is a full-time employee of the State and shall receive an  
 6 annual salary, payable in equal monthly installments, based on the number of State-funded  
 7 assistant and deputy clerks of court as determined by the Administrative Office of Court's  
 8 workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	<del>\$99,809</del> <u>\$102,305</u>
20-29	<del>110,316</del> <u>113,074</u>
30-49	<del>120,822</del> <u>123,842</u>
50-99	<del>131,328</del> <u>134,611</u>
100 and above	<del>133,955</del> <u>137,304</u>

9  
 10  
 11  
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 14  
 15 If the number of State-funded assistant and deputy clerks of court as determined by the  
 16 Administrative Office of Court's workload formula changes, the salary of the clerk shall be  
 17 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate  
 18 for that new number, except that the salary of an incumbent clerk shall not be decreased by any  
 19 change in that number during the clerk's continuance in office."  
 20

21 **ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT**

22 **SECTION 39.7.(a)** Effective July 1, 2021, G.S. 7A-102(c1) reads as rewritten:

23 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy  
 24 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the  
 25 following minimum and maximum rates:  
 26

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	<del>\$34,780</del> <u>\$35,650</u>
Maximum	<del>64,258</del> <u>65,864</u>
Deputy Clerks	Annual Salary
Minimum	<del>\$31,200</del> <u>\$31,980</u>
Maximum	<del>50,466</del> <u>51,728</u> ."

27  
 28  
 29  
 30  
 31  
 32  
 33  
 34 **SECTION 39.7.(a1)** Effective July 1, 2022, G.S. 7A-102(c1), as amended by  
 35 subsection (a) of this section, reads as rewritten:

36 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy  
 37 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the  
 38 following minimum and maximum rates:  
 39

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	<del>\$35,650</del> <u>\$36,541</u>
Maximum	<del>65,864</del> <u>67,511</u>
Deputy Clerks	Annual Salary
Minimum	<del>\$31,980</del> <u>\$32,780</u>
Maximum	<del>51,728</del> <u>53,021</u> ."

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 48 **MAGISTRATES**

49 **SECTION 39.8.(a)** Effective July 1, 2021, G.S. 7A-171.1(a)(1) reads as rewritten:

50 "(a) The Administrative Officer of the Courts, after consultation with the chief district  
 51 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	<del>\$40,576</del> <u>\$41,590</u>
Step 1	<del>\$43,571</del> <u>\$44,660</u>
Step 2	<del>\$46,802</del> <u>\$47,972</u>
Step 3	<del>\$50,222</del> <u>\$51,478</u>
Step 4	<del>\$54,322</del> <u>\$55,680</u>
Step 5	<del>\$59,259</del> <u>\$60,740</u>
Step 6	<del>\$64,792</del> <u>\$66,412.</u> "

**SECTION 39.8.(a1)** Effective July 1, 2022, G.S. 7A-171.1(a)(1), as amended by subsection (a) of this section, reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<del>\$41,590</del> <u>\$42,630</u>
Step 1	<del>\$44,660</del> <u>\$45,777</u>
Step 2	<del>\$47,972</del> <u>\$49,171</u>
Step 3	<del>\$51,478</del> <u>\$52,764</u>
Step 4	<del>\$55,680</del> <u>\$57,072</u>
Step 5	<del>\$60,740</del> <u>\$62,259</u>
Step 6	<del>\$66,412.</del> <u>\$68,072.</u> "

**LEGISLATIVE EMPLOYEES**

**SECTION 39.9.(a)** Effective July 1, 2021, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2021, shall be legislatively increased by two and one-half percent (2.5%).

**SECTION 39.9.(a1)** Effective July 1, 2022, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2022, shall be legislatively increased by two and one-half percent (2.5%).

1           **SECTION 39.9.(a2)** Temporary employees of the General Assembly employed  
2 pursuant to G.S. 120-32(1) are eligible to receive the bonuses awarded by Section 39.2 of this  
3 Part.

4           **SECTION 39.9.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

#### 6 **GENERAL ASSEMBLY PRINCIPAL CLERKS**

7           **SECTION 39.10.(a)** Effective July 1, 2021, G.S. 120-37(c) reads as rewritten:

8           "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled  
9 to other benefits available to permanent legislative employees and shall be paid an annual salary  
10 of ~~one hundred sixteen thousand seven hundred thirty two dollars (\$116,732)~~, one hundred  
11 nineteen thousand six hundred fifty dollars (\$119,650), payable monthly. Each principal clerk  
12 shall also receive such additional compensation as approved by the Speaker of the House of  
13 Representatives or the President Pro Tempore of the Senate, respectively, for additional  
14 employment duties beyond those provided by the rules of their House. The Legislative Services  
15 Commission shall review the salary of the principal clerks prior to submission of the proposed  
16 operating budget of the General Assembly to the Governor and shall make appropriate  
17 recommendations for changes in those salaries. Any changes enacted by the General Assembly  
18 shall be by amendment to this paragraph."

19           **SECTION 39.10.(b)** Effective July 1, 2022, G.S. 120-37(c), as amended by  
20 subsection (a) of this section, reads as rewritten:

21           "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled  
22 to other benefits available to permanent legislative employees and shall be paid an annual salary  
23 of ~~one hundred nineteen thousand six hundred fifty dollars (\$199,650)~~, one hundred twenty-two  
24 thousand six hundred forty-two dollars (\$122,642), payable monthly. Each principal clerk shall  
25 also receive such additional compensation as approved by the Speaker of the House of  
26 Representatives or the President Pro Tempore of the Senate, respectively, for additional  
27 employment duties beyond those provided by the rules of their House. The Legislative Services  
28 Commission shall review the salary of the principal clerks prior to submission of the proposed  
29 operating budget of the General Assembly to the Governor and shall make appropriate  
30 recommendations for changes in those salaries. Any changes enacted by the General Assembly  
31 shall be by amendment to this paragraph."

#### 33 **SERGEANTS-AT-ARMS/READING CLERKS**

34           **SECTION 39.11.(a)** Effective July 1, 2021, G.S. 120-37(b) reads as rewritten:

35           "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four~~  
36 ~~hundred sixty dollars (\$460.00)~~ four hundred seventy-two dollars (\$472.00) per week plus  
37 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
38 at the rate provided for members of the General Assembly for one round trip only from their  
39 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General  
40 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess  
41 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks  
42 shall serve during sessions only."

43           **SECTION 39.11.(b)** Effective July 1, 2022, G.S. 120-37(b), as amended by  
44 subsection (a) of this section, reads as rewritten:

45           "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four~~  
46 ~~hundred seventy two dollars (\$472.00)~~ four hundred eighty-three dollars (\$483.00) per week plus  
47 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
48 at the rate provided for members of the General Assembly for one round trip only from their  
49 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General  
50 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess

of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

#### COMMUNITY COLLEGES

**SECTION 39.12.(a)** Community college personnel shall receive the following legislative salary increases:

- (1) Effective July 1, 2021, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of two and one-half percent (2.5%).
- (2) Effective July 1, 2022, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of two and one-half percent (2.5%).

**SECTION 39.12.(b)** The minimum salaries for nine-month, full-time curriculum community college faculty for the 2021-2022 fiscal year are as follows:

<b>Education Level</b>	<b>Minimum Salary 2021-2022</b>
Vocational Diploma/Certificate or Less	\$38,521
Associate Degree or Equivalent	39,056
Bachelor's Degree	41,380
Master's Degree or Education Specialist	43,442
Doctoral Degree	46,414

**SECTION 39.12.(b1)** The minimum salaries for nine-month, full-time curriculum community college faculty for the 2022-2023 fiscal year are as follows:

<b>Education Level</b>	<b>Minimum Salary 2022-2023</b>
Vocational Diploma/Certificate or Less	\$39,484
Associate Degree or Equivalent	40,032
Bachelor's Degree	42,415
Master's Degree or Education Specialist	44,528
Doctoral Degree	47,574

**SECTION 39.12.(c)** No full-time faculty member shall earn less than the minimum salary for the faculty member's education level. The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

**SECTION 39.12.(d)** Effective July 1, 2021, no State-funded community college employee shall earn less than thirteen dollars (\$13.00) per hour.

**SECTION 39.12.(e)** Effective July 1, 2022, no State-funded community college employee shall earn less than fifteen dollars (\$15.00) per hour.

#### THE UNIVERSITY OF NORTH CAROLINA

**SECTION 39.13.** The University of North Carolina shall receive the following legislative salary increases:

- (1) Effective July 1, 2021, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of two and one-half percent (2.5%).
- (2) Effective July 1, 2022, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers

employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of two and one-half percent (2.5%).

**CORRECTIONAL OFFICER SALARY SCHEDULE**

**SECTION 39.14.(a)** State employees serving as correctional officers in the Department of Public Safety, Division of Adult Correction, shall be compensated at a specific pay rate on the basis of a salary schedule determined according to the duration of the employee's correctional officer work experience.

**SECTION 39.14.(b)** The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective for each year on July 1, 2021, and July 1, 2022, respectively:

Experience	FY 2021-22			FY 2022-23		
	COI	COII	COIII	COI	COII	COIII
0	\$33,130	\$34,220	\$36,598	\$33,958	\$35,076	\$37,513
1	\$35,449	\$36,615	\$39,160	\$36,335	\$37,530	\$40,139
2	\$37,576	\$38,812	\$41,510	\$38,515	\$39,782	\$42,548
3	\$39,455	\$40,753	\$43,586	\$40,441	\$41,772	\$44,676
4	\$41,033	\$42,383	\$45,329	\$42,059	\$43,443	\$46,462
5	\$42,264	\$43,654	\$46,689	\$43,321	\$44,745	\$47,856
6+	\$43,109	\$44,527	\$47,623	\$44,187	\$45,640	\$48,814

**STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE**

**SECTION 39.15.(a)** Law enforcement officers of the State Highway Patrol, Alcohol Law Enforcement, and the State Bureau of Investigation compensated pursuant to an experience-based salary schedule shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

**SECTION 39.15.(b)** The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for each respective fiscal year:

Years of Experience	FY 2021-22	FY 2022-23
0	47,384	48,569
1	50,464	51,726
2	53,744	55,088
3	57,237	58,669
4	60,957	62,482
5	64,919	66,543
6+	69,139	70,868

**PROBATION AND PAROLE OFFICER SALARY SCHEDULE**

**SECTION 39.15A.(a)** Probation and parole officers shall be compensated pursuant to the experience-based salary schedule based on the officer's respective work experience, as established in subsection (b) of this section.

**SECTION 39.15A.(b)** The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for each respective fiscal year:

Years of Experience	FY 2021-22	FY 2022-23
0	40,000	41,000

1	1	42,600	43,665
2	2	45,369	46,503
3	3	48,318	49,526
4	4	51,549	52,745
5	5	54,804	56,513
6	6+	58,366	59,824

**SECTION 39.15A.(c)** If an officer will not receive a salary increase during a fiscal year because the officer's salary exceeds the scheduled salary level, then the officer shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part for that fiscal year.

**MOST STATE EMPLOYEES**

**SECTION 39.16.** Unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2021, and June 30, 2022, shall be legislatively increased as provided by Section 39.1 of this act:

- (1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
- (2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
- (3) Permanent, part-time State employees.
- (4) Temporary and permanent hourly State employees.

**ALL STATE-SUPPORTED PERSONNEL/FLEXIBLE ADMINISTRATION OF LEGISLATIVE SALARY INCREASES**

**SECTION 39.17.(a)** The legislative salary increases authorized by this act:

- (1) For the 2021-2022 fiscal year, shall be paid effective on January 1, 2022, and do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to December 31, 2021. The amount of the legislative salary increases authorized for the period from July 1 to December 31, 2021, shall be paid in the form of a bonus equal to the authorized legislative salary increase for one-half of the fiscal year and shall be applied to the employee's base annual rate of pay. An employee who was not employed continuously on a full-time basis since July 1 shall receive this bonus on a prorated and equitable basis.
- (2) For the 2022-2023 fiscal year, shall be paid effective on July 1, 2022, and do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2022.

**SECTION 39.17.(b)** The Director of the Budget is granted flexibility to administer the compensation increases enacted by this act.

**SECTION 39.17.(c)** The State employer contribution rates enacted by this act for retirement and related benefits may be deemed by the Director of the Budget for administrative purposes to become effective after July 1 of the applicable fiscal year to provide flexibility in the collection and reconciliation of salary-related contributions as required by law, provided the estimated amount contributed to any affected employee benefit trust equals the amount that would have been contributed to the employee benefit trust if the enacted employer contribution rates had been effective on July 1 of the applicable fiscal year.

**SECTION 39.17.(d)** This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

**USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

**SECTION 39.18.(a)** The Office of State Budget and Management shall ensure that the appropriations made by this act for legislatively mandated salary increases and employee benefits are used only for those purposes.

**SECTION 39.18.(b)** If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases and employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for legislatively mandated salary increases and employee benefits.

**SECTION 39.18.(c)** Funds appropriated for legislatively mandated salary and employee benefit increases may not be used to adjust the budgeted salaries of vacant positions, to provide salary increases in excess of those required by the General Assembly, or to increase the budgeted salary of filled positions to the minimum of the position's respective salary range.

**SECTION 39.18.(d)** Any funds appropriated for legislatively mandated salary and employee benefit increases in excess of the amounts required to implement the increases shall be credited to the Pay Plan Reserve.

**SECTION 39.18.(e)** No later than May 1, 2022, for the 2021-2022 fiscal year, and subsequently May 1, 2023, for the 2022-2023 fiscal year, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the expenditure of funds for legislatively mandated salary increases and employee benefits. This report shall include at least the following information for each State agency for each year of the 2021-2023 fiscal biennium:

- (1) The total amount of funds that the agency received for legislatively mandated salary increases and employee benefits.
- (2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
- (3) The total amount of funds used by the agency for legislatively mandated salary increases and employee benefits.
- (4) The amount of funds credited to the Pay Plan Reserve.

**PAY PLAN RESERVE/CORRECTIONAL OFFICERS/PROBATION AND PAROLE OFFICERS/COURT PERSONNEL**

**SECTION 39.19.** Effective July 1, 2021, G.S. 143C-4-9(a) reads as rewritten:

"(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to fund statutory and scheduled pay expenses authorized by:

- (1) G.S. 20-187.3, for troopers of the State Highway Patrol compensated pursuant to an experience-based salary schedule.
- (2) G.S. 7A-102.
- (3) G.S. 7A-171.1.
- (4) Teacher Salary Schedule, as enacted by the General Assembly.
- (5) Pay Plans for Principals and Assistant Principals, as enacted by the General Assembly.
- (6) The Act, for law enforcement officers of the State Bureau of Investigation and Alcohol Law Enforcement.
- (7) The Act, for correctional officers compensated pursuant to the Correctional Officer Salary Schedule.

- 1           (8)   The Act, for probation and parole officers compensated pursuant to the  
2           Probation and Parole Officer Salary Schedule."  
3

#### 4   **STATE AGENCY TEACHERS**

5           **SECTION 39.20.** Employees of schools operated by the Department of Health and  
6   Human Services, the Department of Public Safety, and the State Board of Education who are  
7   paid on the Teacher Salary Schedule shall be paid as authorized under this act.  
8

#### 9   **ONE-TIME BONUS PAYMENT PROGRAM FOR ELIGIBLE DIRECT CARE** 10   **WORKERS**

11           **SECTION 39.21.(a)** One-Time Bonus. – Of the funds appropriated in this act to the  
12   Department of Health and Human Services (DHHS) from the State Fiscal Recovery Fund, one  
13   hundred thirty-three million dollars (\$133,000,000) shall be used to distribute a one-time  
14   payment to eligible providers to be passed along as a one-time bonus payment to each of the  
15   eligible direct care workers employed by the eligible provider for continuing to provide critical  
16   services during the COVID-19 pandemic. Up to one million dollars (\$1,000,000) of these funds  
17   may be used by DHHS to administer this one-time bonus payment program.

18           **SECTION 39.21.(b)** Eligible Provider. – For the purposes of this section, the term  
19   "eligible provider" means a provider that is enrolled in the Medicaid or NC Health Choice  
20   program in any of the following provider categories:

- 21           (1)   Providers who provide services through the following Medicaid waiver  
22           programs:  
23           a.     The Community Alternatives Program for Children (CAP/C).  
24           b.     The Community Alternatives Program for Disabled Adults  
25           (CAP/DA).  
26           c.     The North Carolina Innovations waiver.  
27           d.     The Traumatic Brain Injury (TBI) waiver.  
28           (2)   Personal care services (PCS) providers.  
29           (3)   Intermediate care facilities for individuals with intellectual disabilities  
30           (ICF/IIDs), including ICF/IID-level group homes.  
31           (4)   Home health providers.  
32           (5)   Nursing homes.  
33           (6)   Behavioral health residential facilities, including Level III and Level IV  
34           residential treatment facilities, psychiatric residential treatment facilities  
35           (PRTFs), medical management and crisis stabilization facilities, and facilities  
36           providing inpatient substance use disorder treatment.

37           **SECTION 39.21.(c)** Eligible Direct Care Workers. – An eligible provider shall  
38   designate its employees who are direct care workers eligible for the one-time bonus payment  
39   program authorized by this section. Only employees who meet all of the following criteria may  
40   be so designated by an eligible provider:

- 41           (1)   The employee is a direct care worker as determined by DHHS. DHHS shall  
42           include workers who do at least one of the following in the definition of direct  
43           care worker:  
44           a.     Interact directly with patients or clients.  
45           b.     Provide direct care support services at a licensed health care facility.  
46           (2)   The employee has been employed by the same eligible provider since March  
47           10, 2020, through August 1, 2021.  
48           (3)   The employee has worked at least 1,000 hours providing direct care services  
49           between March 10, 2020, and August 1, 2021.  
50           (4)   The employee is not an employee of the State or otherwise eligible for any  
51           employment-related bonus under this act.



1           **SECTION 39.21.(d)** Procedure to Participate. – To participate in the one-time bonus  
2 payment program, each eligible provider shall submit the number of direct care workers the  
3 provider has designated as eligible, including a description of the position held by any direct care  
4 worker the provider has designated as eligible that supports designation that the position meets  
5 the criteria of direct care worker, to DHHS by no later than January 31, 2022. Prior to receiving  
6 any funds, the eligible provider shall submit an attestation that any funds received in accordance  
7 with this section shall be provided directly to designated eligible direct care workers.

8           Upon receipt of the information required by this subsection from an eligible provider,  
9 DHHS shall review the submitted information provided against historical Medicaid and NC  
10 Health Choice claims data of that eligible provider to evaluate the reasonableness of the  
11 submitted number of direct care workers designated as eligible for the one-time bonus payment  
12 under this section. No payment shall be made to an eligible employer until all information  
13 submitted is reviewed, the required attestation is received, and the total number of potential  
14 eligible direct care workers is ascertained. If, based upon the information submitted by a provider,  
15 DHHS determines that the number of direct care workers designated is not correct or that the  
16 provider is not an eligible provider, then, by no later than March 1, 2022, DHHS shall provide  
17 notice to the provider and include the reason for the determination and the number of eligible  
18 direct care workers determined to be correct by DHHS, if applicable. If DHHS makes any  
19 determination of ineligibility, then DHHS shall reserve funds in the amount necessary to make  
20 full payment as was applied for in case that determination is later modified.

21           No later than March 1, 2022, DHHS shall issue a one-time payment, including  
22 associated payroll costs, to each eligible provider in the amount required to provide bonuses to  
23 eligible direct workers, subject to the other requirements of this section.

24           **SECTION 39.21.(e)** Bonus Amount Calculation. – Subject to the requirements of  
25 subsection (d) of this section, the amount of the one-time bonus available for eligible direct care  
26 workers shall be calculated as the lesser of the following amounts:

- 27           (1) One hundred thirty-three million dollars (\$133,000,000) minus both the  
28 amount used by DHHS for administration of this one-time bonus payment  
29 program and the amount determined to be necessary to cover the associated  
30 payroll costs for each eligible provider divided by the total number of direct  
31 care workers designated by eligible providers as eligible employees.
- 32           (2) Two thousand dollars (\$2,000).

33           **SECTION 39.21.(f)** Any funds remaining after all payments are made to eligible  
34 providers in accordance with this section shall be credited to the State Fiscal Recovery Fund.

35           **SECTION 39.21.(g)** Nothing in this section shall be construed to create an  
36 entitlement to the distribution of funds by DHHS under this section.

## 37 38 **SALARY-RELATED CONTRIBUTIONS**

39           **SECTION 39.22.(a)** Effective for the 2021-2023 fiscal biennium, required employer  
40 salary-related contributions for employees whose salaries are paid from department, office,  
41 institution, or agency receipts shall be paid from the same source as the source of the employee's  
42 salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in  
43 part from department, office, institution, or agency receipts, required employer salary-related  
44 contributions may be paid from the General Fund or Highway Fund only to the extent of the  
45 proportionate part paid from the General Fund or Highway Fund in support of the salary of the  
46 employee, and the remainder of the employer's requirements shall be paid from the source that  
47 supplies the remainder of the employee's salary. The requirements of this section as to source of  
48 payment are also applicable to payments on behalf of the employee for hospital medical benefits,  
49 longevity pay, unemployment compensation, accumulated leave, workers' compensation,  
50 severance pay, separation allowances, and applicable disability income benefits.

1           **SECTION 39.22.(b)** Effective July 1, 2021, the State's employer contribution rates  
 2 budgeted for retirement and related benefits as a percentage of covered salaries for the 2021-2022  
 3 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the  
 4 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated  
 5 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth  
 6 below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
10 Retirement	16.38%	16.38%	6.84%	40.02%	28.43%
11 Disability	0.09%	0.09%	0.09%	0.00%	0.00%
12 Death	0.13%	0.13%	0.00%	0.00%	0.00%
13 Retiree Health	6.29%	6.29%	6.29%	6.29%	6.29%
14 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
16 <b>Total Contribution Rate</b>	22.89%	27.89%	13.22%	46.31%	34.72%

18           The rate for teachers and State employees and State law enforcement officers includes  
 19 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

20           **SECTION 39.22.(c)** Effective July 1, 2022, the State's employer contribution rates  
 21 budgeted for retirement and related benefits as a percentage of covered salaries for the 2022-2023  
 22 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the  
 23 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated  
 24 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth  
 25 below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
29 Retirement	17.07%	17.07%	6.84%	39.29%	24.27%
30 Disability	0.10%	0.10%	0.10%	0.00%	0.00%
31 Death	0.13%	0.13%	0.00%	0.00%	0.00%
32 Retiree Health	6.89%	6.89%	6.89%	6.89%	6.89%
33 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
36 <b>Total Contribution Rate</b>	24.19%	29.19%	13.83%	46.18%	31.16%

37           The rate for teachers and State employees and State law enforcement officers includes  
 38 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

39           **SECTION 39.22.(d)** Effective July 1, 2021, the maximum annual employer  
 40 contributions for the 2021-2022 fiscal year, payable monthly, by the State to the North Carolina  
 41 State Health Plan for Teachers and State Employees for each covered employee and the average  
 42 covered retiree are as follows:

- 43           (1) For employees, seven thousand nineteen dollars (\$7,019).
- 44           (2) For retirees, four thousand eight hundred fifty-six dollars (\$4,856). In  
 45 applying this subdivision, the annual employer contribution for the average  
 46 retiree shall be calculated assuming the retiree enrollment counts remain at the  
 47 April 2021 level throughout the 2021-2022 fiscal year.

48           **SECTION 39.22.(e)** Effective July 1, 2022, the maximum annual employer  
 49 contributions for the 2022-2023 fiscal year, payable monthly, by the State to the North Carolina  
 50 State Health Plan for Teachers and State Employees for each covered employee or retiree are as  
 51 follows:

- 1 (1) For employees, seven thousand three hundred ninety-seven dollars (\$7,397).  
2 (2) For retirees, five thousand one hundred eighteen dollars (\$5,118).  
3

4 **ONE-TIME COST OF LIVING SUPPLEMENTS FOR RETIREES OF THE**  
5 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**  
6 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**  
7 **RETIREMENT SYSTEM**

8 **SECTION 39.23.(a)** G.S. 135-5 is amended by adding new subsections to read:

9 "(xxx) On or before December 31, 2021, a one-time cost-of-living supplement payment shall  
10 be made to or on account of beneficiaries who are living as of September 1, 2021, and whose  
11 retirement commenced on or before September 1, 2021. The payment shall be two percent (2%)  
12 of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not  
13 be prorated for date of retirement commencement. If the beneficiary dies before the payment is  
14 made, then the payment shall be payable to the member's legal representative. No beneficiary  
15 shall be deemed to have acquired a vested right to any future supplemental payments.

16 (yyy) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living  
17 supplement payment shall be made to or on account of beneficiaries who are living as of  
18 September 1, 2022, and whose retirement commenced on or before September 1, 2022. The  
19 payment shall be three percent (3%) of the beneficiary's annual retirement allowance payable as  
20 of September 1, 2022, and shall not be prorated for date of retirement commencement. If the  
21 beneficiary dies before the payment is made, then the payment shall be payable to the member's  
22 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future  
23 supplemental payments."

24 **SECTION 39.23.(b)** G.S. 135-65 is amended by adding new subsections to read:

25 "(ii) On or before December 31, 2021, a one-time cost-of-living supplement payment shall  
26 be made to or on account of beneficiaries who are living as of September 1, 2021, and whose  
27 retirement commenced on or before September 1, 2021. The payment shall be two percent (2%)  
28 of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not  
29 be prorated for date of retirement commencement. If the beneficiary dies before the payment is  
30 made, then the payment shall be payable to the member's legal representative. No beneficiary  
31 shall be deemed to have acquired a vested right to any future supplemental payments.

32 (jj) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living  
33 supplement payment shall be made to or on account of beneficiaries who are living as of  
34 September 1, 2022, and whose retirement commenced on or before September 1, 2022. The  
35 payment shall be three percent (3%) of the beneficiary's annual retirement allowance payable as  
36 of September 1, 2022, and shall not be prorated for date of retirement commencement. If the  
37 beneficiary dies before the payment is made, then the payment shall be payable to the member's  
38 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future  
39 supplemental payments."

40 **SECTION 39.23.(c)** G.S. 120-4.22A is amended by adding new subsections to read:

41 "(cc) In accordance with subsection (a) of this section, on or before December 31, 2021, a  
42 one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who  
43 are living as of September 1, 2021, and whose retirement commenced on or before September 1,  
44 2021. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance  
45 payable as of September 1, 2021, and shall not be prorated for date of retirement commencement.  
46 If the beneficiary dies before the payment is made, then the payment shall be payable to the  
47 member's legal representative. No beneficiary shall be deemed to have acquired a vested right to  
48 any future supplemental payments.

49 (dd) In accordance with subsection (a) of this section, after September 1, 2022, but on or  
50 before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on  
51 account of beneficiaries who are living as of September 1, 2022, and whose retirement

1 commenced on or before September 1, 2022. The payment shall be three percent (3%) of the  
2 beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be  
3 prorated for date of retirement commencement. If the beneficiary dies before the payment is  
4 made, then the payment shall be payable to the member's legal representative. No beneficiary  
5 shall be deemed to have acquired a vested right to any future supplemental payments."

6 **SECTION 39.23.(d)** Notwithstanding any other provision of law to the contrary, in  
7 order to administer the one-time cost-of-living supplement for retirees provided for in  
8 subsections (a), (b), and (c) of this section, the Retirement Systems Division of the Department  
9 of State Treasurer may increase receipts from the retirement assets of the corresponding  
10 retirement system or pay costs associated with the administration of the payment directly from  
11 the retirement assets.

## 12 **UNFUNDED LIABILITY SOLVENCY RESERVE MODIFICATIONS**

13 **SECTION 39.24.(a)** G.S. 143C-4-10 reads as rewritten:

### 14 **"§ 143C-4-10. Unfunded Liability Solvency Reserve.**

15 (a) Creation. – The Unfunded Liability Solvency Reserve is established as a reserve in  
16 the General Fund. The Unfunded Liability Solvency Reserve is an employee benefits trust as  
17 described under G.S. 143C-1-3(a).

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

- 19 (1) Benefit enhancement. – Any change to the benefits provided under the  
20 Teachers' and State Employees' Retirement System of North Carolina  
21 established under G.S. 135-2 or to the Retiree Health Benefit Fund established  
22 under G.S. 135-7(f) that is estimated to increase the contributions or liabilities  
23 associated with either program, as indicated by an actuarial note provided  
24 under G.S. 120-114.
- 25 (2) Health Benefit Fund. – The Retiree Health Benefit Fund established under  
26 G.S. 135-7(f).
- 27 (3) Health Benefit Fund Actuarial Committee. – The Committee on Actuarial  
28 Valuation of Retired Employees' Health Benefits established under  
29 G.S. 135-48.12.
- 30 (4) Reserve. – The Unfunded Liability Solvency Reserve established under  
31 subsection (a) of this section.
- 32 (5) Retirement System. – The Teachers' and State Employees' Retirement System  
33 of North Carolina established under G.S. 135-2.

34 (c) Source of Funds. – The Reserve shall receive the following funds:

- 35 (1) Any amounts that shall be appropriated by the General Assembly.
- 36 (1a) Funds transferred under G.S. 143C-4-2(i) or (j).
- 37 (2) Funds transferred under ~~G.S. 142-15.4, 142-96, and 143C-4-2.~~G.S. 142-15.4  
38 and G.S. 142-96.
- 39 (3) Any funds, in an amount directed by the State Treasurer to be transferred, that  
40 meet all of the following criteria:
  - 41 a. The funds are the result of rebates received by the Department of State  
42 Treasurer from a company administering supplemental voluntary  
43 insurance benefits authorized under G.S. 120-4.32(b), 128-38.3(b),  
44 135-18.8(b), or 135-75(b).
  - 45 b. The funds are not owed to a company administering, or individuals  
46 participating in, supplemental voluntary insurance benefits.
  - 47 c. As determined by the Board of Trustees of the Retirement System, the  
48 funds are not to be needed to pay future administrative costs of the  
49 supplemental voluntary insurance benefits.

1 (d) Transfer of Funds From the Reserve. – The transfer of funds from the Reserve shall  
2 meet all of the following requirements:

- 3 (1) The funds in the Reserve shall be used only for transfers to the (i) Health  
4 Benefit Fund or (ii) the Retirement System for the purpose of reducing the  
5 unfunded liabilities of those two funds.
- 6 (2) Funds in the Reserve must be appropriated or transferred by the end of the  
7 next fiscal year after the funds entered the Reserve.
- 8 (3) Transfers from the Reserve to the Health Benefit Fund and the Retirement  
9 System shall not supplant employer contributions otherwise designated for the  
10 Health Benefit Fund or Retirement System. Transfers shall be made from the  
11 Reserve only upon the following conditions:
- 12 a. The portion of the State's employer contribution rate provided to the  
13 Health Benefit Fund is not less than the cost of the premiums for the  
14 retirees served by the Retiree Health Benefit Fund in the most recent  
15 plan year.
- 16 b. The portion of the State's employer contribution rate provided to the  
17 Retirement System in effect at the time of the transfer is equal to or  
18 greater than the rate certified under G.S. 135-8 as necessary by the  
19 Board of Trustees of the Retirement System.
- 20 c. Transfers from the Reserves shall not be used to pay the cost of benefit  
21 enhancements commencing after July 1, 2017.

22 (e) Use of Funds in the Reserve. Funds Appropriated by the General Assembly or  
23 Transferred From the General Fund Based on Estimated State Tax Revenue Growth. – On the  
24 first day of each fiscal year, the total ~~balance of the Reserve~~ amount of funds (i) appropriated by  
25 the General Assembly to the Reserve as specified in subdivision (c)(1) of this section and (ii)  
26 transferred into the Reserve under G.S. 143C-4-2(i) or (j) as specified in subdivision (c)(1a) of  
27 this section, as of the last day of the preceding fiscal year shall be used to appropriate an  
28 additional employer contribution to the Health Benefit Trust and the Retirement System. ~~This~~  
29 ~~additional employer contribution shall be calculated as follows:~~

- 30 (1) ~~The total balance in the Reserve as of the last day of the preceding fiscal year~~  
31 ~~shall be divided between the Health Benefit Fund and the Retirement System~~  
32 ~~according to each program's proportion of the State's total unfunded liability~~  
33 ~~of both programs as reported in the most recent Comprehensive Annual~~  
34 ~~Financial Report issued by the State Controller.~~
- 35 (2) ~~Each program's pro rata share of the total balance in the Reserve as of the last~~  
36 ~~day of the preceding fiscal year shall be converted into a percentage of the~~  
37 ~~General Fund payroll of covered members of the Health Benefit Fund and the~~  
38 ~~Retirement System.~~
- 39 (3) ~~Each program's percentage of General Fund payroll of covered members, as~~  
40 ~~calculated in subdivision (2) of this subsection, shall be set as an additional~~  
41 ~~portion of the State's employer contribution rate budgeted for retirement and~~  
42 ~~related benefits. The following shall also apply:~~
- 43 a. ~~The percentage of General Fund payroll of covered members allocated~~  
44 ~~to the Health Benefit Fund shall be added to the portion of the State's~~  
45 ~~employer contribution rate budgeted for hospital and medical benefits.~~
- 46 b. ~~The percentage of General Fund payroll of covered members allocated~~  
47 ~~to the Retirement System shall be added to the State's employer~~  
48 ~~contribution rate budgeted for the Retirement System.~~

49 (e1) Use of Funds Transferred From Savings Achieved by State Debt Refinancing. – As  
50 soon as practicable after funds are transferred into the Reserve under G.S. 142-15.4 and  
51 G.S. 142-96, as specified in subdivision (c)(2) of this section, the State Controller, in conjunction

1 with the State Treasurer, shall transfer the total amount of these funds to the Health Benefit Fund  
 2 and the Retirement System. These funds shall be divided between the Health Benefit Fund and  
 3 the Retirement System according to each program's proportion of the State's total unfunded  
 4 liability of both programs as reported in the most recent Annual Comprehensive Financial Report  
 5 issued by the State Controller.

6 (e2) Use of Funds Transferred From Insurance Rebates. – As soon as practicable after  
 7 funds are transferred into the Reserve as specified in subdivision (c)(3) of this section, the State  
 8 Controller, in conjunction with the State Treasurer, shall transfer the total amount of these funds  
 9 to the Health Benefit Fund and the Retirement System. These funds shall be divided between the  
 10 Health Benefit Fund and the Retirement System according to each program's proportion of the  
 11 State's total unfunded liability of both programs as reported in the most recent Annual  
 12 Comprehensive Financial Report issued by the State Controller.

13 (f) Not Considered Debt Service Funds. – Any funds in the Reserve, as well as any funds  
 14 from the Reserve used to establish additional contributions to the Health Benefit Fund or  
 15 Retirement System, shall not be considered debt service funds for general long-term debt  
 16 principal and interest.

17 (g) Funds Do Not Revert. – No portion of the Fund shall be transferred to the General  
 18 Fund, and any appropriation made to the Fund shall not revert."

19 **SECTION 39.24.(b)** This section is effective when it becomes law.

20  
 21 **PART XL. CAPITAL**

22  
 23 **CAPITAL IMPROVEMENT AND REPAIRS AND RENOVATIONS**  
 24 **APPROPRIATIONS**

25 **SECTION 40.1.(a)** The following agency capital improvement projects have been  
 26 assigned a project code for reference to allocations in this Part, past allocations, and for intended  
 27 project support by the General Assembly for future fiscal years:

<b>Agency Capital Improvement Project</b>	<b>Project Code</b>
Administrative Office of the Courts–	
Supreme Court & Court of Appeals-Lexan Windows	AOC21-1
Department of Agriculture and Consumer Services	
Eaddy Building–Addition & Renovation	DACS21-1
Tidewater Research Station–Swine Unit Replacements	DACS21-2
NCFS–County Offices	DACS21-3
NCFS–Region 1 Headquarters	DACS21-4
Mountain Island State Forest–Improvements	DACS21-5
Commissioner Troxler Building–New Chiller	DACS21-6
Department of Health and Human Services	
New Broughton Hospital–	
New Maintenance Facility	DHHS21-1
Department of Environmental Quality	
Reedy Creek Laboratory	DEQ21-1
Water Resources Development Projects	DEQ-WRD21
Department of Natural and Cultural Resources	
NC Museum of Art–Light Control	DNCR21-1
NC Museum of Art–Amphitheater Restoration	DNCR21-2
NC Museum of Natural History–Dueling Dinosaurs Lab	DNCR21-3

1	Fort Fisher Historic Site–New Visitor Center	DNCR21-4
2	Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
3	NC Zoo–Asia/Australia Exhibits	DNCR21-6
4	NC Zoo–Parking/Trams	DNCR21-7
5	NC Transportation Museum–Powerhouse Renovation	DNCR21-8
6	Thomas Day House	DNCR21-9
7	Graveyard of the Atlantic	DNCR21-10
8	Pisgah View State Park	DNCR21-12
9	NC Museum of History–Expansion	DNCR21-13
10	NC Transportation Museum–Train Shed Renovation	DNCR21-14
11	NC Museum of Art–Science Laboratory & Education Center	DNCR21-15
12	NC Museum of Art–The Porch Venue & Park Entrance	DNCR21-16
13	NC Museum of Art–Community Arts & Education Center	DNCR21-17
14		
15	Department of Administration	
16	DHHS/Dix Campus Relocation	DOA21-1
17	Dix Campus Relocation–Utilities & Mail Service Warehouse	DOA21-2
18	State Gov't. Complex Chiller Plant	DOA21-3
19	DHHS/Utility Infrastructure Support	DOA21-4
20		
21	Department of Insurance	
22	Office of State Fire Marshal–	
23	Land Development & Training Center	DOI21-1
24		
25	Department of Public Instruction	
26	Center for the Advancement of Teaching	DPI21-1
27		
28	Department of Public Safety	
29	Richmond Regional JDC–Raise the Age Renovations	DPS21-1
30	Samarcand–Live Fire Training Building	DPS21-2
31	Samarcand–Driving Track	DPS21-3
32	Samarcand–Parking Lot	DPS21-4
33	East Montgomery–Safer Schools Training Academy	DPS21-5
34	State Highway Patrol–	
35	Viper Building	DPS21-6
36	Garner Road Armory	DPS21-7
37	State Bureau of Investigation–	
38	Headquarters & Building 12 Renovation	DPS21-9
39	National Guard–	
40	Federal Match Funding Pool	NG21-1
41	Edgecombe County Readiness Center	NG21-2
42	Burke County Readiness Center	NG21-3
43	Guilford Regional Readiness Center	NG21-4
44		
45	General Assembly	
46	Renovations/Elevator Repair	NCGA21-1
47	Downtown Government Complex/Master Plan	NCGA21-2
48	UNC System Office/Downtown Gov't Complex Relocation	NCGA21-3
49	Old State Capitol	NCGA21-4
50		
51	The University of North Carolina	

1	North Carolina State University–	
2	Apiculture Facility	UNC/NCS21-1
3	E-Sports Facility	UNC/NCS21-2
4	E-Sports Truck	UNC/NCS21-3
5	S.T.E.M. Building	UNC/NCS20-1
6	University of North Carolina at Chapel Hill–	
7	Business School	UNC/CH20-1
8	Nursing School Renovation	UNC/CH20-2
9	Elizabeth City State University–	
10	New Residence Hall	UNC/ECS21-1
11	Sky Bridge	UNC/ECS21-2
12	New Dining Facility	UNC/ECS21-3
13	Flight School	UNC/ECS21-4
14	Appalachian State University–	
15	Peacock Hall/Business	UNC/ASU21-1
16	Innovation Campus	UNC/ASU21-2
17	North Carolina School of Science and Math-Morganton–	
18	Repair & Renovation and Wellness Center	UNC/SSM21-1
19	North Carolina Central University–	
20	Lab Equipment	UNC/NCC21-1
21	East Carolina University–	
22	Brody School of Medicine	UNC/ECU21-1
23	University of North Carolina at Pembroke–	
24	Health Sciences Center	UNC/PEM21-1
25	Fayetteville State University–	
26	Dormitories	UNC/FSU21-1
27	College of Education	UNC/FSU21-2
28	Parking Deck	UNC/FSU21-3
29	Western Carolina University–	
30	Moore Building/Upper Campus Infrastructure	UNC/WCU21-1
31	Winston-Salem State University–	
32	K.R. Williams Auditorium	UNC/WSS21-1
33	UNC Board of Governors–	
34	UNC Lease Funds	UNC/BOG21-1

35		
36	Repairs and Renovations-The University of North Carolina	UNC/R&R21
37	Repairs and Renovations-State Agencies (non-UNC)	R&R21
38	Community College Capital Allocations	CC21
39	UNC- Engineering North Carolina's Future	UNC/ENG21
40	Connect NC Bond Funds	CNC21
41	SCIF-Related Personnel	PERS21
42	OSBM Flexibility Funds	FLEX21

43       **SECTION 40.1.(b)** This subsection authorizes the following capital projects and  
44 allocates funding in the 2021-2023 fiscal biennium based upon projected cash flow needs for the  
45 authorized projects. The authorizations provided in this subsection represent the maximum  
46 amount of funding from the State Capital and Infrastructure Fund that may be expended on each  
47 project. An additional action by the General Assembly is required to increase the maximum  
48 authorization for any of the projects listed.

49       There is allocated from the State Capital and Infrastructure Fund to the Office of State  
50 Budget and Management for the 2021-2023 fiscal biennium the following amounts for capital  
51 improvement project codes, as defined in subsection (a) of this section:



	<b>Capital Improvements– State Capital and Infrastructure Fund</b>	<b>Total Project Authorization</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
1	AOC21-1	\$135,000	\$135,000	–
2	DACS21-1	1,632,000	1,632,000	–
3	DACS21-2	3,518,000	3,518,000	–
4	DACS21-3	4,000,000	4,000,000	–
5	DACS21-4	4,000,000	4,000,000	–
6	DACS21-5	1,500,000	1,500,000	–
7	DACS21-6	2,400,000	2,400,000	–
8	DOL21-1	5,000,000	5,000,000	–
9	DHHS21-1	1,600,000	1,600,000	–
10	DEQ21-1	55,000,000	5,500,000	13,750,000
11	DEQ-WRD21	N/A	44,469,664	35,231,560
12	DNCR21-1	1,000,000	1,000,000	–
13	DNCR21-2	4,000,000	4,000,000	–
14	DNCR21-3	2,500,000	2,500,000	–
15	DNCR21-4	8,000,000	4,000,000	–
16	DNCR21-5	10,000,000	5,000,000	5,000,000
17	DNCR21-6	75,000,000	41,233,563	33,766,437
18	DNCR21-7	5,000,000	5,000,000	–
19	DNCR21-8	4,000,000	4,000,000	–
20	DNCR21-9	800,000	800,000	–
21	DNCR21-10	4,200,000	4,200,000	–
22	DNCR21-12	12,200,000	9,000,000	3,200,000
23	DNCR21-13	60,000,000	8,000,000	15,000,000
24	DNCR21-14	6,000,000	6,000,000	–
25	DNCR21-15	6,500,000	6,500,000	–
26	DNCR21-16	5,000,000	5,000,000	–
27	DNCR21-17	3,000,000	3,000,000	–
28	DOA21-1	244,000,000	50,000,000	60,500,000
29	DOA21-2	13,700,000	13,700,000	–
30	DOA21-3	21,875,000	10,286,748	11,588,252
31	DOA21-4	5,000,000	5,000,000	–
32	DOI21-1	3,500,000	3,500,000	–
33	DPI21-1	23,416,952	19,482,815	3,934,137
34	DPS21-1	10,702,952	10,702,952	–
35	DPS21-2	1,831,000	1,831,000	–
36	DPS21-4	475,000	475,000	–
37	DPS21-5	4,170,000	4,170,000	–
38	DPS21-6	7,139,374	7,139,374	–
39	DPS21-7	17,845,933	8,922,967	8,922,967
40	DPS21-9	81,632,759	8,163,276	20,408,190
41	NG21-1	N/A	8,000,000	–
42	NG21-2	9,500,000	500,000	9,000,000
43	NG21-3	3,250,000	150,000	3,100,000
44	NG21-4	15,700,000	15,700,000	–
45	NCGA21-1	2,450,000	2,450,000	–
46	NCGA21-2	1,800,000	1,800,000	–
47	NCGA21-3	100,391,316	–	11,391,316
48	NCGA21-4	6,300,000	300,000	6,000,000

1	UNC/NCS21-1	4,000,000	4,000,000	–
2	UNC/NCS21-2	12,000,000	6,000,000	6,000,000
3	UNC/NCS21-3	4,000,000	4,000,000	–
4	UNC/NCS20-1	160,000,000	18,250,000	36,500,000
5	UNC/CH20-1	150,000,000	10,000,000	18,750,000
6	UNC/CH20-2	60,000,000	21,250,000	25,500,000
7	UNC/ECS21-1	40,000,000	10,000,000	30,000,000
8	UNC/ECS21-2	2,500,000	2,500,000	–
9	UNC/ECS21-3	7,500,000	7,500,000	–
10	UNC/ECS21-4	34,000,000	4,000,000	10,000,000
11	UNC/ASU21-1	25,000,000	12,500,000	12,500,000
12	UNC/ASU21-2	54,000,000	54,000,000	–
13	UNC/SSM21-1	12,000,000	12,000,000	–
14	UNC/NCC21-1	3,011,000	3,011,000	–
15	UNC/ECU21-1	215,000,000	21,500,000	53,750,000
16	UNC/PEM21-1	91,000,000	9,100,000	22,750,000
17	UNC/FSU21-1	40,000,000	4,000,000	10,000,000
18	UNC/FSU21-2	63,000,000	6,300,000	13,750,000
19	UNC/FSU21-3	10,000,000	10,000,000	–
20	UNC/WCU21-1	9,200,000	9,200,000	–
21	UNC/WSS21-1	57,000,000	5,700,000	14,250,000
22	UNC/BOG21-1	15,000,000	–	3,750,000
23	UNC/R&R21	N/A	250,000,000	250,000,000
24	R&R21	N/A	200,000,000	200,000,000
25	CC21	400,000,000	100,000,000	100,000,000
26	CNC21	258,000,000	182,333,333	17,491,667
27	PERS21	N/A	2,000,000	2,000,000
28	FLEX21	100,000,000	–	25,000,000
29	UNC/ENG21	90,000,000	45,000,000	45,000,000

30 **SECTION 40.1.(c)** Funds allocated for project codes R&R21 and UNC/R&R21 in  
31 subsection (b) of this section for the 2021-2023 fiscal biennium shall be utilized for repairs and  
32 renovations pursuant to G.S. 143C-8-13. The cost for any single repair and renovation project  
33 for a State agency other than The University of North Carolina that is not otherwise specifically  
34 authorized in this Part shall not exceed fifteen million dollars (\$15,000,000). The Office of State  
35 Budget and Management shall consult with or report to the Joint Legislative Commission on  
36 Governmental Operations, as appropriate, in accordance with G.S. 143C-8-13(b). The Board of  
37 Governors shall report to the Joint Legislative Commission on Governmental Operations in  
38 accordance with G.S. 143C-8-13(b).

39 **SECTION 40.1.(c1)** Of the funds allocated for project code R&R21, the following  
40 sums shall be allocated for the following projects:

- 41 (1) One million six hundred seventy-three thousand five hundred dollars  
42 (\$1,673,500) for the 2021-2022 fiscal year to the Department of Justice for  
43 repairs and renovations at the Edneyville Justice Academy.
- 44 (2) Two million eight hundred thirty-six thousand nine hundred fifty-two dollars  
45 (\$2,836,952) for the 2021-2022 fiscal year to the Department of Justice for  
46 repairs and renovations at the Salemburg Justice Academy.
- 47 (3) Three million six hundred seventy-five thousand dollars (\$3,675,000) for the  
48 2021-2022 fiscal year to the Department of Health and Human Services for  
49 repair and renovation of the Avery Building on the Broughton Hospital  
50 campus.

- 1 (4) Five hundred thousand dollars (\$500,000) for each fiscal year of the
- 2 2021-2023 fiscal biennium to the Department of Natural and Cultural
- 3 Resources for repairs and renovations projects at Tryon Palace.
- 4 (5) Two million dollars (\$2,000,000) for the 2021-2022 fiscal year to the
- 5 Department of Public Instruction for repairs and renovations of the historic
- 6 Superintendent's House located on the campus of North Carolina School for the
- 7 Deaf to preserve and enhance the existing structure and site for the
- 8 preservation and display of artifacts and exhibits related to the history of
- 9 Broughton Hospital and other historic structures in the area, and for use as a
- 10 multipurpose venue.
- 11 (6) One million one hundred thousand dollars (\$1,100,000) for the 2021-2022
- 12 fiscal year to the Department of Public Instruction for repairs and renovations
- 13 to the chapel located on the campus of the North Carolina School for the Deaf.
- 14 (7) Four million five hundred thousand dollars (\$4,500,000) for the 2021-2022
- 15 fiscal year to the Department of Public Safety for repairs and renovations
- 16 related to the Safer Schools Training Academy.
- 17 (8) Three million six hundred forty thousand dollars (\$3,640,000) to the
- 18 Department of Revenue for security improvements at various locations
- 19 throughout the State.
- 20 (9) Five hundred seventy-five thousand dollars (\$575,000) to the Department of
- 21 Insurance for ground floor renovations to the Albemarle Building.
- 22 (10) It is the intent of the General Assembly to provide repair and renovation
- 23 funding to the Department of Administration for the Mail Service Center
- 24 relocation project beginning with the 2023-2024 fiscal year.

25 **SECTION 40.1.(c2)** Of the funds allocated for project code UNC/R&R21, the  
 26 following sums shall be allocated for the following projects:

- 27 (1) Sixty million dollars (\$60,000,000) for each fiscal year of the 2021-2023 fiscal
- 28 biennium to North Carolina State University for repairs and renovations to
- 29 Dabney Hall.
- 30 (2) Ten million dollars (\$10,000,000) for the 2021-2022 fiscal year to North
- 31 Carolina State University for repairs and renovations to Polk Hall.

32 **SECTION 40.1.(d)** Notwithstanding G.S. 143C-8-13(a), the Board of Governors of  
 33 The University of North Carolina is authorized to utilize funds allocated for project code  
 34 UNC/R&R21 in subsection (b) of this section for the projects listed in this subsection. The Board  
 35 of Governors may reallocate funds in accordance with G.S. 143C-8-13(b); provided, however,  
 36 reallocation of funds intended for a project located at a particular constituent institution may only  
 37 be reallocated for repairs and renovations projects at that particular constituent institution. The  
 38 Board of Governors is authorized to utilize funds allocated for project code UNC/R&R21 that  
 39 are available after allocation for specific projects authorized in this Part and that exceed the  
 40 amount needed to fund intended projects at the constituent institutions as listed in this subsection.  
 41 The provisions of G.S. 143C-8-13(b)(4), as enacted by Section 40.10(b) of this act, shall not  
 42 apply to the projects listed in this subsection. The Board of Governors may prioritize funding for  
 43 the following proposed projects that the General Assembly intends to fund through the  
 44 2023-2025 fiscal biennium:

45 <b>UNC Constituent Institution</b>	46 <b>Proposed Project Cost</b>
47 Appalachian State University–	
48 Wey Hall Envelope & Roof Repair	\$5,000,000
49 Wey Hall Partial Renovation–Building Systems	10,000,000
50 Walker Hall HVAC Repair & Upgrades	500,000
51 Walker Hall Envelope & Structural Repair	1,300,000
52 Campus-Wide Electronic Door Access Installation	1,500,000

1	Chapell Wilson Gutter/Soffit/Roof Replacement	600,000
2	Smith Wright Hall Roof Repair & Replacement	1,000,000
3	Holmes Convocation Center Chiller	200,000
4	BB Dougherty Chiller Repair	100,000
5	Facilities Operations/Motorpool Wall Repairs	300,000
6	John E. Thomas Chiller Compressor Upgrades	250,000
7	Anne Belk Hall Hot Water Piping Replacement	500,000
8	Edwin Duncan Hall HVAC & Lighting Improvements	800,000
9	John E. Thomas Envelope	300,000
10	Howard Street Hall Road Opening	200,000
11	Holmes Convocation Center VAV Replacement	150,000
12	Peacock Elevator Upgrade	200,000
13	University Hall Sprinkler System	250,000
14	Duncan Hall Renovation	20,000,000
15	<b>Total Proposed Project Authorizations- Appalachian State University</b>	<b>43,150,000</b>
16	East Carolina University–	
17	Brody High-Rise Code Compliance, Phase 2	6,000,000
18	Main Campus-College Hill Drive Steam, Phase 3	2,500,000
19	Whichard Building Comprehensive Renovation	10,000,000
20	Speight Building Roof, Window, & Envelope Replacement	4,000,000
21	Chilled Water Extension to Whichard & Graham	6,475,000
22	Main Campus-Relocate Steam & Condensate, Phase 1	5,000,000
23	Health Science Building Envelope Infiltration Repairs	5,000,000
24	Brody Building Freight Elevators-Emergency Power	250,000
25	Science & Technology–Replace Roof	400,000
26	Old Cafeteria Building–Install Steam Manhole & Replace Piping	300,000
27	Health Science Campus Catwalks/Central Utility Plant	225,000
28	Warren Life Sciences–Replace Roof–Section B	300,000
29	Health Science Campus Central Utility Plant Transformers 1 & 2	404,000
30	Bate Upgrade Elevators (2)	350,000
31	Rivers–Replace Roof	300,000
32	Christenbury–Replace Roof	410,000
33	Brody Building Envelope Infiltration Repairs, Phase 1	1,500,000
34	Brody Chilled Water Loop Valve Replacement	100,000
35	Jenkins Art North Building Envelope Repairs	1,750,000
36	McGinnis Scene Shop–Replace Roof	100,000
37	Brody–Inline Fan Replacement, Phase 1	200,000
38	Jenkins Art–Replace Distribution Sub Panels, Westside Jenkins Art	225,000
39	Messick–Upgrade/Replace Elevator	150,000
40	Building 127–Upgrade/Replace Elevator	150,000
41	Coastal Studies Annex–Repair & Coat Siding & Roofing	100,000
42	School of Dental Medicine/Comm. Svc. Learning Ctrs. Upgrades	
43	(HVAC & Indoor Air Quality)	203,000
44	Main Campus Steam Plant–Install Steam Blanket for Boilers	100,000
45	McGinnis Auditorium–Upgrade/Replace Elevator	300,000
46	Brewster–HVAC Controls Optimization/D Wing	400,000
47	Greenville Centre–HVAC Controls Upgrade	
48	(Specific Remote Terminal Unit Variable Air Volumes)	300,000
49	Plate & Frame Heat Exchanger for Science & Technology/	
50	Central Chiller Plant w/Controls Upgrade	300,000
51	Old Cafeteria Building Controls Upgrade (Specific Direct Digital Control)	300,000

1	Carol Belk Building–HVAC System (Specific Variable Air Volume Integration)	300,000
2	Rivers Building–HVAC System (Specific Variable Air Volume)	300,000
3	Austin Building–Air Handlers Replacement	1,500,000
4	Warren Life Sciences–Extend Sprinkler System to Original Section	181,000
5	Building 43–Upgrade Freight Elevator/Replace Shaft and Jack	230,000
6	Main Campus–Replace Power Distribution System Steam Plant	250,000
7	Biotechnology Building–Upgrade Laboratory Exhaust System	452,000
8	Biotechnology Building–Replace Exhaust Fans	130,134
9	Repair & Repave Service Drive at West End Dining/ Behind White Residence Hall	150,000
10	Wright Building/Wright Auditorium–Fire Alarm System Upgrade	300,000
11	Old Cafeteria & Ragsdale Annex–Replace Roof	240,000
12	Brody School of Medicine–Replace Computer Room Air Conditioning Units	200,000
13	Cotanche Data Center–Renovations to Improve Fire Protec. Syst./Data Rooms	210,000
14	Howell Science Building South	30,000,000
15		
16	<b>Total Proposed Project Authorizations- East Carolina University</b>	<b>82,535,134</b>
17	Elizabeth City State University–	
18	Repair Campus Main Switch	700,000
19	Repair Campus Pump Station	650,000
20	Infrastructure Upgrades–Water & Electrical, Phase 1	12,000,000
21	Emergency Generator Power–Operations	4,900,000
22	Emergency Generator Power–Residence Halls	2,100,000
23	Campus-Wide Lockdown System	2,000,000
24	Building Demolition (4 Buildings)	1,500,000
25	Butler Residence Hall Renovations	2,500,000
26	Underground Infrastructure–	
27	(Replace all campus plumbing gate valves/infrastructure for fire pump)	150,000
28	Underground Infrastructure–	
29	(Replace 6-in. with 8-in. line to improve water volume/Campus North)	300,000
30	Jenkins Hall, Phase 2–Renovation of Laboratory and Classroom	400,000
31	Vaughn Center–Repair Student Phys. Ed. Learning Spaces–	
32	(Pool, flooring, ceilings & building envelope)	550,000
33	Fine Arts–Roof Replacement	200,000
34	Dixon Hall–Classroom & Laboratory Renovations	400,000
35	ITC–Air Handler Replacement	300,000
36	Lester Hall–Demolition	495,000
37	Infrastructure Upgrades–Water & Electrical, Phase 2	27,000,000
38	<b>Total Proposed Project Authorizations- Elizabeth City State University</b>	<b>56,145,000</b>
39	Fayetteville State University–	
40	Lyons Science Renovation	1,500,000
41	Butler Renovation–(HVAC, Bldg. Envelope, Fire Alarm)	3,450,000
42	A.B. Rosenthal Building–Targeted Renovation	10,000,000
43	Campus-Wide Utility Infrastructure	9,950,000
44	Barber/Collins Admin Complex–Roof Replacement	200,000
45	Campus-Wide Exterior Lighting Retrofit	400,000
46	Campus-Wide Brick Paver & Concrete Walk Repairs	500,000
47	Telecom–Roof Replacement	150,000
48	Butler–Roof Replacement	650,000
49	Chesnutt–MEP (Generator)	400,000
50	Telecom–MEP (Central Plant Tie, AHU, BAS, MDP, Generator)	750,000
51	University Advancement–MEP (AHU, Heat Pumps, BAS, MDP)	600,000

1	FM Complex–MEP (HVAC, MDP, Generator, Restrooms)	450,000
2	Harris CBE–Precast Concrete Structural Repair	100,000
3	Cook–Exterior Stairs & Patio Repairs	100,000
4	J. Knuckles Science Annex–Roof Replacement	150,000
5	H.T. Chick–Targeted Renovation	9,500,000
6	<b>Total Proposed Project Authorizations- Fayetteville State University</b>	<b>38,850,000</b>
7	North Carolina Agricultural & Technical State University–	
8	Carver Hall–Comprehensive Modernization, Phase 1	9,700,000
9	Price Hall–Renovation, Phase 1	8,000,000
10	Marteena Hall Renovation	9,100,000
11	General Classroom, B Side–Roof Repairs	1,241,107
12	Boiler Replacement	1,459,200
13	Hines Hall–HVAC Modifications	300,000
14	Waterproofing Buildings	600,000
15	IRC Building–HVAC Repairs/Replacement	705,274
16	Dudley–HVAC Repairs/Controls	403,305
17	McNair Hall–HVAC Repairs	250,000
18	Elevator Repairs/Replacement	450,000
19	Campus-Wide Steam Leaks	500,000
20	Building Steam System Repairs	200,000
21	Moore Gym/Hodgin Hall/Fraiser Hall–Roof Repairs	1,000,000
22	Price Hall/1020 Wendover/Hodgin Hall/Campbell Hall/C.H. Moore–	
23	Window Replacement	200,000
24	1020 Wendover/Price/Corbett Sports Center/Campbell, & Carver–	
25	Asbestos Abatement	150,000
26	Campus-Wide–Back Flow Preventors	300,000
27	Beef Barn/Bull Barn/Calf Barn/Dairy Barn	100,000
28	Carver Hall–Comprehensive Modernization, Phase 2	10,400,000
29	Price Hall Renovation, Phase 2	8,500,000
30	<b>Total Proposed Project Authorizations- North Carolina Agricultural &amp;</b>	
31	<b>Technical State University</b>	<b>53,558,886</b>
32	North Carolina Central University–	
33	Lee Biology Renovation	8,100,000
34	B.N. Duke Auditorium–Steam to Natural Gas Conversion	350,000
35	Art Museum–Roof Replacement	250,000
36	Campus-Wide Steam System Repairs	
37	(Steam Traps, Valves, Leaks, Piping & Insulation Replacement, MHs)	600,000
38	Robinson Science Building–Repair & Restore Brick Façade	300,000
39	Hubbard Totton Building–Elevator Replacement	350,000
40	Campus-Wide ADA Compliance Upgrades, Phase 2	100,000
41	William Jones Building–HVAC Upgrades	450,000
42	Walker PE Complex–Elevator Replacement	350,000
43	Sanitary Sewer System–	
44	(Locate/assess terra-cotta pipes; stop inflow and infiltration)	100,000
45	Roof Gutters & Vent Repairs	310,000
46	Taylor Building–Repair & Restore Brick Façade	161,000
47	Water System–Re-route South and East Sides/Increase Capacity	135,000
48	Campus-Wide Annual Flat Roof Diagnostics, Prev. Maint., & Leak Repairs	300,000
49	Fire Alarm Systems Upgrades & Repairs	250,000
50	Steam Plant–Roof Repair	40,000
51	Asbestos/Mold Remediation & Contaminants Removal	300,000

1	Shepard Library–ITS/NOC/HVAC Upgrades	230,000
2	Fine Arts Building–Fire Alarm System Replacement	495,000
3	Miller Morgan Building–VFDs Replacement	80,000
4	B.N. Duke Auditorium–Repair & Restore Brick Façade	300,000
5	Edmonds Building–Brick Façade Repair & ADA Access	
6	(Ease of Entry & Code Compliant Steps and Handrails)	245,300
7	Taylor Education Building Renovation	13,750,000
8	<b>Total Proposed Project Authorizations- North Carolina Central University</b>	<b>27,546,000</b>
9	North Carolina School of Science and Mathematics–	
10	Campus-Wide HVAC Renovations	2,000,000
11	Chiller Replacement	3,000,000
12	Building Envelope Repairs	5,850,000
13	Cafeteria Renovation	2,500,000
14	Academic Commons & Dining Hall Renovation	12,400,000
15	<b>Total Proposed Project Authorizations- North Carolina School of Science &amp;</b>	
16	<b>Mathematics</b>	<b>25,750,000</b>
17	North Carolina State University–	
18	Page Hall–Building Envelope Repairs & Plumbing Upgrades	4,000,000
19	Scott Hall–HVAC Renovation	5,000,000
20	Mann Hall–HVAC & Plumbing Renovation	10,000,000
21	Kilgore Hall–HVAC Renovation	10,000,000
22	North & Central Campus–Domestic Water Line Replacement	4,303,000
23	Poe Hall–Fire Protection Systems	3,500,000
24	Thomas Hall–HVAC Renovation	4,000,000
25	Research Building III–HVAC Upgrades	900,000
26	Original Campus–Domestic Water Line Repair Under RR Tracks	270,000
27	Scott Hall Labs–Renovation	2,500,000
28	Brooks Hall–Renovation, Phase 1	1,500,000
29	Mann Hall–Electrical Upgrades	950,000
30	Thomas Hall Labs–Renovation	1,000,000
31	CVM Equine AHU Replacement	300,000
32	McKimmon–ADA Improvements/Restrooms	500,000
33	Morrill Drive Domestic Water Line Replacement	661,000
34	Nelson, Park Alumni, Beef Ed. Unit, Schaub, CVM Research–	
35	Fire Alarm Panel Replacement	250,000
36	Campus-Wide Domestic Water Line & Valve Replacement, Phase 2	650,000
37	Don Ellis, Brooks–BAS Controls Upgrade, Phase 1	100,000
38	Campus-Wide Asbestos Removal Steam System	650,000
39	Caldwell Hall–Pointing & Caulking	100,000
40	Research Building I–AHU Replacement	850,000
41	Research Building IV–HVAC Upgrades	1,100,000
42	Centennial Campus–Repair Steam Leaks	550,000
43	CVM Main–Fire Alarm Upgrade, Phase 3	400,000
44	Mann Hall–Fire Sprinkler System	500,000
45	Campus Steam Leak Repair–MH13	200,000
46	Gardner Labs–Renovation	480,000
47	Textiles–COT Pod 2, South Side Foundation Waterproofing	350,000
48	Campus Cooling Tower Refurbish at CBC	250,000
49	Biltmore–Code Deficiencies	2,000,000
50	Campus Upgrade Sanitary/Storm Water System, Phase 1	844,000
51	Campus Chilled Water System Improvements	575,000

1	Kilgore–Foundation Waterproofing	350,000
2	Cox–Pointing & Caulking	300,000
3	Tompkins Hall–Above-Grade Waterproofing/Pointing	200,000
4	Yarborough–Chiller Controls Upgrade	146,000
5	Campus Sewer Line Replacement/Court of NC	175,000
6	111 Lampe Drive Renovation	42,000,000
7	<b>Total Proposed Project Authorizations- North Carolina State University</b>	<b>102,404,000</b>
8	University of North Carolina at Asheville–	
9	Campus Safety Improvements, Access Control, Cameras	2,300,000
10	Campus Roadway Repairs	4,400,000
11	Campus-Wide–Arc Flash Compliance, Phase II	150,000
12	Replace & Upgrade Fueling Station/Compliant Storage Tanks & System	
13	(FCAP #31053)	150,000
14	Replace Pedestrian Paths/Main Quad to Owen Hall	250,000
15	Replace Walkways in Tennent Park/ADA Accessible Path to	
16	Main Quadrangle/Carmichael Hall	250,000
17	Repair Concrete at Carmichael Plaza & Walk Along Ramsey/Tennent Park	200,000
18	Reuter Center–Replace BAS; Add VFD to AHU (FCAP #31131)	150,000
19	Reuter Center/Riverside Warehouse–Roof Replacements (FCAP #14433)	475,000
20	Rework Intersection at Edgewood & University Heights	250,000
21	Utility Location Survey/Installation of Underground Utility Markers	200,000
22	Zageir Hall–Replace Machinery w/new HE Models (FCAP #31124)	225,000
23	Underground Waterline Repairs–	
24	(Replace Domestic Waterline/Valves & Assoc. Work)	506,000
25	Campus-Wide–Implement Interoperable Communications/911 Commission	250,000
26	Campus-Wide–Install Sub-Metering in all Buildings:	
27	(Gas, Electric, Domestic Hot Water, Rain Water Systems, & Heating)	150,000
28	Replace Sidewalks at Zageir Hall	150,000
29	Weizenblatt Hall–Replace Low Slope Roof w/New Membrane Roof	175,000
30	118 W.T. Weaver–HVAC Replacement	
31	(Replace Major HVAC Equip./Update Controls)	518,974
32	Campus-Wide–Replace Deteriorated/Rusted Handrails w/Aluminum	250,000
33	Lipinsky Renovation	10,000,000
34	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	
35	<b>Asheville</b>	<b>20,999,974</b>
36	University of North Carolina at Chapel Hill–	
37	Wilson Library–Means of Egress	9,300,000
38	Swain Hall–Targeted Renovation	5,800,000
39	Phillips Hall–1958 Central HVAC System	6,000,000
40	Hamilton Hall–Central HVAC System	8,800,000
41	Wilson Library–1953 Central HVAC System AHU 1 & 2	7,000,000
42	Wilson Library–1953 Central HVAC System AHU 3	4,000,000
43	462 Art Studio Bldg.–Steel Roof	219,772
44	12 Carroll Hall–Replace Roofing/Built-Up Roof, Sector C	406,823
45	209 First Dental–Replace Roofing/Slate Roof	565,120
46	166 General Storeroom–Replace Roofing/Built-Up Roof, Sector 5	577,490
47	625 ITS Building–Manning–Replace Roofing/Built-Up Roof	672,719
48	27 Memorial Hall–Replace Barrel Roof	330,000
49	226 Old Clinic–Replace Built-Up Roof	283,355
50	5 South Building–Replace Metal Roof/Gutters & Install Fall Protection	927,239
51	228 Brinkhous-Bullitt Building–Electrical Service & Distribution	



1	(Replace Main/Sub-Distribution)	4,843,986
2	12 Carroll Hall–Repair & Renovate Elevator #1618	746,929
3	12 Carroll Hall–Repair & Renovate Elevator #6442	464,850
4	41 Coastal Process Environmental Health Lab Building–	
5	System Cumulative Deficiencies	675,000
6	13 Davie Hall–Replace Air Handling Unit 1A, 1st Floor, 1967 Bldg.	428,865
7	13 Davie Hall–Replace Air Handling Unit 1B, 1st Floor, 1967 Bldg.	169,045
8	3 Ackland Art Museum–Install Bldg. Automation System	236,625
9	13 Davie Hall–Replace Air Handling Unit 1C, 1st Floor, 1967 Bldg.	225,461
10	14 Dey Hall–Repair & Renovate Elevator #4576	407,206
11	369 Friday Center–Replace Heating/Cooling Air Handling Units:	
12	AHU 01/Office, 1st Floor	255,456
13	369 Friday Center–Replace Heating/Cooling Air Handling Units:	
14	AHU 02/Mail/Book Room, 1st Floor	272,402
15	462 Art Studio Building–Install Fire Sprinkler System	326,540
16	211 Brauer Hall–Fire Alarm Systems:	
17	Replace Fire Alarm Initiating Devices & Control Panel	565,868
18	13 Davie Hall–Fire Alarm Systems:	
19	Replace Fire Alarm Control Panel	135,985
20	498 Kenan Center–Fire Alarm Systems:	
21	Replace Initiating Devices & Control Panel	200,000
22	3 Ackland Art Museum–Air Handling Units:	
23	(AHU 2, Rear Galleries, Admin, 1983 Building)	419,748
24	24 Wilson Library–Replace AHU 7 HVAC System	5,086,299
25	3 Ackland Art Museum–Replace Windows/Painted Wood Window	484,785
26	328 Bingham Facility (Building 1)–Replace Roofing/EPDM Roof	225,560
27	228 Brinkhous-Bullitt Building–Provide Roof Fall Protection	156,547
28	229 Burnett-Womack Building–Provide Roof Fall Protection	138,419
29	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	
30	<b>Chapel Hill</b>	<b>61,348,094</b>
31	University of North Carolina at Charlotte–	
32	Atkins Library Tower–ADA & Elev.	10,000,000
33	Smith–Replace HVAC & Controls, Envelope, Replace Roof	5,950,000
34	Atkins Library Tower–Fire & Smoke Systems	3,840,000
35	Woodward–Controls & Lab HVAC Modernization	2,700,000
36	Friday–HVAC, Controls & Electrical Upgrade	9,700,000
37	Atkins–Roof	911,250
38	Reese–Roof	226,100
39	Reese–Fire Systems	773,500
40	Memorial Hall–Fire Systems	327,250
41	Duke–HVAC & Controls	654,500
42	Friday–Roof	1,011,000
43	RUP-2–HVAC & Controls	416,500
44	King–Fire Systems & Abatement	729,000
45	Fretwell–HVAC & Controls	1,574,009
46	Memorial Hall–Envelope	120,311
47	Memorial Hall–Roof	188,792
48	Reese–Envelope	995,269
49	King–Envelope	839,459
50	Grigg–HVAC & Controls	561,202
51	Friday–Fire Systems	631,072

1	Rowe–Elevators	156,334
2	Rowe–Electrical	154,042
3	Fretwell–Fire Systems	362,670
4	Cameron–Second Floor Renovation	19,100,000
5	Burson–Renovation	25,900,000
6	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	
7	<b>Charlotte</b>	<b>87,822,260</b>
8	University of North Carolina at Greensboro–	
9	Coleman–Fire Alarm Replacement	2,440,000
10	Steam Distribution Replacement, Phase IV-B	1,550,000
11	Campus Chiller Water Infrastructure & Equip. Improvements	10,400,000
12	Petty Bldg.–Portico Waterproofing	712,031
13	MHRA Building–Fire Alarm System Replacement	985,327
14	Mossman Bldg.–Roof Replacement	773,128
15	Campus-Wide ADA Compliance–Restrooms/Entrances, etc.	400,000
16	UNCG State Building–Exterior Envelope Repairs	762,000
17	Cone Art Bldg.–Replace Gallery Lighting/Light Controls, Phases 2 & 3	861,750
18	Replace Generator Diesel Fuel Tank	839,175
19	Campus-Wide–Replace Property-Line Fences/Replace Underground	
20	Piping for Roof Drainage	230,000
21	Sullivan Science Bldg.–Replace HVAC/Greenhouse	683,434
22	Campus-Wide–Pedestrian Crosswalks Repair & Upgrade	486,000
23	Armfield-Preyer/Visitor's Center–Exterior Renovation & Waterproofing	435,000
24	Campus-Wide Walks and Hardscape Improvements	240,000
25	Campus-Wide Asbestos & Lead Abatement	240,000
26	Petty Bldg.–Replace EST QuickStart Fire Alarm System	400,000
27	Sink Bldg./Maintenance Compound–Asphalt Replacement	140,000
28	Coleman Bldg.–VCT Flooring Abatement & Replacement	250,000
29	996 Spring Garden/1605 Spring Garden/535 Tate Street/2900 Oakland Ave.–	
30	Fire Alarm Upgrade	250,000
31	Cone Arts/Lecture Hall, Room 103–Seating, Flooring, Lighting, Other Upgrades	187,000
32	Jackson Library–Renovation/Addition	81,000,000
33	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	
34	<b>Greensboro</b>	<b>104,264,845</b>
35	University of North Carolina at Pembroke–	
36	Jacobs Hall–Demolition/Site Restoration	1,250,000
37	Campus Roof Replacements	1,500,000
38	Campus Safety & Regional Emergency Response Center	4,480,000
39	Campus Gas Line Replacement	550,000
40	Jones Pool–HVAC Replacement	1,300,000
41	Livermore & Jones–Generator	424,500
42	Honors College–Renovation	250,000
43	Jones Auxiliary Gym/Dance Studio–Flooring/Studio Upgrades	625,000
44	Education–Boiler Replacement	110,000
45	Chavis–Air Handlers	390,000
46	Moore Hall & Chavis–Boiler Replacement	190,000
47	Lumbee Hall & Old Main–Elevator Replacement	465,000
48	Jones/Livermore/Lumbee/Old Main–FACP Replacement	682,000
49	Jones–Ceiling Repaint	110,000
50	Business Administration Renovation	12,500,000
51	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	

1	<b>Pembroke</b>	<b>24,826,500</b>
2	University of North Carolina School of the Arts–	
3	Stevens Center–Roof, Water Intrusion, Bldg. Envelope	4,800,000
4	Gray Building–Roof, Bldg. Envelope, HVAC, Fire Suppression	3,350,000
5	Performance Place/Workplace/WPV–Roof Replacements	2,435,000
6	Gray Building–New Electrical Service Main	256,000
7	Design and Production/Workplace/Film Building 3–Life Safety Code Correction	134,000
8	Admin/Aquarius/Facilities/D&P Storage/WorkplaceWest V/Demille–	
9	Install Exit/Egress Lighting	115,000
10	Workplace–Renovate Drama Studios	448,000
11	Drainage & Landscape Improvements/Common Area at Moore & Sanford	397,000
12	Workplace–Renovate Drama Administrative Offices	323,000
13	Facilities Management–Install Shop Exhaust & Heating System	95,000
14	Gray Building–Remove Boilers	123,000
15	Film School, Buildings 1 & 2–Repair & Replace Windows	202,000
16	Film Archives Building–A/C & Controls	485,000
17	Performance Place, Film 2–	
18	Provide Heating/Cooling to Control Booth and Foley Booth	87,000
19	Gray Building–Modifications to Heating/Ventilation/AC System for Police	101,000
20	Film School–Paint Rooftop Components	81,000
21	Facilities Management–Resurface Drives/Vehicle Staging	75,000
22	Design & Production–Renovate Administrative/Faculty Offices	162,000
23	Design & Production–Mechanical System Retrocommissioning	134,000
24	Campus-Wide ADA/Misc. Improvements	39,000
25	Chapel St. Buildings–Roof Replacement	34,000
26	300 Waightown–Exterior Waterproofing & Repairs	73,000
27	Film School, Building 3–Theater Dimmers	232,000
28	Hanes Student Commons–Motor Control Center	150,000
29	Commons Building–Upgrade Air Distribution & Controls	93,000
30	Commons–Partial Interior Renovation	75,000
31	Residence Halls A-F–Replace Floor Slabs, Sidewalks, & Stairs	118,000
32	Stevens Center Renovation, Phase 1	25,000,000
33	<b>Total Proposed Project Authorizations- University of North Carolina School</b>	
34	<b>of the Arts</b>	<b>39,617,000</b>
35	University of North Carolina at Wilmington–	
36	Coastal Marine Studies–Plumbing, Mech., Elec. Renovation	9,930,000
37	West Side Energy Plant Modernization	3,926,440
38	Wagoner/Hurst/Hamilton Roadways–Storm Water Refurbishment	2,500,000
39	Warehouse/Receiving–Replace Fire Alarm System	161,000
40	Telecommunications–Replace Fire Alarm System	62,000
41	Kenan Auditorium–Fire/Life Safety Improvements	75,000
42	Isaac Bear Bldg.–Fire Sprinkler	410,000
43	Alderman Hall–Replace Windows	280,000
44	Randall Library Renovation & Expansion	56,000,000
45	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	
46	<b>Wilmington</b>	<b>73,344,440</b>
47	Western Carolina University–	
48	Killian Building–HVAC Upgrades/Window Replacement	3,570,000
49	Reid Building–Roof Replacement	2,520,000
50	Moore Building–Abatement, Demo. & Struct. Improvements	7,100,000
51	Moore Building–Infrastructure & Accessibility	4,200,000

1	HFR Building–Roof Replacement	660,000
2	Campus-Wide Fire Alarm System Upgrades	300,000
3	Reid Building–Gym Floor Replacement	275,000
4	Undersized Water Main Replacements/Non-Functioning Valves/Upgrade Lines	3,000,000
5	Facilities Management Building–Roof Replacement	193,000
6	Highlands Biological Station–Structural Repairs	250,000
7	Ramsey Activities Center–Elevator Replacement	250,000
8	HFR Building–Chiller Replacement	200,000
9	Old Student Union–Foundation & Exterior Repair	450,000
10	Hunter Library–Cooling Tower Replacement	175,000
11	Campus-Wide Egress Lighting/Exit Light Replacement	100,000
12	Moore Building Renovation	15,000,000
13	<b>Total Proposed Project Authorizations- Western Carolina University</b>	<b>38,243,000</b>
14	Winston-Salem State University–	
15	Hauser Hall Renovations–Restore the Core	9,500,000
16	Computer Science–Roof Repair	120,000
17	Gaines Complex–Roof Replacement	660,000
18	Computer Science–Exterior Wall Repairs	110,000
19	W.B. Atkinson–Exterior Wall Repairs	125,000
20	Elva Jones Computer Science–HVAC Upgrades/BAS Controls Replacement	1,450,000
21	O'Kelly Library–Upgrade HVAC Make-Up Air System	375,000
22	1600 Lowery St.–Add Fire Alarm System	125,000
23	Campus-Wide Fire Alarm System Upgrades	750,000
24	R.J. Reynolds–Roof Replacement	205,000
25	Coltrane Hall–Exterior Wall Repairs/Door & Window Replacement	275,000
26	O'Kelly Library–Upgrade Electrical System	250,000
27	Hauser Hall–Renovation, Phase 2	7,500,000
28	<b>Total Proposed Project Authorizations- Winston-Salem State University</b>	<b>21,445,000</b>
29	PBS North Carolina–	
30	Tower Lighting/FAA Markers/Tower Elev. Repair	2,200,000
31	Bryan Center–Replace HVAC Air Handler & Controls	2,707,000
32	Bryan Center–Chiller & Cooling Tower Replacement	1,120,000
33	<b>Total Proposed Project Authorizations- PBS North Carolina</b>	<b>6,027,000</b>
34	North Carolina Arboretum–	
35	Infrastructure Restoration & Road Projects	1,000,000
36	<b>Total Proposed Project Authorizations- North Carolina Arboretum</b>	<b>1,000,000</b>
37	<b>SECTION 40.1.(e)</b> Of the funds in the State Capital and Infrastructure Fund	
38	allocated in subsection (b) of this section for project code CC21, the following amounts are	
39	allocated for capital improvement projects at community colleges in this State in the aggregate	
40	amount of four hundred million dollars (\$400,000,000). Funds allocated pursuant to this	
41	subsection shall be used for the purpose of issuing allotted proceeds to community colleges for	
42	new construction or rehabilitation of existing facilities and repairs and renovations in accordance	
43	with the following:	
44	<b>Community College</b>	<b>Proceeds Allotment</b>
45	Alamance CC	\$ 7,938,704
46	Asheville-Buncombe TCC	\$ 8,265,643
47	Beaufort County CC	\$ 4,149,414
48	Bladen CC	\$ 3,520,119
49	Blue Ridge CC	\$ 2,905,574
50	Brunswick CC	\$ 2,278,736
51	Caldwell CC and TI	\$ 6,909,954

1	Cape Fear CC	\$ 9,986,372
2	Carteret CC	\$ 3,375,700
3	Catawba Valley CC	\$ 8,655,880
4	Central Carolina CC	\$10,031,233
5	Central Piedmont CC	\$20,000,000
6	Cleveland CC	\$ 7,598,247
7	Coastal Carolina CC	\$ 8,460,455
8	College of the Albemarle	\$ 6,376,529
9	Craven CC	\$ 5,765,056
10	Davidson County CC	\$ 6,755,089
11	Durham TCC	\$ 6,188,478
12	Edgecombe CC	\$ 5,417,837
13	Fayetteville TCC	\$20,000,000
14	Forsyth TCC	\$14,572,113
15	Gaston College	\$ 9,009,858
16	Guilford TCC	\$19,525,968
17	Halifax CC	\$ 2,996,526
18	Haywood CC	\$ 2,105,434
19	Isothermal CC	\$ 5,007,321
20	James Sprunt CC	\$ 3,144,017
21	Johnston CC	\$ 5,111,793
22	Lenoir CC	\$11,826,322
23	Martin CC	\$ 2,190,242
24	Mayland CC	\$ 3,829,850
25	McDowell TCC	\$ 2,173,649
26	Mitchell CC	\$ 3,397,210
27	Montgomery CC	\$ 1,860,231
28	Nash CC	\$ 7,753,111
29	Pamlico CC	\$ 1,222,332
30	Piedmont CC	\$ 3,001,442
31	Pitt CC	\$14,535,241
32	Randolph CC	\$ 5,418,451
33	Richmond CC	\$ 7,526,958
34	Roanoke Chowan CC	\$ 2,217,281
35	Robeson CC	\$ 6,555,976
36	Rockingham CC	\$ 4,407,523
37	Rowan-Cabarrus CC	\$12,614,170
38	Sampson CC	\$ 5,203,976
39	Sandhills CC	\$ 4,970,448
40	Southeastern CC	\$ 6,701,009
41	South Piedmont CC	\$ 5,560,411
42	Southwestern CC	\$ 5,020,226
43	Stanly CC	\$ 5,610,190
44	Surry CC	\$ 7,888,312
45	Tri-County CC	\$ 2,055,656
46	Vance-Granville CC	\$ 7,394,217
47	Wake TCC	\$20,000,000
48	Wayne CC	\$ 9,149,360
49	Western Piedmont CC	\$ 3,947,229
50	Wilkes CC	\$ 5,514,320
51	Wilson CC	\$ 4,402,607

1           **SECTION 40.1.(f)** There is created within the Community Colleges System Office  
2 the Community Colleges Building Fund as an interest-bearing capital project fund. At the  
3 beginning of each fiscal year, the Office of State Budget and Management shall transfer an  
4 amount equal to the amount allocated for community college capital projects in the most recent  
5 Current Operations Appropriations Act to the Community Colleges Building Fund. Proceeds  
6 disbursed from the Fund shall be used for new construction or rehabilitation of existing facilities,  
7 repairs and renovations, building of technology infrastructure, and the purchase of measures to  
8 ensure building security. Projects for facilities for centralized administration, trailers, relocatable  
9 classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such  
10 proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life  
11 of at least 10 years or must extend the life of the facility by at least 10 years once renovated or  
12 rehabilitated. The Community Colleges System Office shall develop a process to allocate the  
13 proceeds from the Community Colleges Building Fund.

14           A county that is a development tier three area, as provided in the annual ranking  
15 performed by the Department of Commerce pursuant to G.S. 143B-437.08 for the 2020 calendar  
16 year, shall provide local matching funds from county funds, other non-State funds, or a  
17 combination of these sources for such proceeds in the amount of one dollar (\$1.00) of local  
18 matching funds for every one dollar (\$1.00) of such proceeds. The provisions of G.S. 115D-31,  
19 or any other provision of law permitting prior expenditures to be used for match purposes, do not  
20 apply for purposes of meeting the matching funds requirements of this section. For rehabilitation  
21 of existing facilities and repairs and renovations, community colleges are not required to match  
22 proceeds allocated in this section. Each community college receiving the proceeds allocated  
23 pursuant to subsection (e) of this section shall report by January 1, and quarterly thereafter, to  
24 the Community Colleges System Office on the projects funded from those allocations, and the  
25 Community Colleges System Office shall combine the reports and submit them in accordance  
26 with G.S. 143C-8-14. Allocations from the fund shall not be used to retire debt issued or  
27 authorized prior to July 1, 2021. The amount distributed to any single community college shall  
28 not exceed the amount listed in the allocation schedule in subsection (e) of this section. Interest  
29 credited to the Community Colleges Building Fund shall revert to the State Capital and  
30 Infrastructure Fund.

31           **SECTION 40.1.(g)** For project code NCGA21-2, the Legislative Services Office  
32 shall utilize funds appropriated for the 2021-2022 fiscal year to expand upon the Government  
33 Facilities Master Plan initiated pursuant to Section 36.2(a) of S.L. 2018-5, with an emphasis on  
34 potential remodeling expenditures and the use of temporary workspace options to more  
35 effectively renovate and remodel State-owned property. The expanded Government Facilities  
36 Master Plan may also consider the cost and feasibility of leasing and leasing alternatives,  
37 including the use of privately owned structures, and potential energy efficiency savings. The  
38 expanded Government Facilities Master Plan shall focus on the following State-owned properties  
39 in the downtown government complex:

- 40           (1)     The Department of Public Instruction/Education Building.
- 41           (2)     Dobbs Building.
- 42           (3)     Bath Building.
- 43           (4)     Albemarle Building.
- 44           (5)     The Department of Administration Building.

45           The expanded Government Facilities Master Plan outlined in this subsection shall  
46 also consider available options for consolidating the facilities of the Department of Commerce,  
47 The University of North Carolina System Office, the Community Colleges System Office, and  
48 the Department of Public Instruction into a single location located in the downtown government  
49 complex.

50           **SECTION 40.1.(h)** In connection with the expanded Government Facilities Master  
51 Plan described in subsection (g) of this section, the Legislative Services Office, utilizing the

1 Alternative Workplace Requirements methodology developed for the State of North Carolina  
2 during a project conducted with the assistance of the Office of State Auditor in 2019, shall direct  
3 a study of the Albemarle Building to determine the necessary space to house the Office of the  
4 State Auditor, considering the necessary amount of square footage that employees, or groups of  
5 employees, need in order to perform the required tasks for their positions. The cost of the study  
6 described in this subsection shall not exceed one hundred thousand dollars (\$100,000) and shall  
7 be funded utilizing funds available to the Department of Insurance.

8 **SECTION 40.1.(h1)** For project code UNC/BOG21-1, The University of North  
9 Carolina System Office shall enter into a lease agreement for space sufficient to relocate staff  
10 and operations located in the City of Raleigh. The lease term shall be for no less than three years  
11 and no more than four years. The Board of Governors of The University of North Carolina shall  
12 be responsible for selection and approval of all lease terms not otherwise specified in this  
13 subsection. All staff and operations shall be relocated to the leased space on or before December  
14 31, 2022.

15 **SECTION 40.1.(i)** For project code NCGA21-3, and notwithstanding  
16 G.S. 143-135.26 or any other provision of law to the contrary, the Legislative Services Office  
17 shall utilize the funds appropriated for the 2022-2023 fiscal year to initiate advance planning, full  
18 planning, and design for the location of The University of North Carolina System Office in the  
19 downtown government complex, including any facility consolidation identified using the study  
20 conducted pursuant to subsection (g) of this section.

21 **SECTION 40.1.(j)** For project code NCGA21-4, the Legislative Services Office  
22 shall utilize the funds allocated to develop a long-term master maintenance plan for the State  
23 Capitol Building, including the Capitol Square, with a focus on the roof of the structure and  
24 potential capital repairs, rehabilitation, renovation, and restoration expenditures for the structure  
25 and its infrastructure system components. The Legislative Services Office shall seek input from  
26 the Department of Natural and Cultural Resources and The North Carolina State Capitol  
27 Foundation, Inc., to ensure the integrity and historic significance of the structure is properly  
28 considered and maintained.

29 **SECTION 40.1.(k)** For project code NCGA21-4, the General Assembly shall be  
30 considered the funded agency, pursuant to G.S. 143-135.26(1) and, notwithstanding  
31 G.S. 143-341 or any other provision of law to the contrary, shall have final authority over any  
32 rehabilitation, renovation, or restoration activity identified by the long-term master maintenance  
33 plan developed pursuant to subsection (j) of this section. The Department of Administration and  
34 the Department of Natural and Cultural Resources shall provide resources and guidance to the  
35 Legislative Services Office on any rehabilitation, renovation, or restoration activity undertaken  
36 pursuant to this subsection. Any rehabilitation, renovation, or restoration activity undertaken  
37 pursuant to this subsection shall be in compliance with G.S. 143-138.

38 **SECTION 40.1.(l)** Section 1(e) of S.L. 2020-81 reads as rewritten:

39 **"SECTION 1.(e)** For project code UNC/CH20-1, notwithstanding G.S. 143C-4-5, the  
40 University of North Carolina at Chapel Hill is authorized to spend up to one hundred fifty million  
41 dollars (\$150,000,000) on the project, but shall commit to providing funding of at least  
42 seventy-five million dollars (\$75,000,000) from non-State sources on or before June 30, 2022,  
43 as a match for the intended State allocations totaling seventy-five million dollars (\$75,000,000)  
44 for the project."

45 **SECTION 40.1.(m)** Section 1(f) of S.L. 2020-81 reads as rewritten:

46 **"SECTION 1.(f)** For project code UNC/NCS20-1, notwithstanding G.S. 143C-4-5, North  
47 Carolina State University is authorized to spend up to one hundred sixty million dollars  
48 (\$160,000,000) on the project, but shall commit to providing funding of at least eighty million  
49 dollars (\$80,000,000) from non-State sources on or before June 30, 2022, as a match for the  
50 intended State allocations totaling eighty million dollars (\$80,000,000) for the project."

1           **SECTION 40.1.(n)** For the Gaston Aquatics Center (Center) grant allocated in this  
2 Part, Gaston Aquatics, Inc., a nonprofit organization, shall provide a match of one million dollars  
3 (\$1,000,000) in non-State funds as a match for the three million dollars (\$3,000,000) in grant  
4 funds allocated for the 2021-2022 fiscal year to the Center for pool construction. The Center shall  
5 provide a match of one million dollars (\$1,000,000) in non-State funds as a match for the one  
6 million dollars (\$1,000,000) in grant funds allocated for the 2022-2023 fiscal year to the Center  
7 for pool construction. Notwithstanding any provision of law to the contrary, funds allocated in  
8 this Part to the Center that have not been disbursed by June 30, 2025, shall revert to the State  
9 Capital and Infrastructure Fund.

10           **SECTION 40.1.(o)** For the Gaston Community Foundation grant allocated in this  
11 Part, Gaston Community Foundation (Foundation) shall match the sum of two million dollars  
12 (\$2,000,000) on a one-to-one basis. The Foundation shall have four years in which to raise the  
13 matching funds. Upon raising the initial sum of one million dollars (\$1,000,000) in non-State  
14 funding, the Foundation shall receive the sum of one million dollars (\$1,000,000). Upon raising  
15 an additional sum of one million dollars (\$1,000,000), the Foundation shall receive the sum of  
16 one million dollars (\$1,000,000). Funds allocated in this Part to the Foundation that have not  
17 been disbursed by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

18           **SECTION 40.1.(p)** From the funds allocated in this Part to the Gaston County  
19 Family YMCA, the Warlick Family YMCA (Warlick) shall be allotted the sum of five hundred  
20 thousand dollars (\$500,000) upon raising matching funds in the sum of five hundred thousand  
21 dollars (\$500,000) in non-State funds. Funds allocated in this Part that have not been disbursed  
22 by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

23           **SECTION 40.1.(q)** For project code DACS21-4, the Department of Agriculture and  
24 Consumer Services shall select a site located in Duplin County for the construction of the new  
25 Region One headquarters for the North Carolina Forestry Service.

26           **SECTION 40.1.(q1)** Section 3.9 of S.L. 2020-97 reads as rewritten:

27           **"SECTION 3.9.** The funds allocated to the North Carolina Forest Service by subdivision  
28 (10) of Section 4.1 of S.L. 2016-124 and that are unencumbered and unexpended for those  
29 purposes or for the additional purposes authorized by Section 12.9 of S.L. 2017-57 shall be used  
30 by the Department of Agriculture and Consumer Services for the following purposes:

- 31           (1)    ~~The purchase and renovation of an existing facility for use as a regional~~  
32                   ~~headquarters and training facility construction authorization and partial~~  
33                   ~~support of construction of a Region One headquarters and training facility for~~  
34                   ~~the North Carolina Forest Service. The facility shall include, but is not limited~~  
35                   ~~to, an office building with classrooms, an equipment maintenance facility, and~~  
36                   ~~multibay equipment shelters.~~  
37           (2)    Support of operations and other receipt-supported activities such as  
38                   maintenance and repairs at the North Carolina State Fair and the Western  
39                   North Carolina Agriculture Center."

40           **SECTION 40.1.(r)** Notwithstanding G.S. 143-341(4)e. and Article 7 of Chapter 146  
41 of the General Statutes, the Department of Natural and Cultural Resources may enter into a  
42 memorandum of understanding or a lease agreement with a nonprofit entity for the operation of  
43 the Hayes Manor facility and the Wyse Fork Battlefield and other activities related to the  
44 operation of those sites.

45           At each of the State Historic Sites receiving funding from the State Capital and  
46 Infrastructure Fund in this act, the Department of Natural and Cultural Resources shall seek to  
47 partner with nonprofit organizations to provide funds and in-kind contributions for site  
48 development, preservation, or operational support in order to minimize the use of public funds.  
49 The Department of Natural and Cultural Resources shall report to the Joint Legislative Oversight  
50 Committee on Agriculture and Natural and Economic Resources and the Fiscal Research



1 Division no later than April 1, 2022, with an estimate of any additional recurring costs associated  
 2 with acquisition, maintenance, and operation of the sites acquired pursuant to this subsection.

3 **SECTION 40.1.(s)** For the Holy Angels grant allocated in this Part, Holy Angels  
 4 Services, Inc., a nonprofit organization, shall utilize funds received to pay for costs associated  
 5 with the construction of up to three new group homes with up to a combined total of 20  
 6 intermediate care facility for individuals with intellectual disabilities (ICF/IID) beds operating  
 7 these new homes. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E  
 8 of the General Statutes, or any other provision of law to the contrary, Holy Angels Services, Inc.,  
 9 shall be exempt from certificate of need review for the construction of each group home,  
 10 including up to a combined total of 20 new ICF/IID beds operating in the group homes, for which  
 11 funding was received under this Part. These group homes and beds shall be subject to existing  
 12 licensure laws and requirements.

13 **SECTION 40.1.(t)** The following entities receiving a grant allocated in this Part shall  
 14 utilize funds received for the same purpose and subject to the same guidelines and limitations set  
 15 forth in Section 9F.9(a) of this act:

- 16 (1) Harnett Health Systems, Incorporated.
- 17 (2) Good Hope Hospital, Incorporated.
- 18 (3) Johnston Health Enterprises, Incorporated.

19 **SECTION 40.1.(u)** Notwithstanding the State Medical Facilities Plan, Article 9 of  
 20 Chapter 131E of the General Statutes, or any other provision of law to the contrary, the following  
 21 entities shall be exempt from certificate of need review for the construction of any behavioral  
 22 health-related facilities or beds for which grants are allocated in this Part, provided those facilities  
 23 and beds shall be subject to existing licensure laws and requirements:

- 24 (1) Randolph Health, with regard to any construction or beds in a psychiatric unit  
 25 at Randolph Hospital.
- 26 (2) Gateway of Hope Addiction Recovery Center.
- 27 (3) Hope Alive, Inc., with regard to construction or beds related to the Robeson  
 28 County Substance Abuse System of Care project.
- 29 (4) Cabarrus County, with regard to the construction of, or beds associated with,  
 30 a new behavioral health center.

31 **SECTION 40.1.(v)** For project code DOA21-2, the Department of Administration  
 32 may utilize a sum not exceeding eight million dollars (\$8,000,000) of the funds allocated for the  
 33 project for the purpose of entering into lease agreements to facilitate the completion of the  
 34 project.

35 **SECTION 40.1.(w)** For project code FLEX21, after making a reasonable attempt to  
 36 adjust the project scope to meet the amount authorized by the General Assembly, the Office of  
 37 State Budget and Management may utilize the funds allocated to supplement separate funds  
 38 allocated for any State agency project listed in subsection (b) of this section in accordance with  
 39 G.S. 143C-8-7.1(d). Funds utilized pursuant to this subsection may not be used to increase the  
 40 amount authorized for a project by more than ten percent (10%).

41 **SECTION 40.1.(x)** Section 1(c) of S.L. 2020-81 reads as rewritten:

42 "SECTION 1.(c) There is appropriated from the State Capital and Infrastructure Fund to the  
 43 Office of State Budget and Management the sum of one hundred four million dollars  
 44 (\$104,000,000) in nonrecurring funds for the 2020-2021 fiscal year to be allocated for the  
 45 following project codes, as defined in subsection (b) of this section:

46 **Capital Improvements–**

47 <b>State Capital and</b>	48 <b>Total</b>	
49 <b>Infrastructure Fund</b>	50 <b>Project Authorization</b>	51 <b>2020-2021 FY</b>
OSBM20-1	\$1,500,000	\$1,500,000
R&R20-1	–	\$85,250,000
UNC/CH20-1	\$150,000,000	\$7,000,000

1	UNC/CH20-2	\$45,000,000	\$60,000,000	\$2,500,000
2	UNC/NCS20-1	\$160,000,000		\$7,000,000
3	UNC/AVL20-1	\$750,000		\$750,000"

**SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

**SECTION 40.2.** It is the intent of the General Assembly to fund capital improvement projects on a cash flow basis and to plan for future project funding based upon projected availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for the projects listed in future years. The following schedule lists capital improvement projects that will begin or be completed in fiscal years outside of the 2021-2023 fiscal biennium and estimated amounts (in thousands) needed for completion of those projects:

14	Project Code	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
16	UNC/R&R21	250,000	250,000	250,000	250,000	250,000	250,000
17	R&R21	200,000	200,000	200,000	200,000	200,000	200,000
18	PERS21	2,000	2,000	2,000	2,000	2,000	2,000
19	FLEX21	–	25,000	50,000	25,000	–	–
20	DEQ21-1	5,500	13,750	22,000	13,750	–	–
21	DOA21-1	50,000	60,500	54,000	64,500	–	–
22	DNCR21-13	8,000	15,000	22,000	15,000	–	–
23	DPS21-3	–	–	–	11,409	–	–
24	DPS21-9	8,163	20,408	32,653	20,408	–	–
25	NCGA21-3	–	11,391.3	38,000	51,000	–	–
26	UNC/ECU21-1	21,500	53,750	86,000	53,750	–	–
27	UNC/NCS20-1	18,250	36,500	18,250	–	–	–
28	UNC/CH20-1	21,250	25,500	10,750	–	–	–
29	UNC/CH20-2	13,750	18,000	10,750	–	–	–
30	UNC/PEM21-1	9,100	22,750	36,400	22,750	–	–
31	UNC/ECS21-4	4,000	10,000	10,000	10,000	–	–
32	UNC/FSU21-1	4,000	10,000	16,000	10,000	–	–
33	UNC/FSU21-2	6,300	13,750	25,200	15,750	–	–
34	UNC/WSS21-1	5,700	14,250	22,800	14,250	–	–
35	UNC/BOG21-1	–	3,750	3,750	3,750	3,750	–
36	CC	100,000	100,000	100,000	100,000	–	–

**WATER RESOURCES DEVELOPMENT PROJECTS**

**SECTION 40.3.(a)** The Department of Environmental Quality shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years. These funds will provide a State match for an estimated two hundred twenty million five hundred twenty-six thousand dollars (\$220,526,000) in federal funds.

46	Name of Project	2021-2022	2022-2023
48	(1) Princeville Flood Damage Reduction	\$5,197,500	\$5,197,500
49	(2) Carolina Beach CSDM	4,750,000	1,083,333
50	(3) Wilmington Harbor DA Maintenance	3,663,642	7,334,000
51	(4) Kure Beach CSDM	4,889,423	825,641

1	(5)	Surf City/North Topsail Beach CSRM	14,537,000	14,537,000
2	(6)	Ocean Isle CSDM	494,599	1,534,615
3	(7)	WRD Grant Program–State & Local Projects	2,750,000	1,500,000
4	(8)	WRD Grant Program–EQIP Projects	2,000,000	2,750,000
5	(9)	Manteo Old House Channel, Sec. 204, CAP, (65/35)	2,700,000	–
6	(10)	Wrightsville Beach CSDM	3,487,500	469,471
7	<b>TOTALS</b>		<b>\$44,469,664</b>	<b>\$35,231,560</b>

SECTION 40.3.(b) Part 8A of Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

**"§ 143-215.73B. Water resources development grants administration.**

(a) Fund Creation. – There is established the Water Resources Development Grants Special Fund, a special fund within the Department of Environmental Quality to be used in accordance with this section.

(b) Fund Uses; Flexibility. – Funds within the Water Resources Development Grants Special Fund shall be used for water resources development projects as directed by an act of the General Assembly. Where the actual project costs are different from the authorized estimated project costs, the Department may adjust the allocations among projects as needed. If any funded projects are delayed and the budgeted State funds cannot be used during any given fiscal year, or if the projects are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) U.S. Army Corps of Engineers project feasibility studies.

(2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State matching funds in the current fiscal year.

(3) State-local water resources development projects.

(4) NRCS-EQIP stream restoration projects.

(c) Reports. – The Department shall submit semiannual reports on the use of funds from the Water Resource Development Grant Special Fund to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Office of State Budget and Management on or before March 1 and September 1. Each report shall include all of the following:

(1) The project name.

(2) The estimated cost of each project.

(3) The date that work on each project began or is expected to begin.

(4) The date that work on each project was completed or is expected to be completed.

(5) The actual cost of the project.

The semiannual reports also shall show those projects advanced in schedule and those projects delayed in schedule."

SECTION 40.3.(c) The following project funds shall be transferred to the Water Resources Development Grants Special Fund established in G.S. 143-215.73B(a), as enacted in subsection (b) of this section:

Fund Number	Project Title	Allotment Balance
4T17	DWR – State & Local Projects	\$187,438.98
4U07	DWR – State & Local Water Res Develop Grant	317,000.00
4U08	DWR – Cape Fear Lock & Dam # Fish Ramp	470,684.08
4U10	DWR – Environmental Qual Incent Prog	259,732.98
4V11	DWR – NRCS EQUIP	53,123.81
4V12	DWR – State & Local Projects	465,701.71
4Y13	DWR – NRCS EQUIP	881,757.48

1	4Y14	DWR – Everette Jordan Reservoir Water	15,167.24
2	4Y16	DWR – State & Local Projects	1,857,851.47
3	4Y17	DWR – Brunswick/FT Anderson Cape Fear	365,495.08
4	4Y19	DWR – Lindsey Bridge Dam Restoration	210,750.00
5	4Y26	DWR – Town of Rutherfordton Stream	500,000.00
6	4Y27	DWR – Ararat River Greenway Stream Restoration	500,000.00
7	4O01	DWR – Princeville Flood Damage Reduction	
8		(Pre-Contr/Design)	3,465,000.00
9	4O02	DWR – Carolina Beach CSRM	1,754,946.65
10	4O03	DWR – Kure Beach CSRM	2,187,500.37
11	4O04	DWR – Wrightsville Beach CSRM	2,206,487.00
12	4O05	DWR – Ocean Isle CSRM	1,040,016.76
13	4O06	DWR – Planning Assistance to Communities	244,613.13
14	4O07	DWR – Wilmington Harbor DA Maintenance	3,670,358.64
15	4O08	DWR – Morehead City Maintenance	1,980,627.09
16	4O09	DWR – Surf City/North Topsail CSRM	12,500,000.00
17	4O10	DWR – Dan River Regional Water Supply Project	34,000.00
18	4O11	DWR – Carteret County (Bogue Banks) CSRM	2,567,320.08
19	4O12	DWR – Neuse River-Goldsboro Sec. 1135. CAP, Project	
20		Mods. (50/50)	333,500.00
21	4O13	DWR – Concord Streams, Sec. 206, CAP, Ecosystem	
22		Restoration, Strick Branch, Constr. (65/35)	1,023,000.00
23	4O14	DWR – Lumberton 205, CAP, Flood Damage	
24		Reduction (50/50)	125,000.00
25	4O15	DWR – B. Everette Jordan Reservoir Water Supply	1,732,410.25
26	4O16	DWR – North Topsail Beach Shoreline Protection –	
27		Phases 1-4	1,500,000.00
28	4O17	DWR – NRCS EQIP/Stream Restoration	2,064,698.97
29	4O18	DWR – State-Local Projects (WRD Grant Program)	4,734,317.22
30	4O20	DWR – Cape Fear Lock and Dam # 2 and # 3 Fish Ramp	903,140.24
31	<b>TOTALS</b>		<b>\$50,151,639.23</b>

SECTION 40.3.(d) Notwithstanding any other provision of law to the contrary, funds allocated in prior acts of the General Assembly for the water resources development project entitled "North Topsail Beach Shoreline Protection – Phase 2" may also be used for Phase 1, 3, or 4 of that project.

SECTION 40.3.(e) G.S. 143-215.72(d) is amended by adding a new subdivision to read:

"(4) A single project shall consist of all the landowners and other participants under a project design contract approved by the Natural Resources Conservation Service for a contiguous section of stream."

**NATIONAL GUARD PROJECTS**

SECTION 40.4.(a) From the funds allocated in this Part for project code NG21-1, the Office of State Budget and Management may disburse to the Department of Public Safety funds needed to provide a State match for federal funds for projects included in the latest Armory and Facilities Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs of facilities damaged during Hurricane Florence, and designated by the Adjutant General of the North Carolina National Guard in an amount not exceeding eight million dollars (\$8,000,000) during the 2021-2022 fiscal year. Funds allocated to project code NG21-1 shall not revert.

1           **SECTION 40.4.(b)** No later than June 1, 2023, and every two years thereafter until  
 2 project completion, the Department shall report on the use of these funds to the Joint Legislative  
 3 Commission on Governmental Operations, the Fiscal Research Division of the General  
 4 Assembly, and the Office of State Budget and Management. Each report shall include all of the  
 5 following:

- 6           (1) The status of all projects undertaken pursuant to this section.
- 7           (2) The estimated total cost of each project.
- 8           (3) The date that work on each project began or is expected to begin.
- 9           (4) The date that work on each project was completed or is expected to be  
 10 completed.
- 11          (5) The actual cost of each project, including federal matching funds.
- 12          (6) Facilities planned for closure or reversion.
- 13          (7) A list of projects advanced in schedule, those projects delayed in schedule,  
 14 and an estimate of the amount of funds expected to revert to the General Fund.

16 **NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS**

17           **SECTION 40.5.(a)** The General Assembly authorizes the following capital projects  
 18 to be funded with receipts or from other non-General Fund and non-State Capital and  
 19 Infrastructure Fund sources available to the appropriate department:

20	<b>Amount of Non-General Fund</b>	
21 <b>Name of Project</b>	<b>Funding Authorized</b>	
22	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
23		
24 Department of Natural and Cultural Resources		
25     Edenton State Historic Site–		
26         Frinks House Renovations	\$300,000	–
27     Transportation Museum–		
28         Southern Railway Car Exhibit Renovations	287,442	–
29     Bennett Place State Historic Site–		
30         Visitor Center Renovations	300,000	–
31     USS NC Battleship–		
32         Mast Repairs	1,000,000	–
33         Living With Water	2,335,431	–
34     Bentonville State Historic Site–		
35         Harper House Renovations	115,000	–
36     NC Museum of Art–		
37         Terrace & Green Project	2,500,000	–
38     Brunswick Town State Historic Site–		
39         Shoreline Stabilization	3,000,000	–
40     Charlotte Hawkins Brown Museum–		
41         Memorial Galen Stone Hall	1,100,000	–
42         Tea House Renovations	425,000	–
43 Department of Agriculture and Consumer Services		
44     State Fair–Repairs & Improvements	5,000,000	–
45     NC Forest Service–		
46         Design & Install New Bridges	25,000	\$100,000
47         Equipment Shelters	500,000	500,000
48         Parking Lot Expansions	500,000	250,000
49         Picnic Shelters	25,000	50,000
50         Restrooms	25,000	125,000
51         Storage Buildings	125,000	–

1	Viewing Platforms	25,000	125,000
2	State Research Stations–		
3	Equipment Storage Shelter	500,000	–
4	Dilapidated Building Demolition	100,000	–
5	Livestock & Mission Critical Facility Improvements	–	500,000
6	Irrigation Improvements at Research Stations	–	500,000
7	Department of Military and Veterans Affairs		
8	New State Veterans Home–Raleigh	85,700,000	–
9	Department of Public Safety		
10	Alcoholic Beverage Control–		
11	Office Roof Replacement	864,000	–
12	Warehouse Office Renovation	480,000	–
13	Warehouse Storage	313,000	–

**TOTAL AMOUNT OF NON-GENERAL**

**FUND CAPITAL PROJECTS**

**AUTHORIZED**

**\$105,544,873**

**\$2,150,000**

**SECTION 40.5.(b)** From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2021-2022 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2022-2023 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

**SECTION 40.5.(c)** Notwithstanding Section 36.7(d) of S.L. 2018-5, as enacted by Section 9.1(a) of S.L. 2018-97, the Department of Military and Veterans Affairs may utilize funds in an amount not exceeding twenty-nine million nine hundred ninety-five thousand dollars (\$29,995,000) in funds appropriated in this act from the North Carolina Veterans Home Trust Fund established under G.S. 143B-1293 to provide the required State match for federal funding for the construction of a new State veterans nursing facility in Wake County. Any federal funds received for this purpose are hereby appropriated.

**STATE CONSTRUCTION CHANGES**

**SECTION 40.6.** G.S. 143-341 reads as rewritten:

**"§ 143-341. Powers and duties of Department.**

The Department of Administration has the following powers and duties:

...

(3) Architecture and Engineering:

a. To examine and approve all plans and specifications for the construction or renovation of the following:

1. All State buildings or buildings located on State lands, except those buildings over which a local building code inspection department has and exercises jurisdiction. For the purposes of this sub-sub-subdivision, buildings, facilities, or projects located on State lands that are (i) privately owned or privately leased and (ii) located within the North Carolina Global TransPark are exempt.

2. All community college buildings requiring the estimated expenditure of public money for construction or repair work

for which public bidding is required under G.S. 143-129 of two million dollars (\$2,000,000) or more prior to the awarding of a contract for such work; and to examine and approve all changes in those plans and specifications made after the contract for such work has been awarded.

...

c. To supervise the letting of all contracts for the design, construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision.

d. To supervise and inspect all work done and materials used in the construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision; to act as the appropriate official inspector or inspection department for purposes of G.S. 143-143.2; and no such work may be accepted by the State or by any State agency until it has been approved by the Department.

...."

**STREAM DEBRIS REMOVAL**

**SECTION 40.7.(a)** Funds transferred from the State Capital and Infrastructure Fund to the Department of Environmental Quality (Department) for stream debris removal shall be used for the removal and disposal of waterway debris from waters of the State located in a targeted river basin. The Department shall develop a schedule for the removal and disposal of waterway debris from waters of the State located in a targeted river basin and shall contract with one or more appropriate and qualified private entities to carry out the debris removal and disposal activities.

**SECTION 40.7.(b)** Stream debris removal projects funded under this section shall be exempt from the requirements of Articles 1, 4, and 7 of Chapter 113 of the General Statutes, as well as requirements for stormwater or water quality permits under Article 21 of Chapter 143 of the General Statutes. The Department is directed to waive any right of certification under section 401 of the federal Clean Water Act with respect to projects funded by this act.

**SECTION 40.7.(b1)** No funds allocated by this section may be expended by the Department until the initial draft of the Flood Resiliency Blueprint required pursuant to Section 5.9(c) of this act has been completed.

**SECTION 40.7.(c)** Funds allocated by this section for the 2021-2023 fiscal biennium shall not revert but shall remain available for nonrecurring expenses until the funds have been spent or encumbered. The Department may utilize up to three percent (3%) of the funds allocated by this section for administration of the stream debris removal projects authorized under this section.

**SECTION 40.7.(d)** The Department shall report within 30 days of the end of each fiscal quarter in which funds are expended to the chairs of the Joint Legislative Oversight Committee on Agriculture and Environment and Natural Resources and the Fiscal Research Division regarding uses of the funds appropriated by this section. The report shall include a cumulative and quarterly listing of projects funded, counties where funded projects were located, and linear feet of streams cleared.

**SECTION 40.7.(e)** Definitions. – The following definitions apply in this section:

- (1) Acute incident. – A natural event such as a hurricane, tornado, or extreme rain event that results in the release of large amounts of waterway debris.

- 1 (2) Targeted river basins. – The Neuse River basin, the Cape Fear River basin,  
2 the Lumber River basin, the Tar-Pamlico River basin, and the White Oak  
3 River basin.
- 4 (3) Vegetative debris. – Vegetative matter resulting from landscaping,  
5 maintenance, right-of-way or land-clearing operations, including whole trees,  
6 tree limbs, tree stumps, limbs or leaves, shrubbery, grass clippings, and other  
7 plant material.
- 8 (4) Waters of the State. – Any surface body or accumulation of water, whether  
9 publicly or privately owned and whether naturally occurring or artificially  
10 created, which is contained within, flows through, or borders upon any part of  
11 this State.
- 12 (5) Waterway debris. – Any solid material, including, but not limited to,  
13 vegetative debris and debris exposed to or that has the potential to release oil,  
14 hazardous substances, pollutants, or contaminants, that enters a waterway in a  
15 targeted basin following an acute incident and poses a threat to the natural or  
16 man-made environment or has the potential to increase the risk or severity of  
17 future flood events. This may include shoreline and wetland debris and debris  
18 in inland, non-tidal waterways of a targeted river basin.
- 19

## 20 GRANTS TO NON-STATE ENTITIES

21 **SECTION 40.8.** Requirements. – For purposes of this Part, nonrecurring funds  
22 allocated from the State Capital and Infrastructure Fund as grants to non-State entities, as defined  
23 by G.S. 143C-1-1(d), are subject to all of the following requirements:

- 24 (1) As soon as practicable after the effective date of this act, each State agency  
25 administering grants shall begin disbursement of funds to each grantee  
26 non-State entity when all applicable requirements are met. However,  
27 disbursement of grant funds allocated for the 2021-2022 fiscal year shall  
28 commence no later than 100 days after the date this act becomes law, and  
29 disbursement in full to all grantees shall be completed no later than nine  
30 months after the date this act becomes law. Disbursement of grants allocated  
31 for the 2022-2023 fiscal year shall be completed no later than 100 days after  
32 the beginning of the 2022-2023 fiscal year.
- 33 (2) G.S. 143C-6-23(b) through (f) and (f2) through (k) apply to the grants.
- 34 (3) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, unless  
35 otherwise indicated, nonrecurring funds appropriated in this Part as grants  
36 shall not revert until expended or the particular project has been completed.
- 37 (4) Grants to each grantee non-State entity shall be used for nonsectarian,  
38 nonreligious purposes only.
- 39 (5) By January 1, 2022, and then quarterly thereafter, the Office of State Budget  
40 and Management shall report to the Fiscal Research Division on the schedule  
41 for and status of grant disbursement. At a minimum, the report shall include  
42 the following for each grant:
- 43 a. The date when the disbursing agency issued the initial contract.
- 44 b. The date when the contract was sent to the grantee non-State entity.
- 45 c. The date when the fully executed contract was returned to the  
46 disbursing agency.
- 47 d. The date when the contract was executed.
- 48 e. The date when a grant was disbursed in full.
- 49

## 50 CONNECT NC BOND CHANGE/DEBT AVOIDANCE

51 **SECTION 40.9.(a)** The General Assembly finds the following:



- 1 (1) The use of general obligation bonds can be an efficient method for financing  
2 needs of the State.
- 3 (2) Debt service, even on general obligation bonds, is a cost that can be avoided  
4 if the State has funds to directly pay for capital needs.
- 5 (3) Where the State provides a general obligation bond question to the voters, it  
6 is tantamount to representing both that capital improvements covered by the  
7 debt question are needed by the State and that the incurrence of debt for those  
8 purposes is the most responsible, cost-effective way of meeting those needs.
- 9 (4) If subsequent economic changes affect the validity of those representations,  
10 including where, as here, management of State resources has resulted in  
11 having sufficient funding for such capital improvements, thereby obviating  
12 the need to incur debt service costs, then such changes also affect the  
13 representations and assumptions on which the voters rely in voting for the  
14 issuance of the debt. Stated alternatively, voters make assumptions on the need  
15 for debt based on the amount and uses set forth in the ballot question, and, if  
16 circumstances change those assumptions, the State has an obligation to avoid  
17 associated costs if it would be inefficient to incur them.
- 18 (5) This section allocates funds to satisfy the needs and purposes for which  
19 indebtedness was originally authorized by the voters of this State pursuant to  
20 S.L. 2015-280. Accordingly, funding and debt service costs using the general  
21 obligation debt for such purposes would be redundant and would frustrate the  
22 assumptions made by (and the representations made to) the voters of this State  
23 at the time the debt obligation was approved by the voters as to the State's  
24 need.

25 **SECTION 40.9.(b)** For project code CNC21, the Office of State Budget and  
26 Management shall allocate the sum of two hundred fifty-eight million dollars (\$258,000,000) for  
27 the purposes described in Section 1(f) of S.L. 2015-280, as amended by Section 36.7(a) of S.L.  
28 2018-5. Funds allocated pursuant to this subsection will be used to fully fund all projects  
29 authorized and listed in S.L. 2015-280, and further debt authorized by that Session Law may not  
30 be used to increase the total funding for any project authorized above the applicable project  
31 amount provided in S.L. 2015-280.

32 **SECTION 40.9.(c)** The State Treasurer shall not issue more than an aggregate  
33 principal amount of one billion six hundred million dollars (\$1,600,000,000) of general  
34 obligation bonds of the State authorized pursuant to Section 1 of S.L. 2015-280. The authority to  
35 issue additional bonds or notes previously authorized under S.L. 2015-280 above the amount  
36 provided in this subsection is repealed, and the bond referendum authorized by and held pursuant  
37 to S.L. 2015-280 no longer provides authority to issue further debt, other than refunding bonds,  
38 authorized by that act.

39 **SECTION 40.9.(d)** Subdivision (3) of Section 1(f) of S.L. 2015-280 is repealed.

40 **SECTION 40.9.(e)** Section 4(b) of S.L. 2015-280 reads as rewritten:

41 "**SECTION 4.(b)** Any funds retained by the Office of State Budget and Management  
42 pursuant to subsection (a) of this section at the time a project is completed shall be retained by  
43 the Office of State Budget and Management until reallocated for other purposes by the General  
44 Assembly. Management. The Office of State Budget and Management shall report to the Joint  
45 Legislative Oversight Committee on Capital Improvements on any funds retained pursuant to  
46 this subsection within 90 days of a project's completion."  
47

#### 48 **CAPITAL PROJECT REPORTING/OTHER CHANGES**

49 **SECTION 40.10.(a)** It is the intent of the General Assembly to consolidate reporting  
50 for capital improvement projects. With the exception of the statutory requirements contained in

1 G.S. 143C-8-14, any reporting requirements imposed on capital improvement projects for State  
2 agencies authorized by a previous act of the General Assembly are hereby repealed.

3 **SECTION 40.10.(b)** G.S. 143C-8-13 reads as rewritten:

4 "**§ 143C-8-13. Repairs and Renovations.**

5 ...

6 (b) Allocation and Reallocation of Funds for Particular Projects. –Any funds that are  
7 allocated to the Board of Governors of The University of North Carolina or to the Office of State  
8 Budget and Management may be allocated or reallocated ~~by~~ at the discretion of those agencies  
9 for repairs and renovations projects so long as all of the following conditions are satisfied:

10 (1) Any project that receives an allocation or reallocation satisfies the  
11 requirements of subsection (a) of this section.

12 (2) ~~If the allocation or reallocation of funds from one project to another under this~~  
13 ~~section is two million five hundred thousand dollars (\$2,500,000) or more for~~  
14 ~~a particular project, the~~ The Office of State Budget and Management or the  
15 Board of Governors, as appropriate, consults with ~~shall report to the Joint~~  
16 ~~Legislative Commission on Governmental Operations Fiscal Research~~  
17 Division on the initial allocation prior to the expenditure or reallocation of  
18 funds.

19 (3) ~~If the allocation or reallocation of funds from one project to another under this~~  
20 ~~section is less than two million five hundred thousand dollars (\$2,500,000) for~~  
21 ~~a particular project, On or before August 1 each year, the Office of State~~  
22 Budget and Management or the Board of Governors, as appropriate, shall  
23 submit a final report showing the allocation or reallocation of funds is reported  
24 during the preceding fiscal year to the Joint Legislative Commission on  
25 Governmental Operations within 60 days of the expenditure or  
26 reallocation. ~~the Joint Legislative Capital Improvements Oversight Committee~~  
27 ~~and the Fiscal Research Division.~~

28 (4) If the funds were previously allocated for a repairs and renovations project  
29 that was not specifically allocated for by an act of the General Assembly;  
30 provided, however, if a project specifically allocated for by the General  
31 Assembly has been completed, then funds may be reallocated pursuant to this  
32 subsection.

33 ...."

34 **SECTION 40.10.(c)** G.S. 143C-8-12 reads as rewritten:

35 "**§ 143C-8-12. Capital improvement projects from sources other than the General Fund.**

36 (a) University Projects. – Notwithstanding any other provision of this Chapter, the Board  
37 of Governors of The University of North Carolina may approve any of the following:

38 (1) Expenditures to plan a capital improvement project of The University of North  
39 Carolina, the planning for which is to be funded entirely with non-General  
40 Fund ~~money~~ and non-State Capital and Infrastructure Fund monies.

41 (2) Expenditures for a capital improvement project of The University of North  
42 Carolina that is to be funded and operated entirely with non-General Fund  
43 ~~money~~ and non-State Capital and Infrastructure Fund monies.

44 (3) A change in the scope of any previously approved capital improvement project  
45 of The University of North Carolina provided that both the project and change  
46 in scope are funded entirely with non-General Fund ~~money~~ and non-State  
47 Capital and Infrastructure Fund monies.

48 Nothing in this subsection shall be construed to prohibit expenditures for planning for a  
49 project that has been authorized by an act of the General Assembly and funded with an allocation  
50 from the State Capital and Infrastructure Fund.

1 (b) Carryforward Funds. – For purposes of this section, the term "non-General Fund  
2 ~~money~~" and non-State Capital and Infrastructure Fund monies" includes funds carried forward  
3 from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B. These funds shall  
4 only be used for projects listed in G.S. 143C-8-13(a).

5 ...."

## 6 7 **ENGINEERING NC'S FUTURE**

8 **SECTION 40.11.(a)** The General Assembly finds that the STEM Program Needs  
9 Assessment published by The University of North Carolina in 2019 highlighted the importance  
10 of STEM programs as drivers of economic investment, expansion, and employment throughout  
11 the State. The General Assembly has made significant investments to bolster health science  
12 programming with funding for capital improvement projects at the University of North Carolina  
13 at Chapel Hill, the University of North Carolina at Pembroke, and East Carolina University. In  
14 addition to the investments in the health sciences, the General Assembly is initiating Engineering  
15 N.C.'s Future with significant investments in key engineering programs at North Carolina State  
16 University, North Carolina Agricultural and Technical University, and the University of North  
17 Carolina at Charlotte. The investments in Engineering N.C.'s Future will support the continued  
18 growth of related economic investments and job opportunities in the State by expanding  
19 enrollment opportunities at these constituent institutions to enable more students to pursue an  
20 education in engineering fields. Engineering N.C.'s Future provides thirty-five million dollars  
21 (\$35,000,000) among these constituent institutions for curriculum improvements, research  
22 equipment, and administration in this act. In addition, the General Assembly intends to provide  
23 ninety million dollars (\$90,000,000) in funding for capital improvements at these constituent  
24 institutions over the next two years.

25 **SECTION 40.11.(b)** The funds allocated for project code UNC/ENG21 shall be  
26 allocated by the Board of Governors of The University of North Carolina in equal amounts  
27 among North Carolina State University, the University of North Carolina at Charlotte, and North  
28 Carolina Agricultural and Technical University. Funds allocated by the Board of Governors may  
29 be used by each recipient institution for capital improvements to existing buildings on that  
30 institution's campus that will allow for expanded offerings and enrollments related to that campus'  
31 engineering program. The Board of Governors may determine the priority and timing of funds  
32 allocated to the constituent institutions listed in this subsection.

## 33 34 **SCIF AUTHORIZED USES**

35 **SECTION 40.12.** G.S. 143C-4-3.1(e) reads as rewritten:

36 "(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service  
37 obligations supported by the General Fund. In addition to meeting the debt service obligations  
38 supported by the General Fund, monies in the Fund may be used for the following purposes:

- 39 (1) New State and The University of North Carolina capital projects governed  
40 pursuant to Article 8 of Chapter 143C of the General Statutes.
- 41 (2) Repair and renovation of existing capital assets, as provided in  
42 G.S. 143C-8-13.
- 43 (3) Broadband infrastructure projects funded through appropriations to the  
44 Growing Rural Economies with Access to Technology Fund established in  
45 G.S. 143B-1373(b).
- 46 (4) Projects and grants identified in the Current Operations Appropriations Act or  
47 that have been authorized and funded by an act of the General Assembly. With  
48 the exception of health facilities licensed under Chapter 131E or Chapter 122C  
49 of the General Statutes, grants intended for affordable housing or other  
50 residential purposes are not an allowable use of monies in the Fund."

**RENDEZVOUS STATE FOREST**

**SECTION 40.13.(a)** For the Rendezvous Mountain Park grant allocated in this Part, the Department of Agriculture and Consumer Services (DACS) shall transfer to the Department of Natural and Cultural Resources (DNCR) a portion of the Rendezvous Mountain Educational State Forest allocated to the North Carolina Forest Service that is situated in Wilkes County, the specific location and description to be mutually agreed upon by DACS and DNCR. The land transfer shall occur no later than February 1, 2022.

**SECTION 40.13.(b)** The General Assembly authorizes the Department of Natural and Cultural Resources to add the portion of land described in subsection (a) of this section to the State Parks System, as provided in G.S. 143B-135.54(b), and which shall be designated as a satellite annex of Stone Mountain State Park.

**SECTION 40.13.(c)** The Department of Agriculture and Consumer Services and the Wildlife Resources Commission shall renegotiate any lease of land for game land purposes in the Rendezvous Mountain Educational State Forest to encompass all or a portion of the lands remaining after the transfer of land pursuant to subsection (a) of this section. The Department of Agriculture shall retain timber rights to any lands subject to the renegotiated lease agreements. The Department of Agriculture and Consumer Services shall renegotiate any existing leases for wireless or other similar communication towers that may be in effect on the land transferred pursuant to subsection (a) of this section.

**REALLOCATION OF SPECIAL INDEBTEDNESS FUNDS FOR THE ECU SCHOOL OF DENTISTRY**

**SECTION 40.14.(a)** Section 27.8(a) of S.L. 2008-107, as amended by Section 2(a) of S.L. 2009-209, reads as rewritten:

**"SECTION 27.8.(a)** The State, with the prior approval of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in order to provide funds to the State to be used, together with other available funds, to pay the capital facility costs of the projects described in this subsection. In accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special indebtedness:

- (1) In the maximum aggregate principal amount of sixty-one million five hundred ninety-nine thousand three hundred sixty-nine dollars (\$61,599,369) to finance the capital facility costs of completing a School of Dentistry ~~building~~ building, life safety improvements to the Brody School of Medicine, and renovation of space at the ECU Health Science Campus, Brody School of Medicine, to accommodate the dental school at East Carolina University and no more than 10 satellite dental clinics across the State. No more than a maximum aggregate amount of twenty-one million dollars (\$21,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2009. No more than a maximum aggregate amount of sixty million dollars (\$60,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2010.

...."

**SECTION 40.14.(b)** Nothing in this section shall be construed to authorize any entity to issue or incur additional indebtedness.

**BEAUFORT COUNTY ECONOMIC DEVELOPMENT**

**SECTION 40.15.** Of the funds appropriated in this act from the State Capital and Infrastructure Fund to the City of Washington (hereinafter "City"), the sum of ten million dollars (\$10,000,000) in nonrecurring funds in each fiscal year of the 2021-2023 fiscal biennium shall be disbursed by the City to the Washington-Warren Airport Advisory Board (hereinafter

"Board") for the purpose of modernizing the Washington-Warren Airport, including landing areas and air navigation facilities and acquiring real property for these purposes, to attract new jobs and economic growth, including existing sectors in manufacturing, boat building, and agriculture. The City shall, by resolution, delegate to the Board the necessary powers and duties to expend the funds provided under this section, including, but not limited to, those under Chapter 63 of the General Statutes. For purposes of implementing this section, the Board shall be exempt from the provisions of Article 3 and Article 8 of Chapter 143 of the General Statutes. The Board may use up to two percent (2%) of the funds provided by this section for administrative costs.

## **LOCAL GOVERNMENT INFRASTRUCTURE GRANT USE**

**SECTION 40.16.** Funds appropriated from the State Capital and Infrastructure Fund for Local Government Infrastructure Grants, as identified in the Committee Report referenced in Section 43.2 of this act, shall be used exclusively for property owned by the grant recipient city, county, or regional council of government.

## **PART XLI. TRANSPORTATION**

### **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**

**SECTION 41.1.(a)** Subsections (b) and (c) of Section 4.1 of S.L. 2020-91 are repealed.

**SECTION 41.1.(b)** The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2023-2024	\$2,628.0 million
For Fiscal Year 2024-2025	\$2,724.2 million
For Fiscal Year 2025-2026	\$2,814.8 million
For Fiscal Year 2026-2027	\$2,833.6 million
For Fiscal Year 2027-2028	\$2,875.9 million

**SECTION 41.1.(c)** The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2023-2024	\$1,758.1 million
For Fiscal Year 2024-2025	\$1,797.5 million
For Fiscal Year 2025-2026	\$1,809.0 million
For Fiscal Year 2026-2027	\$1,843.8 million
For Fiscal Year 2027-2028	\$1,878.7 million

**SECTION 41.1.(d)** The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a five-year revenue forecast. The five-year revenue forecast developed under this subsection shall be used (i) to develop the five-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

## **CONTINGENCY FUNDS**

**SECTION 41.1A.(a)** The funds appropriated in this act to the Department of Transportation, Construction – Contingency Fund Code for the 2021-2023 fiscal biennium shall be allocated statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, railroad infrastructure, and spot safety projects, including pedestrian walkways that enhance highway safety. Projects funded pursuant to this subsection require prior approval by the Secretary of Transportation. Funds allocated under this subsection shall not revert at the end of the applicable fiscal year but shall remain available until expended. The use of funds that do not revert under this subsection is not restricted to the fiscal year in which the funds were allocated.

1           **SECTION 41.1A.(b)** The Department of Transportation shall report to the members  
2 of the General Assembly on projects funded pursuant to subsection (a) of this section in each  
3 member's district prior to construction. The Department shall make a quarterly comprehensive  
4 report on the use of these funds to the Joint Legislative Transportation Oversight Committee and  
5 the Fiscal Research Division.

6  
7 **BUILD NC BONDS/MAX CASH BALANCE EXCEPTION**

8           **SECTION 41.3.** Notwithstanding G.S. 142-97(2)a., for the 2021-2023 fiscal  
9 biennium, the Department of Transportation average month end cash balance for the first three  
10 months in the calendar year prior to the date of determination must be equal to or less than two  
11 billion dollars (\$2,000,000,000).

12  
13 **SPEND PLAN TECHNICAL REVISION**

14           **SECTION 41.4.** G.S. 143C-6-11.1(a) reads as rewritten:

15           "(a) The Department of Transportation shall develop a comprehensive cash-spending  
16 plan, known as the "Spend Plan," that is based on the appropriations of the General Assembly,  
17 to spend money from any source, including federal funds and bond proceeds, for programs,  
18 functions, activities or objects, by the Department."

19  
20 **INDEMNIFY WILMINGTON FOR MAP ACT**

21           **SECTION 41.5.(a)** The Department of Transportation shall defend, indemnify, and  
22 hold harmless the Wilmington Urban Area Metropolitan Planning Organization and its members  
23 against any claims, civil actions, and proceedings arising out of the filing or amendment of a  
24 transportation corridor official map in accordance with Article 2E of Chapter 136 of the General  
25 Statutes, as it existed before its repeal, for the proposed Hampstead Bypass (R-3300) that extends  
26 from the Wilmington Bypass in New Hanover County to U.S. Highway 17 in Pender County.

27           **SECTION 41.5.(b)** The Department of Transportation shall defend, indemnify, and  
28 hold harmless the City of Wilmington and its members and employees against any claims, civil  
29 actions, and proceedings arising out of the filing or amendment of all transportation corridor  
30 official maps, including for Military Cutoff Road (U-4751) and the Martin Luther King/Kerr  
31 Ave. Project (U-3338), filed by the City of Wilmington in accordance with Article 2E of Chapter  
32 136 of the General Statutes and G.S. 160A-458.4 as they existed before their repeal.

33           **SECTION 41.5.(c)** This section is effective when it becomes law and applies  
34 retroactively to June 13, 2019.

35  
36 **DMV PERFORMANCE DASHBOARD EXPANSION**

37           **SECTION 41.6.(a)** Expand Performance Dashboard. – No later than January 15,  
38 2022, the Department of Transportation shall expand the performance dashboard available on the  
39 Department's website to display the total number of transactions completed by the Division of  
40 Motor Vehicles per month and year-to-date. The performance dashboard report shall sort the  
41 transactions by type and indicate whether the transactions were conducted in person, by mail, or  
42 by online application.

43           **SECTION 41.6.(b)** Establish Performance Dashboard Archive. – No later than  
44 January 15, 2022, the Department shall maintain and make available from the performance  
45 dashboard an archive of all prior performance dashboard reports.

46           **SECTION 41.6.(c)** Paperless Operations Report. – By March 15, 2022, the Division  
47 of Motor Vehicles shall submit a report to the Joint Legislative Transportation Oversight  
48 Committee and the Fiscal Research Division. The report shall contain all of the following:

- 49           (1) A list of services provided by the Division that currently involve paper  
50 correspondence of any kind.

- 1 (2) A list of services provided by the Division involving paper correspondence  
2 that could be made paperless.
- 3 (3) A description of requirements to implement paperless transactions for the  
4 services identified in subdivision (2) of this subsection, including one-time  
5 and recurring costs.
- 6 (4) A description of the processes the Division is currently pursuing to implement  
7 paperless transactions for the services identified in subdivision (2) of this  
8 subsection.
- 9 (5) An estimate of when the processes described in subdivision (4) of this  
10 subsection will be fully implemented.

## 11 **REPORT ON DMV MOBILE UNIT DEPLOYMENT**

12 **SECTION 41.7.** By March 31, 2022, the Division of Motor Vehicles and the  
13 Department of Information Technology shall report to the Joint Legislative Transportation  
14 Oversight Committee with respect to the deployment of the Division's mobile units. The report  
15 shall include the following:  
16

- 17 (1) A comparison of the amount appropriated to develop mobile units compared  
18 to the amount expended to develop the mobile units.
- 19 (2) The current location, including street address, of each mobile unit.
- 20 (3) An accounting of when the mobile units were taken out of service, including  
21 an explanation for the termination of service.
- 22 (4) A description of all efforts to improve the effectiveness of mobile units,  
23 including an analysis of any surveys submitted by the Division to other states  
24 with respect to the deployment of mobile services.
- 25 (5) A description of all efforts to assess the need for future redeployment of the  
26 mobile units.
- 27 (6) A description of the Division's plans for mobile units, including whether the  
28 units will be placed back into service, redesigned, or discarded.
- 29 (7) A description of all requirements for redeployment, including a cost estimate  
30 and anticipated time line, if the Division intends to redeploy the mobile units.
- 31 (8) Any recommended legislative changes.

## 32 **DMV SALARY ADJUSTMENT FUND**

33 **SECTION 41.10.(a)** For the 2021-2023 fiscal biennium, the funds appropriated in  
34 this act from the Highway Fund to the Salary Adjustment Fund shall only be used for the salary  
35 adjustment of Division of Motor Vehicle (DMV) personnel. To be eligible for a salary increase  
36 under this section, a DMV employee must not have any active disciplinary action and must not  
37 have received a salary adjustment under the authority provided in Section 34.19 of S.L. 2018-5.  
38 A salary increase under this section shall not exceed five percent (5%) of the employee's base  
39 salary.  
40

41 **SECTION 41.10.(b)** No later than January 1 and June 30 of each year of the  
42 2021-2023 fiscal biennium, the Department shall submit a report to the Joint Legislative  
43 Transportation Oversight Committee and the Fiscal Research Division on the actions taken  
44 pursuant to this section. The report shall contain all of the following:

- 45 (1) The total amount of salary adjustments implemented pursuant to this section.
- 46 (2) The average percentage increase in salary for each employee whose salary  
47 was increased pursuant to this section.
- 48 (3) The total number of employees whose salaries were increased pursuant to this  
49 section.
- 50 (4) The methodology used by the Department to calculate salary adjustments  
51 pursuant to this section.

- 1 (5) A description of any proposed future salary adjustments.

2  
3 **AVIATION/DIVISION ANNUAL REPORT**

4 **SECTION 41.11.(a)** Article 7 of Chapter 63 of the General Statutes is amended by  
5 adding a new section to read:

6 "**§ 63-74.5. Division of Aviation annual report.**

7 Beginning October 1, 2021, and annually thereafter, the Division of Aviation shall submit to  
8 the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division a  
9 report containing the following information from the prior fiscal year:

- 10 (1) A list of all public use airports within the State, their municipality and county,  
11 status as commercial services or general aviation, airport code, and the  
12 following corresponding information:
- 13 a. Total amount of funds allocated to each airport subtotaling federal,  
14 Commercial Services, State Aid to Airports, Special Projects,  
15 Economic Development, and State Transportation Improvement  
16 Program dollars and total number of projects receiving allocations.
  - 17 b. Total amount of funds disbursed to each airport subtotaling federal,  
18 Commercial Services, State Aid to Airports, Special Projects,  
19 Economic Development, and State Transportation Improvement  
20 Program dollars and total number of projects receiving disbursements.
  - 21 c. Total amount of unallocated State appropriations for Commercial  
22 Services, State Aid to Airports, Special Projects, and Economic  
23 Development.
- 24 (2) Summary of activities related to unmanned aircraft systems, including total  
25 number of drones owned subtotaled by units of the Department of  
26 Transportation and by other State agencies, purposes and uses of drones in  
27 each unit and agency, a list describing each private sector partnership to which  
28 the Division of Aviation is a party, and any other activities of this unit.
- 29 (3) Total number of trips and flight hours by each manned aircraft owned by the  
30 Department of Transportation, subtotaled by agency, fees charged to each  
31 agency, and total cost of providing services to each agency.
- 32 (4) Summary of activities related to Safety and Education, including total  
33 expenditures, number and description of programs, and number of  
34 participants."

35 **SECTION 41.11.(b)** Notwithstanding G.S. 63-74.5, as enacted by this act, the first  
36 report required by G.S. 63-74.5 shall be submitted by March 31, 2022.

37  
38 **QUARTERLY ALLOCATIONS TO PORTS AUTHORITY AND COMMERCIAL**  
39 **AIRPORTS**

40 **SECTION 41.12.(a)** G.S. 136-176(b3) reads as rewritten:

41 "(b3) Funds appropriated to the North Carolina State Ports Authority from the Highway  
42 Trust Fund may only be used (i) to pay debt service or related financing costs and expenses on  
43 revenue bonds or notes issued by the State Ports Authority and (ii) for capital projects. An  
44 appropriation to the State Ports Authority from the Highway Trust Fund constitutes an agreement  
45 by the State to pay the funds appropriated to the State Ports Authority within the meaning of  
46 G.S. 159-81(4). Notwithstanding the foregoing, it is the intention of the General Assembly that  
47 the appropriation of funds to the State Ports Authority, the enactment of this subsection, and the  
48 issuance of bonds or notes by the State Ports Authority in reliance thereon shall not in any manner  
49 constitute a pledge of the faith and credit and taxing power of the State, and nothing contained  
50 herein shall prohibit the General Assembly from amending an appropriation made to the State  
51 Ports Authority at any time to decrease or eliminate the amount annually appropriated to the State



1 Ports Authority. Funds appropriated to the State Ports Authority for the purposes described in  
 2 this subsection are not subject to the formula set forth in G.S. 136-189.11. The Department of  
 3 Transportation shall disburse funds appropriated under this subsection to the State Ports  
 4 Authority on a quarterly basis beginning September 30 of each fiscal year."

5 **SECTION 41.12.(b)** G.S. 63-74(d) reads as rewritten:

6 "(d) Permissible Uses, Reporting, and Return of Funds. – The Department of  
 7 Transportation shall not allocate funds to an airport under this section until that airport has  
 8 provided a report outlining how the airport will use the funds in conformance with the purposes  
 9 of the program. Airports shall submit their report between July 1 and August 15 of the fiscal year.  
 10 No later than 45 days from the date the Department receives the report required under this  
 11 subsection, the Department shall ~~make a determination~~ determine whether the intended use of  
 12 the funds matches the purposes of the program and, if so, allocate funds under this section to the  
 13 compliant airport. The Department of Transportation shall disburse funds appropriated under this  
 14 section on a quarterly basis beginning September 30 of the fiscal year. An airport that receives  
 15 funds under this section shall return the funds to the Department if the funds are in the possession  
 16 or control of the airport and not expended or encumbered by ~~August 31~~ September 30 of the year  
 17 following the fiscal year in which the Department makes the allocation. All funds returned to the  
 18 Department under this section, or retained by the Department for failure of an eligible airport to  
 19 submit a report under this subsection, shall be credited to the fund from which they were  
 20 appropriated and shall remain unexpended and unencumbered until appropriated by the General  
 21 Assembly."

22 **SECTION 41.12.(c)** Notwithstanding G.S. 63-74(d), as revised by subsection (b) of  
 23 this section, for the 2021-2022 fiscal year, airports shall submit their report on the use of funds  
 24 no later than November 15, 2021, and the Department shall disburse funds to compliant airports  
 25 no later than December 31, 2021, March 31, 2022, and June 30, 2022.

## 26 **AVIATION/GRANT FUNDS NOT AUTHORIZED TO FUND POSITIONS**

27 **SECTION 41.13.(a)** The following positions shall not be paid for by funds  
 28 appropriated to the State Aid to Airports grant program:

29 <b>Position Number</b>	30 <b>Title</b>
31 60015619	Aviation Safety Specialist
32 60020073	Business Officer II
33 60016342	Technical Trainer II
34 60026296	Program Manager II
35 60015609	Engineering Supervisor III
36 60015610	Engineer III
37 60015612	Engineer III
38 60015613	Engineer II
39 60015622	Engineer III
40 60015627	Airport Preservation Engineer
41 60016328	Engineer III
42 60020271	Engineer III
43 60027110	Engineer II
44 60029095	Engineer III

45 **SECTION 41.13.(b)** Article 7 of Chapter 63 of the General Statutes is amended by  
 46 adding a new section to read:

47 **"§ 63-74.2. Division of Aviation grant funded positions prohibited.**

48 The Department of Transportation shall not create or authorize any Division of Aviation  
 49 positions that are paid for using State funds appropriated for State Aid to Airports or any other  
 50 airport aid program."

**AVIATION/STATE PLANE COST OF USE RATE ANALYSIS**

**SECTION 41.14.(a)** The Division of Aviation shall conduct a rates and charges analysis for the Hawker Beechcraft King Air B200 passenger aircraft (King Air). The report shall contain a comparison of the market rates of private aircraft providers in North Carolina and surrounding states and an analysis of actual operating-cost-rate for the King Air. The Division of Aviation shall submit the results of the study, including a recommended rate, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by March 1, 2022.

**SECTION 41.14.(b)** During the 2021-2023 fiscal biennium, unless the General Assembly modifies the rate after the study required by subsection (a) of this section, the Department of Transportation shall charge one thousand two hundred dollars (\$1,200) per hour to State agencies, excluding the Department of Transportation, for use of the King Air until June 30, 2023.

**FERRY CAPITAL SPECIAL FUND**

**SECTION 41.15.(a)** G.S. 136-82 reads as rewritten:

**"§ 136-82. Department of Transportation to establish and maintain ferries.**

...

(c2) Ferry Capital Special Fund. – The Ferry Capital Special Fund is established as a special fund separate from the Highway Fund within the Department of Transportation.

(d) Use of Toll Proceeds. – The Department of Transportation shall ~~credit-deposit~~ the proceeds from tolls collected on North Carolina Ferry System routes and ~~certain route-generated~~ receipts ~~generated-authorized~~ under subsection (f) of this section to ~~reserve accounts-fund codes~~ within the ~~Highway Fund~~ Ferry Capital Special Fund for each of the Highway Divisions in which system terminals are located and fares are earned. For the purposes of this subsection, fares are earned based on the terminals from which a passenger trip originates and terminates. Commuter pass receipts shall be ~~credited-deposited~~ proportionately to each ~~reserve account-fund code~~ based on the distribution of trips originating and terminating in each Highway Division. The proceeds ~~credited-deposited~~ to each ~~reserve account-fund code~~ shall be used exclusively for prioritized North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or supplement funds allocated for ferry passenger vessel replacement projects approved in the Transportation Improvement Program.

...

(f) Authority to Generate Certain Receipts. – The Department of Transportation, notwithstanding any other provision of law, may operate or contract for the following receipt-generating activities and, ~~except as otherwise provided in subsection (f1) of this section, use the proceeds for ferry passenger vessel replacement projects in the manner set forth in subsection (d) of this section:~~ activities. The proceeds collected on North Carolina Ferry System routes from receipts generated under this subsection shall be deposited and used in accordance with subsection (d) of this section. The proceeds collected from receipts generated from the Shipyard shall be deposited and used in accordance with subsection (f1) of this section.

- (1) Operation of, concessions on the ferries and at ferry facilities to provide to passengers on the ferries food, drink, and other refreshments, personal comfort items, Internet access, and souvenirs publicizing the ferry system.
- (2) Sponsorships, including, but not limited to, the sale of naming rights to any ferry vessel, ferry route, or ferry facility.
- (3) Advertising on or within any ferry vessel or at any ferry facility, including, but not limited to, display advertising and advertising delivered to passengers through the use of video monitors, public address systems installed in passenger areas, and other electronic media.

- 1 (4) Any other receipt-generating activity not otherwise forbidden by applicable  
2 law pertaining to public health or safety.

3 The Department may issue rules to implement this subsection.

4 (f1) ~~Use of Receipts Generated From Shipyard.~~ – The Department of Transportation shall  
5 ~~credit-deposit~~ the proceeds from receipts generated under subsection (f) of this section from  
6 activities performed by the North Carolina State Shipyard to a ~~reserve account-fund code~~ within  
7 the ~~Highway Fund-Ferry Capital Special Fund~~ to be used exclusively for improvements to the  
8 Shipyard, including equipment and associated infrastructure. ~~Notwithstanding the restrictions on~~  
9 ~~the use of proceeds set forth in subsections (d) and (f) of this section, the Department may use a~~  
10 ~~proportional amount of the proceeds credited to each reserve account described in subsection (d)~~  
11 ~~of this section to replace or repair equipment in accordance with this subsection if there is an~~  
12 ~~insufficient amount of funds in the reserve account within the Highway Fund for the Shipyard.~~

13 (f2) ~~Reserve Account-Ferry Systemwide Fund Code and Disposition of Marine Vessels.~~ –  
14 There is created in the ~~Highway Fund-Ferry Capital Special Fund~~ a Ferry Systemwide ~~reserve~~  
15 ~~account-fund code~~. The funds in the ~~account-this fund code~~ shall be used for the acquisition or  
16 construction of marine vessels to maintain existing service capacity by replacing marine vessels  
17 that have reached the end of their useful life, as determined by the Department of Transportation.  
18 The Department of Transportation shall decommission and dispose of a marine vessel subject to  
19 replacement in a timely manner after the replacement marine vessel is operationalized.  
20 Notwithstanding any provision of law to the contrary, any proceeds received from the disposition  
21 of a marine vessel shall be ~~credited-deposited~~ to the ~~reserve account-fund code~~ established under  
22 this subsection. Nothing in this subsection shall be construed as prohibiting the Department of  
23 Transportation from using funds held in the ~~reserve account-fund code~~ established under this  
24 subsection to supplement funds ~~credited-deposited~~ to a ~~reserve account-fund code~~ under  
25 subsection (d) of this section to use exclusively for prioritized Ferry System ferry passenger  
26 vessel replacement projects in the Highway Division in which the funds ~~credited-deposited~~ to the  
27 ~~reserve account-fund code~~ under subsection (d) of this section are earned. For purposes of this  
28 subsection, the term "marine vessels" means tugs, barges, dredges, and ferries other than  
29 passenger-only vessels.

30 ...

31 (h) Transfer of Funds. – Notwithstanding G.S. 136-44.2(f), G.S. 136-44.2(f1), and any  
32 other provision of law to the contrary, beginning with the 2021-2022 fiscal year, no later than 45  
33 days after the first day of the fiscal year, the Department of Transportation shall transfer from the  
34 Highway Fund to the Ferry Systemwide fund code of the Ferry Capital Special Fund all  
35 unexpended funds for the Ferry Division's budget from the prior fiscal year.

36 (i) Semiannual Report. – No later than March 1 and September 1 of each year, the Ferry  
37 Division shall submit a report to the Joint Legislative Transportation Oversight Committee and  
38 the Fiscal Research Division that contains the total cost to operate each ferry route."

39 **SECTION 41.15.(b)** G.S. 136-16.10 reads as rewritten:

40 "**§ 136-16.10. Allocations by Department Chief Financial Officer to eliminate overdrafts.**

41 The Chief Financial Officer of the Department of Transportation shall allocate at the  
42 beginning of each fiscal year from the various appropriations made to the Department of  
43 Transportation for State Construction, State Funds to Match Federal Highway Aid, ~~State~~  
44 ~~Maintenance, and Ferry Operations,~~ and State Maintenance sufficient funds to eliminate all  
45 overdrafts on State maintenance and construction projects, and these allocations shall not be  
46 diverted to other purposes."

47 **SECTION 41.15.(c)** G.S. 136-44.2(f1)(2) reads as rewritten:

48 "(2) The unallotted and unencumbered balances on the last day of the fiscal year  
49 for the following:

- 50 a. Funds appropriated from the Highway Fund for the multimodal  
51 programs of the Department, consisting of funds for bicycle and

1 pedestrian, ~~ferry~~, railroad, aviation, and public transportation  
2 programs, excluding funds deposited in the Freight Rail & Rail  
3 Crossing Safety Improvement Fund.

- 4 b. Funds appropriated from the Highway Fund for the construction  
5 programs of the Department, consisting of funds for secondary  
6 construction, access and public service roads, spot safety  
7 improvement, small urban construction, and economic development  
8 programs."

9 **SECTION 41.15.(d)** Subdivision (2) of subsection (b) of Section 35.1 of S.L.  
10 2016-94 is repealed.

#### 11 **OSBM/CERTIFY FERRY FUND CODE**

12 **SECTION 41.15A.(a)** The Director of the Office of State Budget and Management  
13 (OSBM), in consultation with the Chief Financial Officer of the Department of Transportation,  
14 shall certify for Fund Code 7825 line item expenditure accounts in the major account groups per  
15 the State Budget Manual and the Office of the State Controller's Chart of Accounts as  
16 appropriated by the General Assembly.

17 **SECTION 41.15A.(b)** Positions in Fund Code 7825 shall be budgeted to the  
18 Personal Services major account group and shall not be budgeted to agency receipts.

#### 19 **SUMMER FERRY LEASE**

20 **SECTION 41.15B.** If by March 30, 2022, the passenger ferry being constructed for  
21 service between Hatteras and Ocracoke is not operational and received by the Department of  
22 Transportation, the sum of up to one million dollars (\$1,000,000) from the funds appropriated in  
23 this act to the Ferry Division shall be used for the lease of a passenger ferry for the summer 2022  
24 season. The Ferry Division shall not reduce regularly scheduled ferry service on any route to  
25 comply with this provision. Beginning February 1, 2022, the Ferry Division shall submit a  
26 monthly report to the Joint Legislative Transportation Oversight Committee and the Fiscal  
27 Research Division on the status of the passenger ferry being constructed until completion.

#### 28 **DOT/RECLASSIFICATION AUTHORITY FOR CERTAIN POSITIONS**

29 **SECTION 41.16.** Notwithstanding any other provision of law to the contrary, the  
30 Department of Transportation shall reclassify vacant positions, pursuant to the classification  
31 system established by the State Human Resources Commission, to the following positions:

- 32 (1) Up to four full-time equivalent (FTE) positions in the Office of Civil Rights.  
33 (2) Up to seven FTE positions in the Purchasing Division to manage the  
34 procurement and contractual needs of the Department.  
35 (3) Up to four FTE positions in the Department's Finance Division to improve  
36 financial operations and performance.

#### 37 **DOT/FACILITIES PLAN**

38 **SECTION 41.17.(a)** The Department of Transportation shall develop a 10-year  
39 Facilities Plan for the Department's current and future facility needs. The plan shall identify the  
40 need for replacement and major renovations of all Department-owned buildings and include the  
41 following components: complete facility inventory, condition analysis, building and site usage,  
42 building capacity analysis with square footage, staff replacement, renovation cost estimates, and  
43 proposed 10-year replacement and renovations schedule. The Department shall seek input from  
44 all units of the Department to develop the comprehensive plan of the Department. The  
45 Department shall contract with an outside consultant to develop the comprehensive plan.

46 **SECTION 41.17.(b)** The Department shall submit a report to the Joint Legislative  
47 Transportation Oversight Committee, the Joint Legislative Oversight Committee on Capital  
48

1 Improvements, and the Fiscal Research Division. The report shall include all components of the  
 2 plan, including the proposed 10-year schedule, estimated costs, and the status of all building  
 3 replacements and renovations underway by the Department. The report is due no later than March  
 4 1, 2023.

#### 6 **REPORT ON PREVENTIVE MAINTENANCE PLAN FOR DOT BUILDINGS**

7 **SECTION 41.18.(a)** The Facilities Division of the Department of Transportation  
 8 shall develop a preventive maintenance program for all buildings owned by the Department. The  
 9 plan shall include a schedule to examine the building systems, including lighting and electrical,  
 10 safety, HVAC, building interior, full building exterior, and a short-term and long-term plan for  
 11 repair and maintenance.

12 **SECTION 41.18.(b)** No later than March 1, 2022, the Facilities Division shall  
 13 submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal  
 14 Research Division on the plan, schedule, and an estimate of recurring funds needed for  
 15 maintenance and repair.

#### 17 **CAPITAL, REPAIRS, AND RENOVATIONS**

18 **SECTION 41.19.** For the 2021-2023 fiscal biennium, the funds appropriated in this  
 19 act from the State Capital and Infrastructure Fund and the Highway Fund to the Department of  
 20 Transportation for capital, repairs, and renovations shall be used as follows:

22 <b>Item</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
23 Polk Maintenance Shop	745,285	
24 Currituck Equipment and Maintenance Storage Facility	447,544	
25 Northampton Sub Shop	3,000,000	
26 Alamance County Sub Shop		1,792,764
27 Edgecombe Maintenance and Storage		1,751,208
28 Cleveland County Division 12 Office		5,022,534
29 Alleghany Equipment Shop		162,000
30 Ferry Facilities	1,631,015	
31 Repairs and Renovations	1,637,500	1,681,250
32 <b>Total</b>	<b>\$7,461,344</b>	<b>\$10,409,756</b>

#### 34 **DOT/CONTRACTING AUTHORITY FOR CERTAIN CAPITAL ITEMS**

35 **SECTION 41.20.(a)** Notwithstanding G.S. 143-135.26(1), or any other provision of  
 36 law to the contrary, for the 2021-2023 fiscal biennium, the Department of Transportation shall  
 37 have the authority to (i) procure design services and (ii) oversee the solicitation, bidding, and  
 38 contracting for the construction of the capital replacement projects listed in Section 41.19 of this  
 39 act and shall not be subject to the jurisdiction of the Department of Administration, if the  
 40 estimated cost of the design and construction of the replacement building is less than two million  
 41 dollars (\$2,000,000). The Department of Transportation shall advertise and award contracts in  
 42 the manner required by Article 3 and Article 8 of Chapter 143 of the General Statutes. Upon  
 43 request, the Department of Administration shall assist the Department of Transportation in  
 44 advertising and awarding a contract under this section.

45 **SECTION 41.20.(b)** No later than 30 days after the end of each fiscal quarter, the  
 46 Department of Transportation shall report to the Joint Legislative Transportation Oversight  
 47 Committee and the Fiscal Research Division on the status of all contracts awarded by the  
 48 Department of Transportation under subsection (a) of this section. The report shall include for  
 49 each capital replacement project:

- 50 (1) The estimated cost of the design and construction of the replacement structure.
- 51 (2) The method for replacement, to include design phase through construction.

- 1 (3) Any assistance provided by the Department of Administration.  
 2 (4) The issued request for proposal, selection criteria, bid amounts, and selected  
 3 contractor.  
 4 (5) The status of project, total contract cost, amount paid-to-date, and anticipated  
 5 completion date.  
 6

## 7 REVISE CASH WATCH REPORT

8 **SECTION 41.21.** G.S. 143C-6-11(n) reads as rewritten:

9 "(n) Cash Watch Weekly Report. – The Department of Transportation shall publish for  
 10 public review a weekly report of the Department's cash position, which shall be entitled "NCDOT  
 11 Cash Watch Numbers." The report shall be issued as a press release to all interested parties,  
 12 posted on the Department's Web site, and submitted to the Joint Legislative Transportation  
 13 Oversight Committee and the Fiscal Research Division. In addition to any cash flow category the  
 14 Department determines is beneficial to include, the report shall contain the following:

- 15 (1) Total Cash and Bond Proceeds  
 16 (2) Add Receipts  
 17 a. Subcategory of federal receipts  
 18 b. Subcategory of federal receipts (declared disaster reimbursements)  
 19 (3) Less Disbursements  
 20 a. Payroll  
 21 b. Debt Service  
 22 c. STI Construction Costs  
 23 d. General Operating Costs  
 24 e. Map Act Claims/Settlements  
 25 f. State Aid Payments  
 26 g. Disaster-Related Costs  
 27 h. Other  
 28 (4) Reserved Cash  
 29 a. GARVEE/Federal Repayment Reserve  
 30 b. Transportation Emergency Reserve  
 31 c. Trustee Accounts – Build NC proceeds  
 32 d. Trustee Accounts – GARVEE  
 33 e. Trustee Accounts – Other Bonds  
 34 f. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.  
 35 g. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.  
 36 (5) Unreserved Cash Balance Total  
 37 a. Highway Fund Total  
 38 b. Highway Trust Fund Total  
 39 c. Statutory Cash Requirement"  
 40

## 41 HIGHWAY DIVISIONS ANNUAL REPORT

42 **SECTION 41.22.** G.S. 143C-6-11 is amended by adding a new subsection to read:

43 "(s) No later than September 1 of each year, the Department of Transportation shall submit  
 44 to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division an  
 45 annual report on the prior fiscal year allocations and expenditures for each highway division that  
 46 contains the following information:

- 47 (1) A chart detailing all Highway Fund allocations allotted to each highway  
 48 division by category and purpose, the actual amount spent by each division,  
 49 and any funds remaining for each division for the fiscal year.  
 50 (2) The amount of funds reallocated between divisions under G.S. 136-44.6 by  
 51 division source and recipient.

(3) The overdrafts and carryforward amounts in total and by division."

### REST AREAS

**SECTION 41.23.(a)** Article 7 of Chapter 136 of the General Statutes is amended by adding a new section to read:

**"§ 136-102.10. Rest areas report.**

No later than October 1 of each year, the Department shall submit an annual report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division that contains the following information:

(1) Total inventory of rest areas.

(2) Location and description of each rest area to include condition of the rest area buildings, parking, landscape, ingress and egress roads, restrooms, lighting, vending, whether collocated with a welcome center, and availability of Wi-Fi and cell phone service strength.

(3) Most recent reopening date and the reason and length of closure before reopening.

(4) Actual expenditures by categories to include staff, contracts, building operations, and other maintenance.

(5) Number of estimated visitors and how estimated visitors are calculated.

(6) Planned renovations and closures for renovations."

**SECTION 41.23.(b)** Notwithstanding G.S. 136-102.10, as enacted by this act, the initial annual report on rest areas is due no later than March 30, 2022.

### INCREASE NUMBER OF BOARD OF TRANSPORTATION APPOINTEES PERMITTED FROM THE SAME HIGHWAY DIVISION

**SECTION 41.24.** G.S. 143B-350(b)(1) reads as rewritten:

"(b) Membership of the Board. –

(1) Number, appointment. – The Board of Transportation shall have 20 voting members. Voting members shall be appointed as provided in subdivisions (2) and (3) of this subsection for terms of office beginning July 31 of the year of initial appointment, and every four years thereafter. Fourteen of the members shall be division members appointed by the Governor. Six members shall be at-large members appointed by the General Assembly, three upon recommendation of the President Pro Tempore of the Senate and three upon recommendation of the Speaker of the House of Representatives. The Secretary of Transportation shall serve as an ex officio nonvoting member of the Board. No more than ~~two~~ three members of the Board may reside in the same highway division."

### AUTHORIZE REVISOR OF STATUTES TO MAKE CONFORMING CHANGES TO STATUTE FOR THE DMV QUADRENNIAL FEE INCREASE

**SECTION 41.26.** G.S. 20-4.02 reads as rewritten:

**"§ 20-4.02. Quadrennial adjustment of certain fees and rates.**

(a) Adjustment for Inflation. – Beginning July 1, 2020, and every four years thereafter, the Division shall adjust the fees and rates imposed pursuant to the statutes listed in this subsection for inflation in accordance with the Consumer Price Index computed by the Bureau of Labor Statistics. The adjustment for per transaction rates in subdivision (8a) of this subsection shall be rounded to the nearest cent and all other adjustments under this subsection shall be rounded to the nearest twenty-five cents (25¢):

...

1 (c) Rules. – The provisions of Chapter 150B of the General Statutes shall ~~do~~ not apply to  
2 the inflation adjustment required by this section.

3 (d) Consultation and Publication. – At least 90 days prior to making an adjustment  
4 pursuant to subsection (a) of this section, and notwithstanding any provision of G.S. 12-3.1 to  
5 the contrary, the Division shall (i) consult with the Joint Legislative Commission on  
6 Governmental Operations, (ii) provide a report to the chairs of the Senate Appropriations  
7 Committee on ~~Department of~~ Transportation and the House of Representatives Appropriations  
8 Committee on Transportation, and (iii) publish notice of the fees that will be in effect in the  
9 offices of the Division and on the Division's ~~Web site~~ website. After making the adjustment, the  
10 Division shall notify the Revisor of Statutes who shall adjust the amounts in statute.

11 ...."

### 12 13 **POWELL BILL FUNDS**

14 **SECTION 41.27.** For the 2021-2023 fiscal biennium:

- 15 (1) The Department of Transportation shall not reduce the funds appropriated  
16 under this act to the State Aid – Powell Bill Fund for allocation under the  
17 Powell Bill (G.S. 136-41.1 through G.S. 136-41.4).  
18 (2) Notwithstanding G.S. 136-41.1(a), eligible municipalities with a population  
19 of 400,000 or more shall receive the same amount of Powell Bill Program  
20 funds allocated for the 2020-2021 fiscal year. The remaining Powell Bill  
21 Program funds shall be allocated to municipalities with a population of less  
22 than 400,000 in accordance with the requirements of G.S. 136-41.1(a).  
23

### 24 **AUTHORIZE ONLINE RENEWALS FOR DMV-ISSUED LICENSES, PERMITS,** 25 **CERTIFICATES, AND REGISTRATIONS**

26 **SECTION 41.29.(a)** Article 1 of Chapter 20 of the General Statutes is amended by  
27 adding a new section to read:

28 **"§ 20-4.04. Division authority to create electronic systems for renewals.**

29 (a) Authorization. – The Division is authorized to establish and maintain electronic  
30 systems and means for renewals of all licenses, permits, certificates, and registrations issued by  
31 the Division pursuant to this Chapter for the purposes of administrative efficiency and to  
32 modernize Division systems and practices. This authorization does not supersede or modify  
33 specific renewal authorizations set out in this Chapter.

34 (b) Reporting Requirement. – By December 31, 2021, and annually thereafter, the  
35 Division must report to the Joint Legislative Transportation Oversight Committee, the Fiscal  
36 Research Division, and the Legislative Analysis Division any electronic system or means for  
37 renewal that has been implemented or is in the process of being implemented. This report shall  
38 also include any proposed legislative recommendations necessary as conforming changes to the  
39 General Statutes."

40 **SECTION 41.29.(b)** Notwithstanding subsection (a) of this section, the first report  
41 required by G.S. 20-4.04 shall be submitted by March 31, 2022.  
42

### 43 **MODIFY USE OF DOT/DMV INFORMATION TECHNOLOGY FUNDS**

44 **SECTION 41.42.** Funds appropriated in S.L. 2013-360 and S.L. 2014-100 from the  
45 Highway Fund to the Department of Transportation for replacement of the State Titling and  
46 Registration System (STARS), the State Automated Driver License System (SADLS), and the  
47 Liability Insurance Tracking and Enforcement System (LITES) may be used by the Department  
48 for information technology innovation and modernization for the Division of Motor Vehicles and  
49 to advance the development and implementation of replacement systems for Division mainframe  
50 applications, including STARS, SADLS, and LITES, which includes the procurement of  
51 contractual services, hardware, and software for these modernization and replacement efforts.



**BRIDGE NAMING**

**SECTION 41.43.** Notwithstanding any provision of law to the contrary, the Department of Transportation shall designate the bridges described in the subdivisions below as follows:

- (1) The bridge on State Road 1341 that crosses Reedy Meadow Swamp in Bladen County as the "Ronald Phillip Allen Jr. Bridge."
- (2) The bridge that connects Bruton Smith Boulevard and Concord Mills Boulevard and crosses part of Interstate 85 in the city of Concord in Cabarrus County as the "Officer Jason Shuping Bridge."
- (3) The bridge on O'Berry Road crossing U.S. Highway 117 in Wayne County as the "Trooper Nolan Sanders Bridge."
- (4) The bridge on U.S. Highway 1 that crosses the U.S. Highway 74 Bypass in Richmond County and is numbered 760194 by the Department as the "Sheriff James E. Clemmons, Jr. Bridge."

**REVISIONS TO OUTDOOR ADVERTISING CONTROL ACT**

**SECTION 41.47.(a)** G.S. 136-128 is amended by adding a new subdivision to read:

"(5e) "Sign not conforming to State standards" shall mean a sign which was legally erected but does not conform to the zoning, size, lighting, and spacing criteria established in State law, or State rules and regulations of the Department authorized by this Article and promulgated at a later date, or a sign which was legally erected but later fails to conform to the zoning, size, lighting, and spacing criteria established in State law, or State rules and regulations of the Department authorized by this Article."

**SECTION 41.47.(b)** Article 11 of Chapter 136 of the General Statutes is amended by adding a new section to read:

**"§ 136-131.5. Relocation of lawfully existing outdoor advertising sign.**

(a) Subject to subsection (c) of this section, in order to minimize the amount of just compensation due, whenever property on which a lawfully erected outdoor advertising sign is located is acquired by a public or private condemnor, as defined in G.S. 40A-3, or the Department of Transportation, and the acquiring party requires removal of the sign, or whenever the construction of a sound barrier wall would impair the visibility of a lawfully erected outdoor advertising sign, the eligible sign is permitted to be relocated and reconstructed, subject to all of the following requirements:

- (1) The new site for relocation is permitted to be any area within 660 feet of the nearest edge of the right-of-way of a highway on the National System of Interstate and Defense Highways or the federal aid primary highway system within the same zoning jurisdiction as the relocated site or, if the relocated site is within an unzoned city or county, then within the same territorial limits.
- (2) The new site for relocation must be conforming to State standards as set forth in this Article and pursuant to rules and regulations promulgated by the Department as authorized by this Article.
- (3) The new site for relocation must be along a highway on the interstate system or primary systems that has the same route number and letter or one of the same route numbers and letters as the highway adjacent to the relocated site.
- (4) The reconstruction of the outdoor advertising sign at the new site shall comply with G.S. 136-131.2.
- (5) The new site for relocation shall not be within an historic district lawfully established by a local city or county government pursuant to Part 4 of Article

9 of Chapter 160D of the General Statutes, unless consented to by a resolution adopted by the applicable local governing board.

(6) The new site for relocation shall not be adjacent to any scenic highway as provided in G.S. 136-129.2; provided, however, if a relocated sign is already adjacent to a scenic highway, it may be relocated within the same parcel.

(7) The construction work related to the relocation of the outdoor advertising sign shall commence within one year after the date of removal.

The express allowances of relocation and reconstruction in this section shall apply to any lawfully erected outdoor advertising sign anywhere within this State that is required to be removed as a result of action taken by a public or private condemnor, as defined in G.S. 40A-3, or the Department of Transportation, including such signs that are not subject to the jurisdiction of the Department of Transportation.

(b) Subject to subsection (c) of this section, any outdoor advertising sign that does not otherwise qualify for relocation as provided in subsection (a) of this section and for which there is in effect a valid permit issued by the Department of Transportation pursuant to this Article is permitted to be relocated and reconstructed subject to all of the requirements listed in subdivisions (1) through (7) of subsection (a) of this section within the same parcel or an adjoining conforming parcel. No sign shall be relocated pursuant to this subsection within 10 years from the date of the last relocation pursuant to this subsection, however, this temporal limitation does not apply to relocations within the same parcel.

(c) A sign not conforming to State standards shall not be relocated pursuant to this section unless the nonconformity is removed as part of the relocation.

(d) The Department shall not require additional permits, nor revoke any existing permits, for any action taken pursuant to this section. The Department may require within 30 days of the completion of any action taken pursuant to this section an addendum to an existing permit showing or describing the changes to the conditions of the outdoor advertising sign. The rights set forth in this section shall attach to a permit issued by the Department of Transportation and shall expire with the voluntary cancellation of such permit or after the permit has been lawfully revoked and any appeals pursuant to G.S. 136-134.1 have been exhausted. The rights set forth in this section do not run with or attach to the land."

**SECTION 41.47.(c)** This section becomes effective January 1, 2022, and applies to signs legally erected or that require removal on or after that date.

**NOT-FOR-HIRE ANTIQUE HEAVY VEHICLE PLATES**

**SECTION 41.48.(a)** G.S. 20-79.4 reads as rewritten:

**"§ 20-79.4. Special registration plates.**

...  
 (b) Types. – The Division shall issue the following types of special registration plates:

...  
 (94) Historic Vehicle Owner. – Issuable for a motor vehicle that is at least 30 years old measured from the date of ~~manufacture.~~ manufacture, including vehicles weighing more than 6,000 pounds. The plate for an historic vehicle shall bear the word "Antique" unless the vehicle is a model year 1943 or older. The plate for a vehicle that is a model year 1943 or older shall bear the word "Antique" or the words "Horseless Carriage", at the option of the vehicle owner. The plate for an historic vehicle weighing more than 6,000 pounds shall bear the phrase "Not-for-hire."

...."  
**SECTION 41.48.(b)** G.S. 20-88 reads as rewritten:

**"§ 20-88. Property-hauling vehicles.**

...

(b) The following fees are imposed on the annual registration of self-propelled property-hauling vehicles; the fees are based on the type of vehicle and its weight:

SCHEDULE OF WEIGHTS AND RATES  
Rates Per Hundred Pound Gross Weight

	Farmer Rate
Not over 4,000 pounds	\$0.38
4,001 to 9,000 pounds inclusive	.52
9,001 to 13,000 pounds inclusive	.65
13,001 to 17,000 pounds inclusive	.88
Over 17,000 pounds	1.00

Rates Per Hundred Pound Gross Weight

	General Rate
Not over 4,000 pounds	\$0.77
4,001 to 9,000 pounds inclusive	1.05
9,001 to 13,000 pounds inclusive	1.30
13,001 to 17,000 pounds inclusive	1.77
Over 17,000 pounds	2.00

(7) The registration fee for historic vehicles licensed under G.S. 20-79.4 that weigh more than 6,000 pounds shall be calculated at the general rate. A motor vehicle displaying a historic vehicle registration plate may operate in conjunction with a trailer or semitrailer but shall not be operated in furtherance of any commercial enterprise. The driver of a vehicle who violates this subdivision is subject to the penalties set forth in G.S. 20-382.2.

...."

**SECTION 41.48.(c)** This section becomes effective March 31, 2022, and applies to the registration on or after that date of historic vehicles that weigh more than 6,000 pounds.

**ELIMINATE VACANT POSITIONS**

**SECTION 41.49.(a)** The Department of Transportation shall eliminate the following vacant positions:

Position Number	Title
60015572	Engineer II
60015950	Transportation Supervisor I
60016160	Transportation Worker IV
60016405	Engineer II
60016416	Program Coordinator I
60016469	Transportation Supervisor I
60016484	Transportation Worker IV
60016506	Transportation Worker III
60016639	Engineer I
60016650	Technical Trainer II
60016676	Transportation Worker III
60016681	Transportation Supervisor II
60016708	Transportation Worker IV
60016747	Transportation Worker IV
60016822	Transportation Worker II
60016863	Transportation Worker III
60016938	Engineering Technician I
60016980	Transportation Supervisor I

1	60017047	Engineering Technician I
2	60017138	Administrative Associate II
3	60017171	Administrative Associate II
4	60017182	Transportation Worker II
5	60017230	Engineering Specialist I
6	60017359	Engineering Technician II
7	60017364	Engineering Technician I
8	60017375	Engineering Technician II
9	60017411	Engineering Specialist II
10	60017441	Engineering Technician II
11	60017642	Engineering Supervisor I
12	60017797	Engineer II
13	60017904	Engineering Technician III
14	60017912	Engineering Technician III
15	60017920	Engineering Technician III
16	60017967	Engineer II
17	60018188	Engineering Technician I
18	60018237	Transportation Worker I
19	60018280	Transportation Worker II
20	60018292	Transportation Worker I
21	60018405	Engineering Technician II
22	60018437	Real Property Agent I
23	60018454	Engineering Technician I
24	60018632	Ferry Mate
25	60019047	Transportation Worker I
26	60019063	Transportation Worker II
27	60019066	Transportation Worker I
28	60019076	Transportation Worker I
29	60019084	Transportation Worker I
30	60019094	Transportation Worker II
31	60019114	Engineering Technician I
32	60019176	Transportation Worker I
33	60019186	Transportation Worker I
34	60019196	Transportation Worker I
35	60019200	Transportation Worker I
36	60019215	Engineering Technician I
37	60019222	Transportation Worker I
38	60019237	Transportation Worker II
39	60019242	Transportation Worker I
40	60019285	Transportation Worker I
41	60019291	Transportation Worker I
42	60019307	Transportation Worker I
43	60019308	Transportation Worker I
44	60019326	Transportation Worker II
45	60019358	Transportation Worker I
46	60019374	Transportation Worker I
47	60019399	Engineering Technician I
48	60019435	Transportation Supervisor II
49	60019449	Transportation Supervisor I
50	60019456	Transportation Worker I
51	60019457	Engineering Technician I

1	60019512	Engineering Technician I
2	60019516	Engineering Technician III
3	60019517	Engineering Technician II
4	60019521	Engineering Technician III
5	60019556	Engineering Technician II
6	60019560	Engineering Technician II
7	60019562	Engineering Technician III
8	60019568	Engineering Specialist I
9	60019577	Engineering Technician I
10	60019585	Engineering Technician I
11	60019592	Engineering Technician II
12	60019594	Engineering Technician II
13	60019598	Engineering Technician II
14	60019607	Engineering Technician I
15	60019609	Engineering Technician I
16	60019613	Engineering Technician I
17	60019623	Engineering Technician I
18	60019709	Transportation Worker I
19	60019793	Transportation Worker I
20	60019881	Transportation Supervisor I
21	60019897	Transportation Worker IV
22	60019901	Transportation Worker IV
23	60019983	Transportation Worker IV
24	60021224	Engineering Technician II
25	60021295	Transportation Supervisor I
26	60021318	Transportation Worker IV
27	60021359	Engineer II
28	60021542	Engineering Technician III
29	60021602	Engineering Technician I
30	60021615	Engineering Technician I
31	60021651	Engineering Technician I
32	60021655	Engineering Technician II
33	60021673	Transportation Supervisor I
34	60021684	Transportation Supervisor I
35	60021690	Transportation Worker IV
36	60021704	Transportation Worker IV
37	60021712	Transportation Worker IV
38	60021785	Transportation Worker II
39	60021814	Transportation Worker I
40	60021829	Transportation Worker II
41	60021847	Transportation Worker II
42	60021879	Transportation Worker II
43	60021908	Transportation Supervisor I
44	60021937	Transportation Worker IV
45	60021972	Transportation Worker III
46	60022021	Transportation Supervisor I
47	60022036	Transportation Worker II
48	60022090	Transportation Worker II
49	60022108	Transportation Worker I
50	60022132	Transportation Supervisor I
51	60022226	Engineering Supervisor II

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1	60022270	Engineering Supervisor II
2	60022402	Transportation Worker III
3	60022418	Transportation Worker III
4	60022431	Engineering Manager II
5	60022435	Transportation Supervisor I
6	60022496	Technical Trainer II
7	60022604	Engineering Supervisor I
8	60022621	Engineering Technician I
9	60022629	Engineering Technician I
10	60022632	Engineering Supervisor II
11	60022654	Engineering Technician I
12	60022685	Engineer II
13	60022697	Engineering Technician I
14	60022708	Engineer Specialist I
15	60022710	Engineering Technician I
16	60022720	Transportation Supervisor I
17	60023390	Engineering Technician I
18	60023418	Vehicle/Equipment Repair Technician II
19	60023452	Engineering Technician I
20	60023764	Engineering Technician II
21	60023784	Engineering Technician I
22	60023789	Engineering Technician I
23	60023804	Engineering Technician I
24	60023972	Bridge Inspector II
25	60024187	Vehicle/Equipment Repair Technician II
26	60024202	Vehicle/Equipment Repair Technician II
27	60024310	Vehicle/Equipment Repair Technician II
28	60024344	Administrative Associate II
29	60024357	Vehicle/Equipment Repair Technician III
30	60024361	Vehicle/Equipment Repair Technician II
31	60024362	Vehicle/Equipment Repair Technician III
32	60024379	Vehicle/Equipment Repair Technician II
33	60024385	Vehicle/Equipment Repair Technician I
34	60024388	Vehicle/Equipment Repair Technician I
35	60024389	Vehicle/Equipment Repair Technician I
36	60024403	Vehicle/Equipment Repair Supervisor I
37	60024466	Vehicle/Equipment Repair Technician I
38	60024474	Administrative Associate II
39	60024740	Machinist
40	60025098	Engineering Supervisor I
41	60025203	Engineering Technician II
42	60025235	Engineering Technician II
43	60025381	Engineer III
44	60025413	Program Analyst II
45	60025467	Engineer II
46	60025626	Transportation Worker I
47	60025640	Transportation Worker II
48	60025655	Engineering Technician II
49	60025992	Engineering Manager I
50	60026288	Transportation Worker III
51	60026291	Transportation Worker I

1	60026332	Transportation Worker II
2	60026335	Transportation Worker I
3	60026702	Real Property Agent I
4	60026749	Real Property Agent I
5	60026751	Real Property Agent I
6	60026780	Real Property Agent I
7	60026799	Real Property Agent I
8	60026855	Real Property Appraiser I
9	60026862	Real Property Appraiser I
10	60026875	Real Property Appraiser I
11	60026878	Real Property Appraiser I
12	60026927	Real Property Agent I
13	60026935	Real Property Appraiser II
14	60026975	Executive Assistant I
15	60027163	Engineer III
16	60027173	Engineer III
17	60027364	Engineer III
18	60027615	Engineer I
19	60029238	Management Engineer I
20	60029269	Engineer II
21	60029269	Engineer II
22	60029310	IT Business System Analyst II
23	60029316	Engineer III
24	60029490	Environmental Program Consultant
25	65013355	Engineer III
26	65022664	Ferry Crew Member II

27           **SECTION 41.49.(b)** This section is effective when it becomes law.

#### 29   **RAIL PROPERTY TRANSFER**

30           **SECTION 41.50.** Notwithstanding Section 4.15(b) of S.L. 2020-91, no later than  
31 June 30, 2022, the Rail Division shall (i) relocate the three rolling stock marked RNCX 400025,  
32 RNCX 400206, and RNCX 400208 to the North Carolina Transportation Museum and (ii)  
33 transfer to the North Carolina Transportation Museum Foundation, Employer Identification  
34 Number 58-1315178, any ownership interest in the three rolling stock identified in this section.

#### 36   **APPROVAL OF PORTS AUTHORITY CONSULTANT SERVICE CONTRACTS**

37           **SECTION 41.53.** G.S. 143-64.24 is amended by adding a new subdivision to read:

38           "(9) The North Carolina State Ports Authority. The North Carolina State Ports  
39           Authority may only contract to obtain the services of a consultant after the  
40           proposed contract is approved by the Board of the North Carolina State Ports  
41           Authority."

#### 43   **PORTS AUTHORITY ANNUAL REPORT**

44           **SECTION 41.54.(a)** Article 20 of Chapter 136 of the General Statutes is amended  
45 by adding a new section to read:

46           "§ 136-280. Annual report.

47           Beginning October 1, 2021, and annually thereafter, the North Carolina State Ports Authority  
48           (Authority) shall submit to the Joint Legislative Transportation Oversight Committee and the  
49           Fiscal Research Division a report on funds appropriated to the Authority from the Highway Fund  
50           and Highway Trust Fund. The report shall include the following:

- 1           (1) Total funds appropriated to the Authority since the 2015-2016 fiscal year  
 2 through the end of the prior fiscal year, total appropriations spent by fiscal  
 3 year, planned spending of any remaining unspent appropriations, and a  
 4 breakdown of amount spent and planned to spend by project with a description  
 5 of each project. Project description shall include how each project relates to  
 6 the goals of the Authority outlined in the Authority's Strategic Plan.  
 7           (2) Allocations of total funds appropriated for the current fiscal year, including a  
 8 breakdown of amount of planned spending by project with a description of  
 9 each project. Project description shall include how each project relates to the  
 10 goals of the Authority outlined in the Authority's Strategic Plan.  
 11           (3) Progress on metrics and goals outlined in the Authority's Strategic Plan."

12           **SECTION 41.54.(b)** Notwithstanding subsection (a) of this section, the initial annual  
 13 report on the Authority is due no later than March 30, 2022.  
 14

## 15 REVISIONS TO HIGHWAY MAINTENANCE IMPROVEMENT PROGRAM

16           **SECTION 41.55.(a)** G.S. 143B-350(f)(4a) reads as rewritten:

17           "(4a) To approve a schedule of State highway maintenance projects and their  
 18 anticipated cost. This schedule is designated the Highway Maintenance  
 19 Improvement Program and is established in G.S. 136-44.3A. The Board shall  
 20 publish the schedule on the Department's ~~Web site by April 1~~ website by June  
 21 1 of each year. The document that contains the Highway Maintenance  
 22 Improvement Program shall include the anticipated funding sources for the  
 23 improvement projects included in the Highway Maintenance Improvement  
 24 Program, ~~a list of any changes made from the previous year's Highway~~  
 25 ~~Maintenance Improvement Program, and the reasons for the~~  
 26 ~~changes.~~ Program."

27           **SECTION 41.55.(b)** G.S. 136-44.3A reads as rewritten:

### 28 "§ 136-44.3A. Highway Maintenance Improvement Program.

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

- 30           (1) ~~Cape seal treatment. — A chip seal treatment followed by a slurry seal~~  
 31 ~~treatment.~~  
 32           (2) ~~Chip seal treatment. — A type of pavement preservation treatment applied to~~  
 33 ~~existing asphalt pavement. The treatment involves spraying an asphalt~~  
 34 ~~emulsion onto the roadway, applying a layer of aggregate chips, and rolling~~  
 35 ~~the chips into the emulsion. This term includes single, double, and triple chip~~  
 36 ~~seal treatments.~~  
 37           (3) Highway Maintenance Improvement Program. – The schedule of State  
 38 highway maintenance projects required under G.S. 143B-350(f)(4a).  
 39           (4) Highway Maintenance Improvement Program Needs Assessment. – A report  
 40 of the amount of funds ~~needed, the number of affected lane miles, and the~~  
 41 ~~percentage of the primary and secondary system roads that are rated to need a~~  
 42 ~~resurfacing or pavement preservation treatment within the Highway~~  
 43 ~~Maintenance Improvement Program's five-year time period but are not~~  
 44 ~~programmed due to funding constraints.~~ needed and the quantity of work to be  
 45 accomplished to meet and sustain the performance standards for the State  
 46 highway system in each of the maintenance program categories.  
 47           (5) ~~Microsurfacing treatment. — A type of pavement preservation treatment that~~  
 48 ~~involves mixing fine aggregate, asphalt emulsion, minerals, water, and a~~  
 49 ~~polymer additive, and applying the mixture to the roadway.~~  
 50           (6) ~~Pavement preservation treatment. – Includes full width surface treatments~~  
 51 ~~used to extend or renew.~~ A pavement preservation treatment is a roadway



1 improvement practice that improves roadway quality and extends or renews  
 2 the pavement life. Types of pavement preservation treatment include  
 3 hot-mixed asphalt overlays, cape seal treatment, chip seal treatment,  
 4 microsurfacing, crack sealing, slurry seal, and fog seal.

5 (7) Rehabilitation. – A contract resurfacing maintenance program that involves  
 6 applying multiple layers of pavement that exceed two inches.

7 (8) Resurfacing. – A contract resurfacing program that involves applying one  
 8 layer that does not exceed two inches of pavement.

9 ~~(9) Slurry seal treatment. — A type of pavement preservation treatment that~~  
 10 ~~involves mixing fine aggregate, asphalt emulsion, minerals, and water, and~~  
 11 ~~applying the mixture to the roadway.~~

12 ...

13 (c) Highway Maintenance Improvement Program. – After the annual inspection of roads  
 14 within the State highway system, ~~each highway division shall determine and report to the Chief~~  
 15 ~~Engineer on (i) the need for rehabilitation, resurfacing, or pavement preservation treatments, (ii)~~  
 16 ~~the need for bridge and general maintenance, and (iii) projected changes to the condition of~~  
 17 ~~pavement on primary and secondary roads for each year over a five-year period. The Chief~~  
 18 ~~Engineer shall establish a five-year priority list for each highway division based on the Chief~~  
 19 ~~Engineer's estimate of need. In addition, the Chief Engineer shall establish a five-year~~  
 20 ~~improvement schedule, sorted by county, for rehabilitation, resurfacing, and pavement~~  
 21 ~~preservation treatment activities. The schedule shall be based on the amount of funds~~  
 22 ~~appropriated to the contract resurfacing program and the pavement preservation program in the~~  
 23 ~~fiscal year preceding the issuance of the Highway Maintenance Improvement Program for all~~  
 24 ~~five years of the Highway Maintenance Improvement Program. State funding for the Highway~~  
 25 ~~Maintenance Improvement Program shall be limited to funds appropriated from the State~~  
 26 ~~Highway Fund system, all of the following shall occur:~~

27 (1) The Chief Engineer shall establish the annual cost to meet and sustain the  
 28 performance standards for pavement, bridge, and general maintenance  
 29 activities for the State highway system.

30 (2) The Division Engineer for each highway division shall determine and report  
 31 to the Chief Engineer a five-year improvement schedule, sorted by county, for  
 32 pavement, bridge, and general maintenance activities within each highway  
 33 division. The schedule shall be based on the amount of funds appropriated to  
 34 the pavement, bridge, and general maintenance programs in the fiscal year  
 35 preceding the issuance of the Highway Maintenance Improvement Program  
 36 for all five years of the Highway Maintenance Improvement Program. State  
 37 funding for the Highway Maintenance Improvement Program shall be limited  
 38 to funds appropriated from the State Highway Fund.

39 ...

40 (g) Report. – The Department shall submit the Highway Maintenance Improvement  
 41 Program and Highway Maintenance Improvement Program Needs Assessment to the General  
 42 Assembly by April 1-June 1 of each year. If the General Assembly is in session, the Department  
 43 shall report to the House of Representatives Appropriations Subcommittee on Transportation,  
 44 the Senate Appropriations Committee on Transportation, and the Fiscal Research Division. If the  
 45 General Assembly is not in session, the Department shall report to the Joint Legislative  
 46 Transportation Oversight Committee and the Fiscal Research Division."  
 47

#### 48 **INCREASE FUNDING FOR HISTORICAL MARKER PROGRAM**

49 **SECTION 41.56.** G.S. 136-42.3 reads as rewritten:

50 **"§ 136-42.3. Historical marker program.**

1 The Department of Transportation ~~may spend up to sixty thousand dollars (\$60,000) a year~~  
2 ~~to purchase historical markers prepared and delivered to it by the Department of Natural and~~  
3 ~~Cultural Resources. shall transfer one hundred thousand dollars (\$100,000) each fiscal year to~~  
4 ~~the Department of Natural and Cultural Resources for the purchase of historical markers. The~~  
5 Department of Transportation shall erect the markers on sites selected by the Department of  
6 Natural and Cultural Resources. This expenditure is hereby declared to be a valid expenditure of  
7 State highway maintenance funds. No provision in this section shall be construed to prevent the  
8 expenditure of any federal highway funds that may be available for this purpose."  
9

## 10 **RELOCATION OF LICENSE PLATE READERS/RESTRICTIONS ON USE OF** 11 **CAPTURED DATA**

12 **SECTION 41.57.(a)** Article 2 of Chapter 136 of the General Statutes is amended by  
13 adding a new section to read:

### 14 **"§ 136-27.3A. Relocation of automatic license plate reader systems.**

15 An authorized entity may relocate system equipment placed on right-of-way owned or  
16 maintained by the Department of Transportation in the event the authorized entity needs  
17 immediate access to the right-of-way or utility facilities. The authorized entity must promptly  
18 provide notice to the law enforcement agency that owns or controls the system equipment  
19 relocated pursuant to this section. An authorized entity shall only be liable for damages to system  
20 equipment caused solely by the authorized entity's gross negligence or willful misconduct. For  
21 purposes of this section, the term "authorized entity" means the Department of Transportation or  
22 a public utility and the term "system equipment" means an automatic license plate reader system  
23 and related equipment."

24 **SECTION 41.57.(b)** G.S. 20-183.31(b) reads as rewritten:

25 "(b) Data obtained by a law enforcement agency in accordance with this ~~section or G.S.~~  
26 ~~20-183.32~~ Article shall be obtained, accessed, preserved, or disclosed only for law enforcement  
27 or criminal justice purposes. Notwithstanding, data obtained under the authority of this Article  
28 shall not be used for the enforcement of traffic violations."

29 **SECTION 41.57.(c)** Article 3D of Chapter 20 of the General Statutes is amended by  
30 adding a new section to read:

### 31 **"§ 20-183.32A. Report on automatic license plate reader systems.**

32 No later than March 1 of each year, any law enforcement agency that has placed an automatic  
33 license plate reader system on right-of-way owned or maintained by the Department of  
34 Transportation shall submit a report to the Joint Legislative Oversight Committee on Justice and  
35 Public Safety containing the written policy governing use of the automatic license plate reader  
36 system, the number of requests for captured data by requesting agency, and the amount of data  
37 preserved for more than 90 days compared to the amount of data captured on an annual basis."  
38

## 39 **REMOVE HMMWV (HUMVEE) AFFIDAVIT REQUIREMENT FOR REGISTRATION** 40 **AND TITLE APPLICATIONS**

41 **SECTION 41.58.(a)** G.S. 20-53.5 reads as rewritten:

### 42 **"§ 20-53.5. Titling and registration of HMMWV.**

43 (a) Registration and Certificate of Title. – The Division shall register and issue a  
44 certificate of title for an HMMWV if all of the following conditions are met:

- 45 (1) The applicant for the title and registration of the HMMWV has provided to  
46 the Division a sworn affidavit ~~from a manufacturer, motor vehicle dealer, or~~  
47 ~~seller of the HMMWV~~ certifying that the vehicle ~~complies with all applicable~~  
48 ~~federal motor vehicle safety standards for vehicles designed for highway~~  
49 ~~use~~ is equipped with:

- 1                   a.     Safety belt and anchorages that meet construction, design, and strength  
2                             requirements under G.S. 20-135.2(a) and, if equipped with rear seats,  
3                             G.S. 20-135.3(a).  
4                   b.     Lights or lighting equipment, as required by G.S. 20-129 or  
5                             G.S. 20-129.1.

6           (2)     The vehicle has a vehicle identification number that matches the vehicle  
7                   ownership documents. If the vehicle does not have a vehicle identification  
8                   number, the Division shall assign one to the vehicle prior to registration. The  
9                   existence of a valid vehicle identification number for the vehicle shall be  
10                  verified by the License and Theft Bureau of the Division prior to its  
11                  registration and titling.

12           (b)     Applicability of This Chapter. – All provisions of this Chapter shall apply to an  
13           HMMWV, including the provisions of Article 3A and Article 9A of this Chapter, to the same  
14           extent they would apply to any other registered motor vehicle. Notwithstanding  
15           G.S. 20-135.2A(c)(5) and G.S. 20-137.1(b), all provisions of this Chapter requiring safety belt  
16           use and child restraint systems use apply to an HMMWV to the same extent they would apply to  
17           a registered motor vehicle manufactured with seat belts as required by federal law or standard.

18           (c)     Fees. – The vehicle registration fees applicable to property-hauling vehicles shall  
19           apply to the registration of an HMMWV.

20           (d)     No Liability for Operations. – Neither the State nor its commission contract agents  
21           shall be liable for any injury or damages resulting from the operation of an HMMWV registered  
22           or titled pursuant to this section."

23           **SECTION 41.58.(b)** This section becomes effective February 1, 2022, and applies  
24           to applications for registration and certificate of title submitted on or after that date.

## 25           **ASHEBORO & RANDOLPH COUNTY ESTABLISH JOINT AIRPORT**

26           **SECTION 41.59.(a)** The City of Asheboro and the Asheboro Airport Authority  
27           (hereinafter "Authority") are hereby authorized to transfer and convey all of their right, title, and  
28           interest in and to all Asheboro Regional Airport property and facilities and all other property held  
29           or owned by the City or the Authority, real or personal, tangible or intangible, including all cash  
30           and cash equivalents and checking, investment, and demand deposit bank accounts held by the  
31           City or the Authority pertaining to or generated from revenues of the Asheboro Regional Airport,  
32           to the airport authority created by the City of Asheboro and Randolph County for the purpose of  
33           establishing and maintaining a joint airport as authorized by G.S. 63-4.

34           **SECTION 41.59.(b)** The airport authority created by the City of Asheboro and  
35           Randolph County for the purpose of establishing and maintaining a joint airport as authorized by  
36           G.S. 63-4 shall:  
37

- 38           (1)     Consist of nine members, five of whom shall be appointed by the Asheboro  
39                   City Council and four of whom shall be appointed by the Randolph County  
40                   Board of Commissioners. At least two members appointed by each governing  
41                   body shall have experience in business or industry.  
42           (2)     Have the powers granted in Chapter 63 of the General Statutes, including the  
43                   authority to lease air navigation facilities, including real property acquired or  
44                   set apart for airport purposes, to private parties for manufacturing or industrial  
45                   purposes.

46           **SECTION 41.59.(c)** The following acts are hereby repealed effective on the day  
47           following the transfer by the City of Asheboro and the Authority of all their interest and assets  
48           as authorized in subsection (a) of this section:

- 49           (1)     Article XIV of the Charter of the City of Asheboro, being Chapter 481 of the  
50                   Session Laws of 1967, as amended by Chapter 245 of the Session Laws of  
51                   1985.

(2) Chapter 867 of the Session Laws of 1989.

**SECTION 41.59.(d)** This section is effective when this act becomes law.

**DISPOSITION OF LAND MAINTAINED BY DOT**

**SECTION 41.60.(a)** G.S. 146-30 reads as rewritten:

"§ 146-30. Application of net proceeds.

...

(d) Notwithstanding any other provision of this Subchapter, the following exceptions apply:

...

(4) No service charge into the State Land Fund shall be deducted from or levied against the proceeds of any disposition by lease, rental, or easement of lands (i) owned by the Department of ~~Transportation~~ Transportation or (ii) owned by the Department of Administration and solely maintained by the Department of Transportation. All net proceeds of ~~those~~ these dispositions shall be deposited into the State Highway Fund.

...."

**SECTION 41.60.(b)** This section is effective when it becomes law and applies to dispositions on or after that date.

**PART XLII. FINANCE**

**PERSONAL INCOME TAX REDUCTION**

**SECTION 42.1.(a)** G.S. 105-153.7(a) reads as rewritten:

"(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax is ~~five and one quarter percent (5.25%)~~ a percentage of the taxpayer's North Carolina taxable ~~income.~~ income computed as follows:

<u>Taxable Years Beginning</u>	<u>Tax</u>
<u>In 2022</u>	<u>4.99%</u>
<u>In 2023</u>	<u>4.75%</u>
<u>In 2024</u>	<u>4.6%</u>
<u>In 2025</u>	<u>4.5%</u>
<u>In 2026</u>	<u>4.25%</u>
<u>After 2026</u>	<u>3.99%."</u>

**SECTION 42.1.(b)** G.S. 105-153.5(a)(1) reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

<b>Filing Status</b>	<b>Standard Deduction</b>
Married, filing jointly/surviving spouse	<del>\$21,500</del> <u>\$25,500</u>
Head of Household	<del>16,125</del> <u>19,125</u>
Single	<del>10,750</del> <u>12,750</u>
Married, filing separately	<del>10,750.</del> <u>12,750."</u>

**SECTION 42.1.(c)** G.S. 105-153.5(a1) reads as rewritten:

"(a1) Child Deduction Amount. – A taxpayer who is allowed a federal child tax credit under section 24 of the Code for the taxable year is allowed a deduction under this subsection for each qualifying child for whom the taxpayer is allowed the federal tax credit. The amount of the deduction is equal to the amount listed in the table below based on the taxpayer's adjusted gross income, as calculated under the Code:

	<b>Filing Status</b>	<b>AGI</b>	<b>Deduction Amount</b>
1	Married, filing jointly/ surviving spouse	Up to \$40,000	<del>\$2,500.00</del> <u>\$3,000</u>
2		Over \$40,000	
3		Up to \$60,000	<del>2,000.00</del> <u>2,500</u>
4		Over \$60,000	
5		Up to \$80,000	<del>1,500.00</del> <u>2,000</u>
6		Over \$80,000	
7		Up to \$100,000	<del>1,000.00</del> <u>1,500</u>
8		Over \$100,000	
9		Up to \$120,000	<del>500.00</del> <u>1,000</u>
10		Over \$120,000	<u>0</u>
11		<u>Up to \$140,000</u>	<u>500.00</u>
12		<u>Over \$140,000</u>	<u>0</u>
13			
14	Head of Household	Up to \$30,000	<del>\$2,500.00</del> <u>\$3,000</u>
15		Over \$30,000	
16		Up to \$45,000	<del>2,000.00</del> <u>2,500</u>
17		Over \$45,000	
18		Up to \$60,000	<del>1,500.00</del> <u>2,000</u>
19		Over \$60,000	
20		Up to \$75,000	<del>1,000.00</del> <u>1,500</u>
21		Over \$75,000	
22		Up to \$90,000	<del>500.00</del> <u>1,000</u>
23		Over \$90,000	<u>0</u>
24		<u>Up to \$105,000</u>	<u>500.00</u>
25		<u>Over \$105,000</u>	<u>0</u>
26			
27	Single	Up to \$20,000	<del>\$2,500.00</del> <u>\$3,000</u>
28		Over \$20,000	
29		Up to \$30,000	<del>2,000.00</del> <u>2,500</u>
30		Over \$30,000	
31		Up to \$40,000	<del>1,500.00</del> <u>2,000</u>
32		Over \$40,000	
33		Up to \$50,000	<del>1,000.00</del> <u>1,500</u>
34		Over \$50,000	
35		Up to \$60,000	<del>500.00</del> <u>1,000</u>
36		Over \$60,000	<u>0</u>
37		<u>Up to \$70,000</u>	<u>500.00</u>
38		<u>Over \$70,000</u>	<u>0</u>
39			
40	Married, filing separately	Up to \$20,000	<del>\$2,500.00</del> <u>\$3,000</u>
41		Over \$20,000	
42		Up to \$30,000	<del>2,000.00</del> <u>2,500</u>
43		Over \$30,000	
44		Up to \$40,000	<del>1,500.00</del> <u>2,000</u>
45		Over \$40,000	
46		Up to \$50,000	<del>1,000.00</del> <u>1,500</u>
47		Over \$50,000	
48		Up to \$60,000	<del>500.00</del> <u>1,000</u>
49		Over \$60,000	<u>0</u>
50		<u>Up to \$70,000</u>	<u>500.00</u>
51			

1 Over \$70,000 0."  
 2 SECTION 42.1.(d) This section is effective for taxable years beginning on or after  
 3 January 1, 2022.

4  
 5 **ELIMINATE TAX ON MILITARY PENSION INCOME**

6 SECTION 42.1A.(a) G.S. 105-153.5(b) reads as rewritten:  
 7 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
 8 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
 9 the taxpayer's adjusted gross income:

- 10 ...  
 11 (5a) The amount received during the taxable year from the United States  
 12 government for the payments listed in this subdivision. Amounts deducted  
 13 under this subdivision may not also be deducted under subdivision (5) of this  
 14 subsection. The payments are:  
 15 a. Retirement pay for service in the Armed Forces of the United States  
 16 to a retired member that meets either of the following:  
 17 1. Served at least 20 years.  
 18 2. Medically retired under 10 U.S.C. Chapter 61. This deduction  
 19 does not apply to severance pay received by a member due to  
 20 separation from the member's armed forces.  
 21 b. Payments of a Plan defined in 10 U.S.C. § 1447 to a beneficiary of a  
 22 retired member eligible to deduct retirement pay under  
 23 sub-subdivision a. of this subdivision.

24 ...."  
 25 SECTION 42.1A.(b) This section is effective for taxable years beginning on or after  
 26 January 1, 2021.

27  
 28 **PHASE OUT CORPORATE INCOME TAX**

29 SECTION 42.2.(a) G.S. 105-130.3 reads as rewritten:  
 30 "§ 105-130.3. Corporations.  
 31 A tax is imposed on the State net income of every C Corporation doing business in this State  
 32 ~~at the rate of two and one half percent (2.5%).~~ State. An S Corporation is not subject to the tax  
 33 levied in this section. The tax is a percentage of the taxpayer's State net income computed as  
 34 follows:

<u>Taxable Years Beginning</u>	<u>Tax</u>
<u>In 2025</u>	<u>2.25%</u>
<u>In 2026</u>	<u>2%</u>
<u>In 2028</u>	<u>1%</u>
<u>After 2029</u>	<u>0%."</u>

40 SECTION 42.2.(b) This section is effective for taxable years beginning on or after  
 41 January 1, 2025.

42  
 43 **FRANCHISE TAX REDUCTION AND SIMPLIFICATION**

44 SECTION 42.3.(a) G.S. 105-122(d) reads as rewritten:  
 45 "(d) Tax Base. – A corporation's tax base is the ~~greatest of the following:~~  
 46 (1) ~~The proportion of its net worth as set out in subsection (c1) of this section.~~  
 47 (2) ~~Fifty five percent (55%) of the corporation's appraised value as determined~~  
 48 ~~for ad valorem taxation of all the real and tangible personal property in this~~  
 49 ~~State. For purposes of this subdivision, the appraised value of tangible~~  
 50 ~~property, including real estate, is the ad valorem valuation for the calendar~~  
 51 ~~year next preceding the due date of the franchise tax return.~~

1           (3)     ~~(Effective for taxable years beginning on or after January 1, 2020, and~~  
2           ~~applicable to the calculation of franchise tax reported on the 2019 and later~~  
3           ~~corporate income tax returns.) The corporation's total actual investment in~~  
4           ~~tangible property in this State. For purposes of this subdivision, the total actual~~  
5           ~~investment in tangible property in this State is the total original purchase price~~  
6           ~~or consideration to the reporting taxpayer of its tangible properties, including~~  
7           ~~real estate, in this State plus additions and improvements thereto less (i)~~  
8           ~~reserve for depreciation as permitted for income tax purposes and (ii) any~~  
9           ~~indebtedness specifically incurred and existing solely for and as the result of~~  
10           ~~the purchase of any real estate and any permanent improvements made on the~~  
11           ~~real estate."~~

12           **SECTION 42.3.(b)** G.S. 105-114.1(b) reads as rewritten:

13           "(b)     Controlled Companies. – If a corporation or an affiliated group of corporations owns  
14           more than fifty percent (50%) of the capital interests in a noncorporate limited liability company,  
15           the corporation or group of corporations must include in its ~~three tax bases~~ base pursuant to  
16           G.S. 105-122 the same percentage of ~~(i) the noncorporate limited liability company's net worth;~~  
17           ~~(ii) fifty five percent (55%) of the noncorporate limited liability company's appraised ad valorem~~  
18           ~~tax value of property; and (iii) the noncorporate limited liability company's actual investment in~~  
19           ~~tangible property in this State, as appropriate worth."~~

20           **SECTION 42.3.(c)** G.S. 105-120.2(b) reads as rewritten:

21           "(b)     Tax Rate. – Every corporation taxed under this section shall annually pay to the  
22           Secretary of Revenue, at the time the return is due, ~~the greater of the following:~~

23           (1)     ~~A~~ a franchise or privilege tax at the rate of one dollar and fifty cents (\$1.50)  
24           per one thousand dollars (\$1,000) of the amount determined under subsection  
25           (a) of this section, but in no case shall the tax be more than one hundred fifty  
26           thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00).

27           (2)     ~~If the tax calculated under this subdivision exceeds the tax calculated under~~  
28           ~~subdivision (1) of this subsection, then the tax is levied at the rate of one dollar~~  
29           ~~and fifty cents (\$1.50) per one thousand dollars (\$1,000) on the greater of the~~  
30           ~~following:~~

31           a.     ~~Fifty five percent (55%) of the appraised value as determined for ad~~  
32           ~~valorem taxation of all the real and tangible personal property in this~~  
33           ~~State of each such corporation plus the total appraised value of~~  
34           ~~intangible property returned for taxation of intangible personal~~  
35           ~~property as computed under G.S. 105-122(d).~~

36           b.     ~~The total actual investment in tangible property in this State of such~~  
37           ~~corporation as computed under G.S. 105-122(d)."~~

38           **SECTION 42.3.(d)** This section is effective for taxable years beginning on or after  
39           January 1, 2023, and applicable to the calculation of franchise tax reported on the 2022 and later  
40           corporate income tax return.

41  
42           **CONFORM TO FEDERAL TAX TREATMENT FOR PPP LOANS AND RELATED**  
43           **BUSINESS ASSISTANCE/IRC UPDATE**

44           **SECTION 42.4.(a)** G.S. 105-228.90(b)(7) reads as rewritten:

45           "(7)     Code. – The Internal Revenue Code as enacted as of ~~May 1, 2020,~~ April 1,  
46           ~~2021,~~ including any provisions enacted as of that date that become effective  
47           either before or after that date."

48           **SECTION 42.4.(b)** G.S. 105-153.5(a)(2) reads as rewritten:

49           "(2)     Itemized deduction amount. – An amount equal to the sum of the items listed  
50           in this subdivision. The amounts allowed under this subdivision are not

1 subject to the overall limitation on itemized deductions under section 68 of  
 2 the Code:  
 3 a. Charitable Contribution. – The amount allowed as a deduction for  
 4 charitable contributions under section 170 of the Code for that taxable  
 5 ~~year-year~~, subject to the following provisions:  
 6 1. Distributions from IRAs. – For taxable years 2014 through  
 7 2018, a taxpayer who elected to take the income exclusion  
 8 under section 408(d)(8) of the Code for a qualified charitable  
 9 distribution from an individual retirement plan by a person  
 10 who has attained the age of 70 1/2 may deduct the amount that  
 11 would have been allowed as a charitable deduction under  
 12 section 170 of the Code had the taxpayer not elected to take the  
 13 income exclusion.  
 14 2. Charitable Giving During COVID-19. – For taxable ~~year 2020,~~  
 15 ~~years 2020 and 2021,~~ notwithstanding ~~G.S. 105-228.90(b)(7),~~  
 16 ~~G.S. 105-228.90(b)(7) and~~ for purposes of this ~~sub-subdivision~~  
 17 ~~sub-sub-subdivision,~~ the term "Code" means the Internal  
 18 Revenue Code as enacted as of January 1, 2020. For taxable  
 19 years beginning on or after January 1, 2021, a taxpayer may  
 20 only carry forward the charitable contributions from taxable  
 21 ~~year 2020–years 2020 and 2021~~ that exceed the applicable  
 22 percentage limitation for the ~~2020 and 2021 taxable year-years~~  
 23 ~~allowed under this sub-subdivision–sub-sub-subdivision.~~ The  
 24 purpose for defining the Internal Revenue Code differently for  
 25 the ~~2020 and 2021 taxable year-years~~ is to decouple from the  
 26 modification of limitations on charitable contributions ~~during~~  
 27 ~~2020–allowed under section 2205 of the CARES Act–Act and~~  
 28 ~~section 213 of the Consolidated Appropriations Act, 2021.~~  
 29 b. Mortgage Expense and Property Tax. – The amount allowed as a  
 30 deduction for interest paid or accrued during the taxable year under  
 31 section 163(h) of the Code with respect to any qualified residence plus  
 32 the amount allowed as a deduction for property taxes paid or accrued  
 33 on real estate under section 164 of the Code for that taxable year. For  
 34 taxable years 2014 through ~~2020–2021,~~ the amount allowed as a  
 35 deduction for interest paid or accrued during the taxable year under  
 36 section 163(h) of the Code with respect to any qualified residence shall  
 37 not include the amount for mortgage insurance premiums treated as  
 38 qualified residence interest. The amount allowed under this  
 39 sub-subdivision may not exceed twenty thousand dollars (\$20,000).  
 40 For spouses filing as married filing separately or married filing jointly,  
 41 the total mortgage interest and real estate taxes claimed by both  
 42 spouses combined may not exceed twenty thousand dollars (\$20,000).  
 43 For spouses filing as married filing separately with a joint obligation  
 44 for mortgage interest and real estate taxes, the deduction for these  
 45 items is allowable to the spouse who actually paid them. If the amount  
 46 of the mortgage interest and real estate taxes paid by both spouses  
 47 exceeds twenty thousand dollars (\$20,000), these deductions must be  
 48 prorated based on the percentage paid by each spouse. For joint  
 49 obligations paid from joint accounts, the proration is based on the  
 50 income reported by each spouse for that taxable year.

...."



1           **SECTION 42.4.(c)** G.S. 105-153.5(c2) reads as rewritten:

2           "(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer  
3 must make the following adjustments to the taxpayer's adjusted gross income:

4           (1) For taxable years 2014 through ~~2020~~,2025, the taxpayer must add the amount  
5 excluded from the taxpayer's gross income for the discharge of qualified  
6 principal residence indebtedness under section 108 of the Code. The purpose  
7 of this subdivision is to decouple from the income exclusion available under  
8 federal tax law. If the taxpayer is insolvent, as defined in section 108(d)(3)  
9 of the Code, then the addition required under this subdivision is limited to the  
10 amount of discharge of qualified principal residence indebtedness excluded  
11 from adjusted gross income under section 108(a)(1)(E) of the Code that  
12 exceeds the amount of discharge of indebtedness that would have been  
13 excluded under section 108(a)(1)(B) of the Code.

14           ...

15           (18) For taxable ~~year 2020~~,years 2020 through 2025, a taxpayer must add the  
16 amount excluded from the taxpayer's gross income for payment by an  
17 employer, whether paid to the taxpayer or to a lender, of principal or interest  
18 on any qualified education loan, as defined in section 221(d)(1) of the Code,  
19 incurred by the taxpayer for education of the taxpayer. The purpose of this  
20 subdivision is to decouple from the exclusion for certain employer payments  
21 of student loans under section 2206 of the CARES ~~Act~~.Act or under the  
22 Consolidated Appropriations Act, 2021.

23           ...

24           (20) ~~A~~For taxable years beginning on or after January 1, 2023, a taxpayer must  
25 add the amount of any expense deducted under the Code to the extent that  
26 payment of the expense results in forgiveness of a covered loan pursuant to  
27 section 1106(b) of the CARES Act, and the income associated with the  
28 forgiveness is excluded from gross income pursuant to section 1106(i) of the  
29 CARES Act. The term "covered loan" has the same meaning as defined in  
30 section 1106 of the CARES Act.the expense is allocable to income that is  
31 either wholly excluded from gross income or wholly exempt from the taxes  
32 imposed by this Part.

33           (21) For taxable years 2021 and 2022, a taxpayer must add an amount equal to the  
34 amount by which the taxpayer's deduction under section 274(n) of the Code  
35 exceeds the deduction that would have been allowed under the Internal  
36 Revenue Code as enacted as of May 1, 2020. The purpose of this subdivision  
37 is to decouple from the increased deduction under the Consolidated  
38 Appropriations Act, 2021, for business-related expenses for food and  
39 beverages provided by a restaurant.

40           (22) For taxable years 2021 through 2025, a taxpayer must add the amount  
41 excluded from the taxpayer's gross income for the discharge of a student loan  
42 under section 108(f)(5) of the Code. The purpose of this subdivision is to  
43 decouple from the exclusion from income for the discharge of a student loan  
44 under section 9675 of the American Rescue Plan Act of 2021.

45           (23) For taxable year 2020, a taxpayer must add the amount excluded from the  
46 taxpayer's gross income for unemployment compensation received by the  
47 taxpayer under section 85(c) of the Code. The purpose of this subdivision is  
48 to decouple from the exclusion from income for unemployment compensation  
49 under section 9042 of the American Rescue Plan Act of 2021."

50           **SECTION 42.4.(d)** G.S. 105-130.5(a)(32) reads as rewritten:

"(32) ~~The~~ For taxable years beginning on or after January 1, 2023, the amount of any expense deducted under the Code to the extent ~~that payment of the expense results in forgiveness of a covered loan pursuant to section 1106(b) of the CARES Act and the income associated with the forgiveness is excluded from gross income pursuant to section 1106(i) of the CARES Act.~~ The term "covered loan" has the same meaning as defined in ~~section 1106 of the CARES Act.~~ the expense is allocable to income that is either wholly excluded from gross income or wholly exempt from the taxes imposed by this Part."

**SECTION 42.4.(e)** Except as otherwise provided, this section is effective when it becomes law.

**REDUCE IMPACT OF FEDERAL SALT CAP BY ALLOWING CERTAIN PASS-THROUGHS TO ELECT TO PAY TAX AT THE ENTITY LEVEL**

**SECTION 42.5.(a)** G.S. 105-131(b) reads as rewritten:

"(b) For the purpose of this Part, unless otherwise required by the context:

...

(11) "Taxed S Corporation" means an S Corporation for which a valid election under G.S. 105-131.1A(a) is in effect."

**SECTION 42.5.(b)** G.S. 105-131.1 reads as rewritten:

**"§ 105-131.1. Taxation of an S Corporation and its shareholders.**

(a) An S Corporation shall not be subject to the tax levied under G.S. 105-130.3. A taxed S Corporation shall be subject to tax under G.S. 105-131.1A.

(b) ~~Each~~ Except with respect to a taxed S Corporation, each shareholder's pro rata share of an S Corporation's income attributable to the State and each resident shareholder's pro rata share of income not attributable to the State, shall be taken into account by the shareholder in the manner and subject to the adjustments provided in Parts 2 and 3 of this Article and section 1366 of the Code and shall be subject to the tax levied under Parts 2 and 3 of this Article."

**SECTION 42.5.(c)** Part 1A of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

**"§ 105-131.1A. Taxation of S Corporation as a taxed pass-through entity.**

(a) Taxed S Corporation Election. – An S Corporation may elect, on its timely filed annual return required under G.S. 105-131.7, to have the tax under this Article imposed on the S Corporation for any taxable period covered by the return. An S Corporation may not revoke the election after the due date of the return including extensions.

(b) Taxable Income of Taxed S Corporation. – A tax is imposed for the taxable period on the North Carolina taxable income of a taxed S Corporation. The tax shall be levied, collected, and paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in G.S. 105-153.7. The North Carolina taxable income of a taxed S Corporation is determined as follows:

(1) The North Carolina taxable income of a taxed S Corporation with respect to such taxable period shall be equal to the sum of the following:

a. Each shareholder's pro rata share of the taxed S Corporation's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, attributable to the State.

b. Each resident shareholder's pro rata share of the taxed S Corporation's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, not attributable to the State with respect to such taxable period.

(2) Separately stated items of deduction are not included when calculating each shareholder's pro rata share of the taxed S Corporation's taxable income. For

1 purposes of this subdivision, separately stated items are those items described  
2 in section 1366 of the Code and the regulations under it.

3 (3) The adjustments required by G.S. 105-153.5(c3) are not included in the  
4 calculation of the taxed S Corporation's taxable income.

5 (c) Tax Credit. – A taxed S Corporation that qualifies for a credit may apply each  
6 shareholder's pro rata share of the taxed S Corporation's credits against the shareholder's pro rata  
7 share of the taxed S Corporation's income tax imposed by subsection (b) of this section. An S  
8 Corporation must pass through to its shareholders any credit required to be taken in installments  
9 by this Chapter if the first installment was taken in a taxable period that the election under  
10 subsection (a) of this section was not in effect. An S Corporation shall not pass through to its  
11 shareholders any of the following:

12 (1) Any credit allowed under this Chapter for any taxable period the S  
13 Corporation makes the election under subsection (a) of this section and the  
14 carryforward of the unused portion of such credit.

15 (2) Any subsequent installment of such credit required to be taken in installments  
16 by this Chapter after the S Corporation makes an election under subsection (a)  
17 of this section and the carryforward of any unused portion of such installment.

18 (d) Tax Credit for Income Taxes Paid to Other States. – With respect to resident  
19 shareholders, a taxed S Corporation is allowed a credit against the taxes imposed by this section  
20 for income taxes imposed by and paid to another state or country on income taxed under this  
21 section. The credit allowed by this subsection is administered in accordance with the provisions  
22 of G.S. 105-153.9.

23 (e) Deduction Allowed for Shareholders of a Taxed S Corporation. – The shareholders  
24 of a taxed S Corporation are allowed a deduction as specified in G.S. 105-153.5(c3)(1). This  
25 adjustment is only allowed if the taxed S Corporation complies with the provisions of subsection  
26 (g) of this section.

27 (f) Addition Required for Shareholders of a Taxed S Corporation. – The shareholders of  
28 a taxed S Corporation must make an addition as provided in G.S. 105-153.5(c3)(2).

29 (g) Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount  
30 of the tax payable as shown on the return of the taxed S Corporation must be paid to the Secretary  
31 within the time allowed for filing the return. In the case of any overpayment by a taxed S  
32 Corporation of the tax imposed under this section, only the taxed S Corporation may request a  
33 refund of the overpayment. If the taxed S Corporation files a return showing an amount due with  
34 the return and does not pay the amount shown due, the Department may collect the tax from the  
35 taxed S Corporation pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of  
36 collection for the amount of tax debt to the taxed S Corporation. If the tax debt is not paid to the  
37 Secretary within 60 days of the date the notice of collection is mailed to the taxed S Corporation,  
38 the shareholders of the S Corporation are not allowed the deduction provided in  
39 G.S. 105-153.5(c3)(1). The Secretary must send the shareholders a notice of proposed  
40 assessment in accordance with G.S. 105-241.9. For purposes of this subsection, the term "tax  
41 debt" has the same meaning as defined in G.S. 105-243.1(a).

42 (h) Basis. – The basis of both resident and nonresident shareholders of a taxed S  
43 Corporation in their stock and indebtedness of the taxed S Corporation shall be determined as if  
44 the election under subsection (a) of this section had not been made and each of the shareholders  
45 of the taxed S Corporation had properly taken into account each shareholder's pro rata share of  
46 the taxed S Corporation's items of income, loss, and deduction in the manner required with  
47 respect to an S Corporation for which no such election is in effect."

48 **SECTION 42.5.(d)** G.S. 105-131.7 is amended by adding a new subsection to read:

49 "(g) Taxed S Corporation. – Subsections (b) through (f) of this section do not apply to an  
50 S Corporation with respect to any taxable period for which it is a taxed S Corporation under  
51 G.S. 105-131.1A."

1           **SECTION 42.5.(e)** G.S. 105-131.8(a) reads as rewritten:

2           "(a) For Except as otherwise provided in G.S. 105-153.9(a)(4) with respect to a taxed S  
3 Corporation, for purposes of G.S. 105-153.9 and G.S. 105-160.4, each resident shareholder is  
4 considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's  
5 pro rata share of any net income tax paid by the S Corporation to a state that does not measure  
6 the income of S Corporation shareholders by the income of the S Corporation. For purposes of  
7 the preceding sentence, the term "net income tax" means any tax imposed on or measured by a  
8 corporation's net income."

9           **SECTION 42.5.(f)** G.S. 105-153.3 reads as rewritten:

10       "**§ 105-153.3. Definitions.**

11       The following definitions apply in this Part:

12       ...

13       (18a) Taxed partnership. – A partnership for which a valid election under  
14 G.S. 105-154.1 is in effect.

15       (18b) Taxed pass-through entity. – A taxed S Corporation or a taxed partnership.

16       (18c) Taxed S Corporation. – Defined in G.S. 105-131(b).

17       ...."

18       **SECTION 42.5.(g)** G.S. 105-154(d) reads as rewritten:

19       "(d) Payment of Tax on Behalf of Nonresident Owner or Partner. – If a business conducted  
20 in this State is owned by a nonresident individual or by a partnership having one or more  
21 nonresident members, the manager of the business shall report information concerning the  
22 earnings of the business in this State, the distributive share of the income of each nonresident  
23 owner or partner, and any other information required by the Secretary. The distributive share of  
24 the income of each nonresident partner includes any guaranteed payments made to the partner.  
25 The manager of the business shall pay with the return the tax on each nonresident owner or  
26 partner's share of the income computed at the rate levied on individuals under G.S. 105-153.7.  
27 The business may deduct the payment for each nonresident owner or partner from the owner or  
28 partner's distributive share of the income of the business in this State. If the nonresident partner  
29 is not an individual and the partner has executed an affirmation that the partner will pay the tax  
30 with its corporate, partnership, trust, or estate income tax return, the manager of the business is  
31 not required to pay the tax on the partner's share. In this case, the manager shall include a copy  
32 of the affirmation with the report required by this subsection. The affirmation must be annually  
33 filed by the nonresident partner and submitted by the manager by the due date of the report  
34 required in this subsection. Otherwise, the manager of the business is required to pay the tax on  
35 the nonresident partner's share. Notwithstanding the provisions of G.S. 105-241.7(b), the  
36 manager of the business may not request a refund of an overpayment made on behalf of a  
37 nonresident owner or partner if the manager of the business has previously filed the return and  
38 paid the tax due. The nonresident owner or partner may, on its own income tax return, request a  
39 refund of an overpayment made on its behalf by the manager of the business within the provisions  
40 of G.S. 105-241.6. This subsection does not apply to a partnership with respect to any taxable  
41 period for which it is a taxed partnership."

42       **SECTION 42.5.(h)** Part 2 of Article 4 of Chapter 105 of the General Statutes is  
43 amended by adding a new section to read:

44       "**§ 105-154.1. Taxation of partnership as a taxed pass-through entity.**

45       (a) Taxed Partnership Election. – A partnership may elect, on its timely filed annual  
46 return required under G.S. 105-154(c), to have the tax under this Article imposed on the  
47 partnership for any taxable period covered by the return. A partnership may not revoke the  
48 election after the due date of the return, including extensions. This election cannot be made by a  
49 publicly traded partnership that is described in section 7704(c) of the Code or by a partnership  
50 that has at any time during the taxable year a partner who is not one of the following:

51       (1) An individual.

- 1           (2)    An estate.  
2           (3)    A trust described in section 1361(c)(2) of the Code.  
3           (4)    An organization described in section 1361(c)(6) of the Code.  
4       (b)    Taxable Income of Taxed Partnership. – A tax is imposed for the taxable period on  
5 the North Carolina taxable income of a taxed partnership. The tax shall be levied, collected, and  
6 paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in  
7 G.S. 105-153.7. The North Carolina taxable income of a taxed partnership is determined as  
8 follows:  
9           (1)    The North Carolina taxable income of a taxed partnership with respect to such  
10 taxable period shall be equal to the sum of the following:  
11           a.    Each partner's distributive share of the taxed partnership's income or  
12 loss, subject to the adjustments provided in G.S. 105-153.5 and  
13 G.S. 105-153.6, attributable to the State.  
14           b.    Each resident partner's distributive share of the taxed partnership's  
15 income or loss, subject to the adjustments provided in G.S. 105-153.5  
16 and G.S. 105-153.6, not attributable to the State with respect to such  
17 taxable period.  
18           (2)    Separately stated items of deduction are not included when calculating each  
19 partner's distributive share of the taxed partnership's taxable income. For  
20 purposes of this subdivision, separately stated items are those items described  
21 in section 702 of the Code and the regulations adopted under it.  
22           (3)    The adjustments required by G.S. 105-153.5(c3) are not included in the  
23 calculation of the taxed partnership's taxable income.  
24       (c)    Tax Credit. – A taxed partnership that qualifies for a credit may apply each partner's  
25 distributive share of the taxed partnership's credits against the partner's distributive share of the  
26 taxed partnership's income tax imposed by subsection (b) of this section. A partnership must pass  
27 through to its partners any credit required to be taken in installments by this Chapter if the first  
28 installment was taken in a taxable period that the election under subsection (a) of this section was  
29 not in effect. A partnership shall not pass through to its partners any of the following:  
30           (1)    Any credit allowed under this Chapter for any taxable period the partnership  
31 makes the election under subsection (a) of this section and the carryforward  
32 of the unused portion of such credit.  
33           (2)    Any subsequent installment of such credit required to be taken in installments  
34 by this Chapter after the partnership makes an election under subsection (a) of  
35 this section and the carryforward of any unused portion of such installment.  
36       (d)    Deduction Allowed for Partners of a Taxed Partnership. – The partners of a taxed  
37 partnership are allowed a deduction as specified in G.S. 105-153.5(c3)(3). This adjustment is  
38 only allowed if the taxed partnership complies with the provisions of subsection (f) of this  
39 section.  
40       (e)    Addition Required for Partners of a Taxed Partnership. – The partners of a taxed  
41 partnership must make an addition as provided in G.S. 105-153.5(c3)(4).  
42       (f)    Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount  
43 of the tax payable as shown on the return of the taxed partnership must be paid to the Secretary  
44 within the time allowed for filing the return. In the case of any overpayment by a taxed  
45 partnership of the tax imposed under this section, only the taxed partnership may request a refund  
46 of the overpayment. If the taxed partnership files a return showing an amount due with the return  
47 and does not pay the amount shown due, the Department may collect the tax from the taxed  
48 partnership pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of collection for  
49 the amount of the tax debt to the taxed partnership. If the tax debt is not paid to the Secretary  
50 within 60 days of the date the notice of collection is mailed to the taxed partnership, the partners  
51 of the partnership are not allowed the deduction provided in G.S. 105-153.5(c3)(3). The

1 Secretary must send the partners a notice of proposed assessment in accordance with  
2 G.S. 105-241.9. For purposes of this subsection, the term "tax debt" has the same meaning as  
3 defined in G.S. 105-243.1(a).

4 (g) Basis. – The basis of both resident and nonresident partners of a taxed partnership  
5 shall be determined as if the election under subsection (a) of this section had not been made and  
6 each of the partners of the taxed partnership had properly taken into account each partner's  
7 distributive share of the taxed partnership's items of income, loss, and deduction in the manner  
8 required with respect to a partnership for which no such election is in effect."

9 **SECTION 42.5.(i)** G.S. 105-153.5 is amended by adding a new subsection to read:

10 "(c3) Taxed Pass-Through Entities. – In calculating North Carolina taxable income, a  
11 taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

12 (1) A taxpayer that is a shareholder of a taxed S Corporation may deduct the  
13 amount of the taxpayer's pro rata share of income from the taxed S  
14 Corporation to the extent it was included in the taxed S Corporation's North  
15 Carolina taxable income and the taxpayer's adjusted gross income.

16 (2) A taxpayer that is a shareholder of a taxed S Corporation must add the amount  
17 of the taxpayer's pro rata share of loss from the taxed S Corporation to the  
18 extent it was included in the taxed S Corporation's North Carolina taxable  
19 income and the taxpayer's adjusted gross income.

20 (3) A taxpayer that is a partner of a taxed partnership may deduct the amount of  
21 the taxpayer's distributive share of income from the taxed partnership to the  
22 extent it was included in the taxed partnership's North Carolina taxable income  
23 and the taxpayer's adjusted gross income.

24 (4) A taxpayer that is a partner of a taxed partnership must add the amount of the  
25 taxpayer's distributive share of loss from the taxed partnership to the extent it  
26 was included in the taxed partnership's North Carolina taxable income and the  
27 taxpayer's adjusted gross income."

28 **SECTION 42.5.(j)** G.S. 105-153.9(a) reads as rewritten:

29 "(a) An individual who is a resident of this State is allowed a credit against the taxes  
30 imposed by this Part for income taxes imposed by and paid to another state or country on income  
31 taxed under this Part, subject to the following conditions:

32 ...  
33 (4) Shareholders of a taxed S Corporation shall not be allowed a credit under this  
34 section for taxes paid by the taxed S Corporation to another state or country  
35 on income that is taxed to the taxed S Corporation. For purposes of allowing  
36 the credit under this section for taxes paid to another state or country by a  
37 taxed S Corporation's shareholders, a shareholder's pro rata share of the  
38 income of the taxed S Corporation shall be treated as income taxed to the  
39 shareholder under this Part and a shareholder's pro rata share of the tax  
40 imposed on the taxed S Corporation under G.S. 105-131.1A shall be treated  
41 as tax imposed on the shareholder under this Part.

42 (5) Partners of a taxed partnership shall not be allowed a credit under this section  
43 for taxes paid by the taxed partnership to another state or country on income  
44 that is taxed to the taxed partnership. The taxed partnership as defined in  
45 G.S. 105-153.3(18a) is entitled to a credit under this section for all such taxes  
46 paid. For purposes of allowing the credit under this section for taxes paid to  
47 another state or country by a taxed partnership's partners, a partner's pro rata  
48 share of the income of the taxed partnership shall be treated as income taxed  
49 to the partner under this Part and a partner's pro rata share of the tax imposed  
50 on the taxed partnership under G.S. 105-154.1 shall be treated as tax imposed  
51 on the partner under this Part."

1           **SECTION 42.5.(k)** G.S. 105-160.4 reads as rewritten:

2   "**§ 105-160.4. Tax credits for income taxes paid to other states by estates and trusts.**

3       ...

4       (f) Fiduciaries and beneficiaries of estates and trusts who are shareholders of a taxed S  
5 Corporation are not allowed a credit under this section for taxes paid by the estates and trusts or  
6 by the taxed S Corporation to another state or country on income that is taxed to the taxed S  
7 Corporation. The taxed S Corporation is entitled to a credit under G.S. 105-153.9(a)(4) for all  
8 such taxes paid. For purposes of this subsection, the term "taxed S Corporation" is the same as  
9 defined in G.S. 105-131(b).

10       (g) Fiduciaries and beneficiaries of estates and trusts who are partners of a taxed  
11 partnership are not allowed a credit under this section for taxes paid by the estates and trusts or  
12 by the taxed partnership to another state or country on income that is taxed to the taxed  
13 partnership. The taxed partnership is entitled to a credit under G.S. 105-153.9(a)(5) for all such  
14 taxes paid. For purposes of this subsection, the term "taxed partnership" is the same as defined  
15 in G.S. 105-153.3."

16           **SECTION 42.5.(l)** G.S. 105-163.38 is amended by adding a new subdivision to read:

17       "(6) Taxed pass-through entity. – Defined in G.S. 105-153.3."

18           **SECTION 42.5.(m)** G.S. 105-163.39 is amended by adding a new subsection to  
19 read:

20       "(d) Taxed Pass-Through Entity. – This Article applies to every taxed pass-through entity  
21 in the same manner as a corporation subject to tax under Article 4 of this Chapter, except that  
22 G.S. 105-163.41(d)(5) shall not apply with respect to a taxable year of a taxed pass-through entity  
23 if it was not a taxed pass-through entity during its preceding taxable year."

24           **SECTION 42.5.(n)** This section is effective for taxable years beginning on or after  
25 January 1, 2022.

26  
27 **CREATE SEPARATE STATE NET OPERATING LOSS CALCULATION FOR**  
28 **INDIVIDUAL INCOME TAX PURPOSES**

29           **SECTION 42.6.(a)** G.S. 105-153.5 reads as rewritten:

30   "**§ 105-153.5. Modifications to adjusted gross income.**

31       ...

32       (b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
33 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
34 the taxpayer's adjusted gross income:

35       ...

36       (16) A State net operating loss as allowed under G.S. 105-153.5A.

37       (c) Additions. – In calculating North Carolina taxable income, a taxpayer must add to the  
38 taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's  
39 adjusted gross income:

40       ...

41       (6) ~~The Any amount of allowed as a net operating loss carried to and deducted on~~  
42 ~~the federal return but not absorbed in that year and carried forward to a~~  
43 ~~subsequent year deduction under the Code.~~

44       ...."

45           **SECTION 42.6.(b)** Part 2 of Article 4 of Chapter 105 of the General Statutes is  
46 amended by adding a new section to read:

47   "**§ 105-153.5A. Net operating loss provisions.**

48       (a) State Net Operating Loss. – A taxpayer's State net operating loss for a taxable year is  
49 the amount by which business deductions for the year exceed gross business income for the year  
50 as determined under the Code adjusted as provided in G.S. 105-153.5 and G.S. 105-153.6. The

1 amount of a taxpayer's State net operating loss must also be determined in accordance with the  
2 following modifications:

3 (1) No State net operating loss deduction shall be allowed.

4 (2) The amount deductible on account of losses from sales or exchanges of capital  
5 assets shall not exceed the amount includable on account of gains from sales  
6 or exchanges of capital assets.

7 (3) The exclusion provided by Code section 1202 shall not be allowed.

8 (4) No deduction shall be allowed under G.S. 105-153.5(a1) for the child  
9 deduction.

10 (5) The deductions which are not attributable to a taxpayer's trade or business  
11 shall be allowed only to the extent of the amount of the gross income not  
12 derived from such trade or business.

13 (6) Any deduction under Code section 199A shall not be allowed.

14 (b) Deduction. – A taxpayer may carry forward a State net operating loss the taxpayer  
15 incurred in a prior taxable year and deduct it in the current taxable year, subject to the limitations  
16 in this subsection:

17 (1) The loss was incurred in one of the preceding 15 taxable years.

18 (2) Any loss carried forward is applied to the next succeeding taxable year before  
19 any portion of it is carried forward and applied to a subsequent taxable year.

20 (3) The taxpayer's State net operating loss deduction may not exceed the amount  
21 of the taxpayer's North Carolina taxable income determined without deducting  
22 the taxpayer's State net operating loss.

23 (4) The portion of the State net operating loss attributable to the carryforward  
24 allowed under subsection (f) of this section is only allowed to the extent  
25 described in subsection (f) of this section.

26 (c) Nonresidents. – In the case of a taxpayer that is a nonresident in the year of the loss,  
27 the State net operating loss only includes income and deductions derived from a business carried  
28 on in this State in the year of the loss. In the case of a taxpayer that is a nonresident in the year  
29 of the deduction, the State net operating loss must be included in the numerator of the fraction  
30 used to calculate taxable income as defined in G.S. 105-153.4(b).

31 (d) Part-Year Residents. – In the case of a taxpayer that is a part-year resident in the year  
32 of the loss, the State net operating loss includes income and deductions derived from a business  
33 carried on in this State while the taxpayer was a nonresident and includes business income and  
34 deductions derived from all sources during the period the taxpayer was a resident. In the case of  
35 a taxpayer that is a part-year resident in the year of the deduction, the State net operating loss  
36 must be included in the numerator of the fraction used to calculate taxable income as defined in  
37 G.S. 105-153.4(c).

38 (e) Administration. – A taxpayer claiming a deduction under this section must maintain  
39 and make available for inspection by the Secretary all records necessary to determine and verify  
40 the amount of the deduction. The Secretary or the taxpayer may redetermine a loss originating in  
41 a taxable year that is closed under the statute of limitations for the purpose of determining the  
42 amount of loss that can be carried forward to a taxable year that remains open under the statute  
43 of limitations.

44 (f) Federal Net Operating Loss Carryforwards. – The portion of a taxpayer's federal net  
45 operating loss carryforward that was not absorbed in tax years beginning prior to January 1, 2022,  
46 may be included in the amount of a taxpayer's State net operating loss in taxable years beginning  
47 on or after January 1, 2022. The federal net operating loss carryforward is only allowed as a State  
48 net operating loss in tax years beginning after January 1, 2022, to the extent that it meets all of  
49 the following conditions:

50 (1) The loss would have been allowed in that taxable year under section 172 of  
51 the Code as enacted on April 1, 2021.



(2) The provisions of G.S. 105-153.5(c2)(8), (9), (10), (13), and (14) do not apply to the federal net operating loss carryforward.

(3) The loss was incurred in one of the preceding 15 taxable years."

**SECTION 42.6.(c)** This section is effective for taxable years beginning on or after January 1, 2022.

## **REENACT AND EXTEND MILL REHABILITATION CREDIT**

**SECTION 42.7.(a)** Effective for taxable years beginning on or after January 1, 2021, Article 3H of Chapter 105 of the General Statutes is reenacted as it existed immediately before its repeal for rehabilitation projects for which an application for an eligibility certification was submitted on or after January 1, 2015, and reads as rewritten:

"Article 3H.

"Mill Rehabilitation Tax Credit.

...

### **"§ 105-129.71. Credit for income-producing rehabilitated mill property.**

...

(a1) Credit for Rehabilitated Railroad Station. – A taxpayer who is allowed a credit under section 47 of the Code for making qualified rehabilitation expenditures of at least ten million dollars (\$10,000,000) with respect to a certified rehabilitation of an eligible railroad station is allowed a credit equal to a percentage of the expenditures that qualify for the federal credit. In order to be eligible for a credit allowed by this Article, the taxpayer must provide to the Secretary a copy of the eligibility certification and the cost certification. The amount of the credit is equal to forty percent (40%) of the qualified rehabilitation expenditures. The qualified rehabilitation expenditures must be incurred on or after January 1, 2019, and the credit cannot be claimed for a taxable year beginning prior to January 1, 2021. ~~The tax credit must be taken in two equal installments on returns filed for taxable years 2021 and 2022. The sum of the two installments is equal to the credit amount allowed for qualified rehabilitation expenditures incurred in taxable years 2019, 2020, and 2021. When the eligible site is placed into service in two or more phases in different years, the amount of credit that may be claimed in a year is the amount based on the qualified rehabilitation expenditures associated with the phase placed into service during that year.~~

For purposes of this subsection, the term "eligible railroad station" is a site located in this State that satisfies all of the following conditions:

...

(4) It is a designated local landmark as certified by a city on or before June 30, 2019-2027.

...

(7) It is issued a certificate of occupancy on or before December 31, 2021-2029.

...

### **"§ 105-129.75. Sunset and applicable expenditures.**

(a) Sunset. – Except for credits allowed under G.S. 105-129.71(a1), this Article ~~expires January 1, 2015, expires, and a tax credit allowed under G.S. 105-129.71(a) may not be claimed, for rehabilitation projects for which an application for an eligibility certification is submitted on or after that date. Eligibility certifications under this Article expire January 1, 2023. not completed and placed in service prior to January 1, 2030.~~

(b) Delayed Sunset and Applicable Expenditures. – For credits allowed under G.S. 105-129.71(a1), the following applies:

(1) The qualified rehabilitation expenditures must be incurred on or after January 1, 2019, and before January 1, 2022-2030.

(2) This Article expires, and a tax credit allowed under G.S. 105-127.71(a1) may not be claimed, for rehabilitation projects not completed and placed in service prior to January 1, ~~2022~~2030.

...."

**SECTION 42.7.(b)** The reenactment and extension of Article 3H of Chapter 105 of the General Statutes under this section does not require a taxpayer who obtained an eligibility certification prior to January 1, 2015, for a rehabilitation project under this Article to reapply for an eligibility certification for the same project.

**SECTION 42.7.(c)** Except as otherwise provided, this section is effective when it becomes law.

**EXPAND AND EXTEND HISTORIC REHABILITATION CREDIT**

**SECTION 42.7A.(a)** G.S. 105-129.105 reads as rewritten:

**"§ 105-129.105. Credit for rehabilitating income-producing historic structure.**

(a) Credit. – A taxpayer who is allowed a federal income tax credit under section 47 of the Code for making qualified rehabilitation expenditures for a certified historic structure located in this State is allowed a credit equal to the sum of the following:

(1) Base amount. – The percentage of qualified rehabilitation expenditures at the levels provided in the table below:

<b>Expenses Over</b>	<b>Up To</b>	<b>Rate</b>
0	\$10 million	15.00%
\$10 million	\$20 million	10.00%

(2) Development tier bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars (\$20,000,000) if the certified historic structure is located in a development tier one or two area.

(3) Targeted investment bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars (\$20,000,000) if the certified historic structure is located on an eligible targeted investment site.

(4) Education bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars (\$20,000,000) if the certified historic structure was originally used for an educational purpose, is used for an educational purpose following the rehabilitation, and remains used for an educational purpose for each year in which the credit, or a carryforward of the credit, is claimed. For a certified historic structure used for multiple purposes, the bonus provided in this subdivision shall be proportionate to the area of the certified historic structure used for an educational purpose.

...

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

...

(2a) Educational purpose. – A purpose that has as its objective the education or instruction of human beings; it comprehends the transmission of information and the training or development of the knowledge or skills of individual persons.

...."

**SECTION 42.7A.(b)** G.S. 105-129.110 reads as rewritten:

**"§ 105-129.110. Sunset.**

1 This Article expires for qualified rehabilitation expenditures and rehabilitation expenses  
2 incurred on or after January 1, ~~2024~~2030. For qualified rehabilitation expenditures and  
3 rehabilitation expenses incurred prior to January 1, ~~2024~~2030, this Article expires for property  
4 not placed in service by January 1, 2032."

5 **SECTION 42.7A.(c)** Subsection (a) of this section is effective for taxable years  
6 beginning on or after January 1, 2021. The remainder of this section is effective when it becomes  
7 law.

## 9 **LIMIT GROSS PREMIUMS TAX ON SURETY BONDS**

10 **SECTION 42.8.(a)** G.S. 105-228.5(b1) reads as rewritten:

11 "(b1) Calculation of Tax Base. – In determining the amount of gross premiums from  
12 business in this State, all gross premiums received in this State, credited to policies written or  
13 procured in this State, or derived from business written in this State shall be deemed to be for  
14 contracts covering persons, property, or risks resident or located in this State unless one of the  
15 following applies:

- 16 (1) The premiums are properly reported and properly allocated as being received  
17 from business done in some other nation, territory, state, or states.
- 18 (2) The premiums are from policies written in federal areas for persons in military  
19 service who pay premiums by assignment of service pay.

20 Gross premiums from business done in this State in the case of life insurance contracts,  
21 including supplemental contracts providing for disability benefits, accidental death benefits, or  
22 other special benefits that are not annuities, means all premiums collected in the calendar year,  
23 other than for contracts of reinsurance, for policies the premiums on which are paid by or credited  
24 to persons, firms, or corporations resident in this State, or in the case of group policies, for  
25 contracts of insurance covering persons resident within this State. The only deductions allowed  
26 shall be for premiums refunded on policies rescinded for fraud or other breach of contract and  
27 premiums that were paid in advance on life insurance contracts and subsequently refunded to the  
28 insured, premium payer, beneficiary or estate. Gross premiums shall be deemed to have been  
29 collected for the amounts as provided in the policy contracts for the time in force during the year,  
30 whether satisfied by cash payment, notes, loans, automatic premium loans, applied dividend, or  
31 by any other means except waiver of premiums by companies under a contract for waiver of  
32 premium in case of disability.

33 Gross premiums from business done in this State in the case of an insurer of bail bonds means  
34 the amounts received by an insurer from a surety bondsman during the calendar year for bail  
35 bonds written on behalf of the insurer. An insurer is subject to the definitions of gross premiums  
36 under this section for gross premiums from transacting any other line of insurance business. For  
37 purposes of this paragraph, the terms "bail bonds," "insurer," and "surety bondsman" have the  
38 same meaning as defined in G.S. 58-71-1.

39 Gross premiums from business done in this State for all other health care plans and contracts  
40 of insurance, including contracts of insurance required to be carried by the Workers'  
41 Compensation Act, means all premiums written during the calendar year, or the equivalent  
42 thereof in the case of self-insurers under the Workers' Compensation Act, for contracts covering  
43 property or risks in this State, other than for contracts of reinsurance, whether the premiums are  
44 designated as premiums, deposits, premium deposits, policy fees, membership fees, or  
45 assessments. Gross premiums shall be deemed to have been written for the amounts as provided  
46 in the policy contracts, new and renewal, becoming effective during the year irrespective of the  
47 time or method of making payment or settlement for the premiums, and with no deduction for  
48 dividends whether returned in cash or allowed in payment or reduction of premiums or for  
49 additional insurance, and without any other deduction except for return of premiums, deposits,  
50 fees, or assessments for adjustment of policy rates or for cancellation or surrender of policies."

1           **SECTION 42.8.(b)** This section is effective for taxable years beginning on or after  
2 January 1, 2022.

3  
4 **MODIFY EXCISE TAX ON CIGARS AND CLARIFY DELIVERY SALES AND**  
5 **REMOTE SALES OF TOBACCO PRODUCTS**

6           **SECTION 42.9.(a)** G.S. 105-113.4 reads as rewritten:

7 **"§ 105-113.4. Definitions.**

8           The following definitions apply in this Article:

- 9           ...
- 10           (2) Cost price. – ~~The actual price a person liable for the tax on tobacco products~~  
11 paid for an item subject to the tax imposed by Part 3 of this Article paid for  
12 the products, before any discount, rebate, or allowance or the tax imposed by  
13 that Part by the person liable for the tax. The actual price paid for an item may  
14 be either of the following:  
15           a. The actual price paid for an item identified as a stock keeping unit by  
16 a unique code or identifier representing the item.  
17           b. If the actual price paid for an item is not available, the average of the  
18 actual price paid for the item over the 12 calendar months before  
19 January 1 of the year in which the sale occurs.
- 20           (2d) Delivery sale. – ~~A sale of tobacco products—cigarettes, smokeless tobacco, or~~  
21 vapor products to a consumer in this State in which either of the following  
22 apply:  
23           a. The consumer submits the order for the sale by telephone, mail, the  
24 Internet or other online service or application, or when the seller is  
25 otherwise not in the physical presence of the consumer when the  
26 consumer submits the order.  
27           b. ~~The tobacco products—cigarettes, smokeless tobacco, or vapor products~~  
28 are delivered via mail or a delivery service.
- 29           (2e) Delivery seller. – ~~A person that located within or outside this State who makes~~  
30 a delivery sale.
- 31           ...
- 32           (3) Distributor. – ~~Either~~ Any of the following:  
33           a. A person, wherever resident or located, who purchases nontax-paid  
34 cigarettes directly from the manufacturer of the cigarettes and stores,  
35 sells, or otherwise disposes of the cigarettes.  
36           b. A manufacturer of cigarettes.  
37           c. A delivery seller of cigarettes.
- 38           ...
- 39           (8a) Remote sale. – A sale of tobacco products other than cigarettes, smokeless  
40 tobacco, or vapor products to a consumer in this State in which either of the  
41 following applies:  
42           a. The consumer submits the order for the sale by telephone, mail, the  
43 internet, or other online service or application, or when the seller is  
44 otherwise not in the physical presence of the consumer when the  
45 consumer submits the order.  
46           b. The tobacco products other than cigarettes, smokeless tobacco, or  
47 vapor products are delivered via mail or a delivery service.
- 48           (8b) Remote seller. – A person located within or outside this State who makes a  
49 remote sale.
- 50           (9) Retail dealer. – A person who sells a tobacco product to the ultimate consumer  
51 of the product, including a remote seller or a delivery seller.

1 ...  
 2 (10b) Smokeless tobacco. – Any finely cut, ground, powdered, or leaf tobacco, or  
 3 other product containing tobacco, that is intended to be placed in the oral or  
 4 nasal cavity or otherwise consumed without being combusted.

5 ...."

6 **SECTION 42.9.(b)** G.S. 105-113.4F reads as rewritten:

7 "**§ 105-113.4F. Delivery sales of certain tobacco products; age verification.**

8 (a) ~~Scope. – This section applies to delivery sales of tobacco products, other than cigars,~~  
 9 ~~to consumers in this State regardless of whether the delivery seller is located inside or outside~~  
 10 ~~this State. sales.~~ For purposes of this section, the term "tobacco product" ~~is as defined in~~  
 11 ~~G.S. 105-113.4, except that it does not include cigars.~~ means cigarettes, smokeless tobacco, or  
 12 vapor products.

13 (b) ~~Delivery Seller Requirements. – A delivery seller shall~~ must do all of the following  
 14 with respect to a delivery sale:

15 (1) Obtain a license from the Secretary ~~pursuant to the requirements of~~ as required  
 16 by this Article before accepting an order.

17 (2) Comply with the age verification requirements in G.S. 14-313(b2).

18 (3) Report, collect, and remit to the Secretary all applicable taxes levied on  
 19 ~~tobacco products~~ as set out in this Article and Article 5 of this Chapter.

20 (c) ~~Filing Requirement. – A delivery seller who has made a delivery sale, or shipped or~~  
 21 ~~delivered tobacco products in connection with a delivery sale, during the previous month shall,~~  
 22 must, not later than the tenth day of each month, file with the Secretary a memorandum or a copy  
 23 of the invoice for every delivery sale made during the previous month. A delivery seller who  
 24 complies with 15 U.S.C. § 376 with respect to tobacco products covered by that section is  
 25 considered to have complied with this subsection. The memorandum or invoice ~~shall~~ must  
 26 contain the following information:

27 (1) The name, address, telephone number, and e-mail address of the consumer.

28 (2) The type and the brand, or brands, of tobacco products that were sold.

29 (3) The quantity of tobacco products that were sold.

30 (d) ~~Penalties. – A person who violates this section is subject to the following penalties:~~

31 (1) For the first violation, a penalty of one thousand dollars (\$1,000).

32 (2) For a subsequent violation, a penalty not to exceed five thousand dollars  
 33 (\$5,000), as determined by the Secretary.

34 (e) ~~Exception. – This section does not apply to sales of tobacco products by a retail dealer~~  
 35 ~~who purchased the tobacco products from a licensed distributor or wholesale dealer.~~

36 (f) ~~State Laws Apply. – All State laws that apply to tobacco product retailers in this State~~  
 37 ~~shall apply to delivery sellers that sell tobacco products into this State.~~ Delivery Sellers as  
 38 Retailers. – A delivery seller that meets the definition of a "retailer" as defined in Article 5 of  
 39 this Chapter is subject to all State laws that apply to a retailer in this State."

40 **SECTION 42.9.(c)** G.S. 105-113.5 reads as rewritten:

41 "**§ 105-113.5. Tax on cigarettes.**

42 (a) ~~Rate. – A tax is levied on the sale or possession for sale in this State, by a licensed~~  
 43 ~~distributor, of all cigarettes at the rate of two and one-fourth cents (2.25¢) per individual cigarette.~~

44 (b) ~~Primary Liability. – The licensed distributor who first acquires or otherwise handles~~  
 45 ~~cigarettes subject to the tax imposed by this section is liable for the tax imposed by this section.~~  
 46 A licensed distributor who brings meets any of the following conditions is liable for the tax  
 47 imposed by this section:

48 (1) Is the first person to possess or acquire cigarettes in this State.

49 (2) Is the first person to bring into this State cigarettes made outside the State ~~is~~  
 50 ~~the first person to handle the cigarettes in this State. A licensed distributor~~  
 51 ~~who is~~

- 1           (3) ~~Is the original consignee of cigarettes made outside the State and is that are~~  
2           shipped into the State ~~is the first person to handle the cigarettes in this State.~~  
3           (4) Makes a delivery sale of cigarettes for which the delivery seller is required to  
4           collect sales and use tax under Article 5 of this Chapter."

5           **SECTION 42.9.(d)** G.S. 105-113.12 reads as rewritten:

6           "**§ 105-113.12. ~~Distributor must obtain license.~~License required.**

7           (a) A distributor ~~shall~~must obtain a license for each ~~place of business a distributor's~~  
8 ~~license and shall~~ of the locations listed in this subsection, as applicable, and must pay a tax of  
9 twenty-five dollars (\$25.00) for ~~the each~~ license. A license is in effect until June 30 of the year  
10 following the second calendar year after the date of issuance or renewal. A license ~~for each place~~  
11 ~~of business~~ is renewable upon signed application with no renewal license tax, unless applied for  
12 after the June 30 expiration date. The locations are:

- 13           (1) Each location where a distributor receives or stores non-tax-paid cigarettes in  
14 this State.  
15           (2) For a distributor that is a delivery seller, each location from which the  
16 distributor ships delivery sales of cigarettes if the location is a location other  
17 than the location described in subdivision (1) of this subsection.

18           ~~(b) For the purposes of this section, a "place of business" is a place where a distributor~~  
19 ~~receives or stores non tax paid cigarettes.~~

20           (c) An out-of-state distributor that is not a delivery seller may obtain a distributor's  
21 license upon compliance with the provisions of G.S. 105-113.4A and G.S. 105-113.24 and  
22 payment of a tax of twenty-five dollars (\$25.00)."

23           **SECTION 42.9.(e)** G.S. 105-113.18 reads as rewritten:

24           "**§ 105-113.18. Payment of tax; reports.**

25           The taxes levied in this Part are payable when a report is required to be filed. The following  
26 reports are required to be filed with the Secretary:

- 27           (1) Distributor's Report. – A licensed distributor ~~shall~~must file a monthly report  
28 in the form prescribed by the Secretary. The report covers cigarettes sold,  
29 shipped, delivered, or otherwise disposed of in this State in a calendar month  
30 and is due within 20 days after the end of the month covered by the report.  
31 The report ~~shall~~must show the quantity of all cigarettes transported or caused  
32 to be transported into the State by the licensed distributor or licensed  
33 manufacturer in the State for sales in this State and state the amount of tax due  
34 and ~~shall~~must identify any transactions to which the tax does not apply. A  
35 licensed distributor that is a delivery seller must also comply with the filing  
36 requirement under G.S. 105-113.4F.  
37           (1a) Repealed by Session Laws 2019-169, s. 4.3(a), effective July 26, 2019.  
38           (2) Use Tax Report. – ~~Every other~~ A person who is not a licensed distributor and  
39 has acquired non-tax-paid cigarettes for sale, use, or consumption subject to  
40 the tax imposed by this Part shall, must, within 96 hours after receipt of the  
41 cigarettes, file a report in the form prescribed by the Secretary showing the  
42 amount of cigarettes so received and any other information required by the  
43 Secretary. The report ~~shall~~must be accompanied by payment of the full  
44 amount of the tax.  
45           (3) Shipping Report. – Any person, except a licensed distributor, who ~~transports~~  
46 transports, or causes to transport, cigarettes upon the public highways, roads,  
47 or streets of this State, upon notice from the Secretary, ~~shall~~must file a report  
48 in the form prescribed by the Secretary and containing the information  
49 required by the Secretary.

50           ...."

51           **SECTION 42.9.(f)** The following statutes are repealed:

1 G.S. 105-113.35  
2 G.S. 105-113.35A  
3 G.S. 105-113.36  
4 G.S. 105-113.37  
5 G.S. 105-113.38  
6 G.S. 105-113.39  
7 G.S. 105-113.40A.

8 **SECTION 42.9.(g)** Part 3 of Article 2A of Chapter 105 of the General Statutes, as  
9 amended by subsection (f) of this section, reads as rewritten:

10 "Part 3. Tax on ~~Other Tobacco Products~~. Products Other Than Cigarettes.

11 "Subpart 1. General Provisions.

12 **"§ 105-113.35B. Applicability.**

13 As used in this Part, the term "tobacco product" means a tobacco product other than cigarettes.

14 "Subpart 2. Tax Rates and Liability.

15 **"§ 105-113.36A. Tax rates; liability for tax.**

16 (a) Tax Imposed. – An excise tax is levied on the sale, use, consumption, handling, or  
17 distribution of tobacco products at the following rates:

18 (1) On vapor products, the rate of five cents (5¢) per fluid milliliter of consumable  
19 product. All invoices for vapor products issued by manufacturers must state  
20 the amount of consumable product in milliliters.

21 (2) On cigars, the rate of twelve and eight-tenths percent (12.8%) of the cost price,  
22 subject to a cap of thirty cents (30¢) per cigar.

23 (3) On all other tobacco products, the rate of twelve and eight-tenths percent  
24 (12.8%) of the cost price.

25 (b) Primary Liability for Tax. – A wholesale dealer that has not been relieved of paying  
26 tax under G.S. 105-113.37A or a retail dealer is primarily liable for the tax imposed by this  
27 section if the dealer meets any of the following conditions:

28 (1) Is the first person to possess or acquire the tobacco product in this State.

29 (2) Is the first person to bring a tobacco product made outside the State into this  
30 State.

31 (3) Is the original consignee of a tobacco product made outside the State that is  
32 shipped into the State.

33 (4) Makes a remote sale or a delivery sale for which the dealer is required to  
34 collect sales and use tax under Article 5 of this Chapter.

35 (c) Secondary Liability. – A retail dealer located in this State who acquires from a  
36 wholesale dealer non-tax-paid tobacco products subject to the tax imposed by this section is liable  
37 for any tax due on the tobacco products.

38 (d) Exemptions. – The taxes imposed under this section do not apply to the following:

39 (1) A tobacco product sold outside the State.

40 (2) A tobacco product sold to the federal government.

41 (3) A sample tobacco product distributed without charge. A sample tobacco  
42 product may only be distributed in a "qualified adult-only facility" as that term  
43 is defined in 21 C.F.R. § 1140.16(d)(2).

44 (e) Use Tax. – A tax is levied upon the sale or possession for sale by a person other than  
45 a licensed wholesale dealer or a licensed retail dealer and upon the use, consumption, or  
46 possession for use or consumption of tobacco products within this State at the rate set in this  
47 section. This tax does not apply to tobacco products for which the tax levied in this section has  
48 been paid.

49 (f) Documentation. – If a person liable for the tax imposed by this Part cannot produce  
50 to the Secretary's satisfaction documentation of the cost price of the items subject to tax, the  
51 Secretary may determine a value based on the cost price of comparable items.

"Subpart 3. Wholesale and Retail Dealers.

**"§ 105-113.37A. Manufacturer's option.**

(a) Shipping to Other Licensed Dealers. – A manufacturer who is not a retail dealer and who ships tobacco products to either a wholesale dealer or a retail dealer licensed under this Part may, upon application to the Secretary and upon compliance with requirements prescribed by the Secretary, be relieved of paying the tax on tobacco products imposed by this Part but is not relieved from filing a report as required by this Part.

(b) Integrated Wholesale Dealers. – If a manufacturer has been relieved of paying tax under this section, the permission granted to be relieved of paying the tax also applies to an integrated wholesale dealer with whom the manufacturer is an affiliate. A manufacturer must notify the Secretary of any integrated wholesale dealer with whom it is an affiliate when the manufacturer applies to the Secretary for permission to be relieved of paying the tax and when an integrated wholesale dealer becomes an affiliate of the manufacturer after the Secretary has given the manufacturer permission to be relieved of paying the tax.

(c) Dual Exemption. – If a person is both a manufacturer of cigarettes and a wholesale dealer of tobacco products, and the person is granted permission under G.S. 105-113.10 to be relieved of paying the cigarette excise tax, the permission applies to the tax imposed by this Part on tobacco products. A cigarette manufacturer who becomes a wholesale dealer after receiving permission to be relieved of the cigarette excise tax must notify the Secretary of the permission received under G.S. 105-113.10 when applying for a license as a wholesale dealer.

**"§ 105-113.37B. Non-tax-paid products.**

Except as otherwise provided in this Part, a licensed wholesale dealer may not sell, borrow, loan, or exchange non-tax-paid tobacco products to, from, or with another licensed wholesale dealer, and an integrated wholesale dealer may not sell, borrow, loan, or exchange non-tax-paid tobacco products to, from, or with another integrated wholesale dealer.

**"§ 105-113.37C. Discount; refund.**

(a) Discount. – A wholesale dealer or a retail dealer who is primarily liable for the excise taxes imposed by this Part, who files a timely report under this Part, and who sends a timely payment may deduct from the amount due with the report a discount of two percent (2%). This discount covers expenses incurred in preparing the records and reports required by this Part and the expense of furnishing a bond. This subsection does not apply with respect to the excise tax levied on vapor products.

(b) Refund. – A wholesale dealer or retail dealer who is primarily liable for the excise taxes imposed by this Part and is in possession of stale or otherwise unsalable tobacco products upon which the tax has been paid may return the tobacco products to the manufacturer and apply to the Secretary for refund of the tax. The application must be in the form prescribed by the Secretary and accompanied by a written certificate signed under penalty of perjury or an affidavit from the manufacturer listing the tobacco products returned to the manufacturer by the applicant. The Secretary must refund the tax paid, less the discount allowed, on the listed products.

"Subpart 4. Remote Sellers.

**"§ 105-113.38A. Remote seller requirements.**

A remote seller must do all of the following with respect to a remote sale:

- (1) Obtain a license from the Secretary as required by this Part before accepting an order.
- (2) Report, collect, and remit to the Secretary all applicable taxes as set out in this Part and Article 5 of this Chapter. A remote seller that meets the definition of a "retailer" as defined in Article 5 of this Chapter is subject to all State laws that apply to a retailer in this State.

**"§ 105-113.38B. Records.**

In addition to the records required to be kept under G.S. 105-113.4G, a remote seller must maintain the following:



- 1           (1)    A list, updated annually, showing the cost price paid by the remote seller for  
2                    each stock keeping unit of tobacco products.
- 3           (2)    Invoices documenting remote or delivery sales to consumers in this State.
- 4           (3)    Records necessary to document the cost price of purchases of all tobacco  
5                    products sold to consumers in this State.

6    **"§ 105-113.38C. Penalties.**

7           A remote seller who violates G.S. 105-113.38A is subject to the following penalties:

- 8           (1)    For the first violation, a penalty of one thousand dollars (\$1,000).
- 9           (2)    For a subsequent violation, a penalty not to exceed five thousand dollars  
10                    (\$5,000), as determined by the Secretary.

11                    "Subpart 5. Administrative Provisions.

12    **"§ 105-113.39A. License required.**

13           (a)    Requirement. – A wholesale dealer or a retail dealer must obtain from the Secretary  
14                    a license for each of the locations listed in this subsection, as applicable, and must pay the  
15                    required license tax for each license. A license is in effect until June 30 of the year following the  
16                    second calendar year after the date of issuance or renewal, unless cancelled or revoked prior to  
17                    expiration. A license is renewable upon signed application with no renewal license tax, unless  
18                    applied for after the June 30 expiration date. The locations are:

- 19           (1)    Each location where a wholesale dealer makes tobacco products.
- 20           (2)    Each location where a wholesale dealer or a retail dealer receives or stores  
21                    non-tax-paid tobacco products.
- 22           (3)    Each location from where a retail dealer that is a delivery seller or remote  
23                    seller ships delivery sales or remote sales if the location is a location other  
24                    than the location described in subdivision (2) of this subsection.

25           (b)    License Tax Amount. – The license tax amounts are as follows:

- |  |                 |
|--|-----------------|
| 26           (1) <u>Wholesale dealer</u> | <u>\$25.00</u>  |
| 27           (2) <u>Retail dealer</u>    | <u>\$10.00.</u> |

28           (c)    Out-of-State Wholesale Dealers. – An out-of-state wholesale dealer of tobacco  
29                    products that is not a delivery seller or a remote seller may obtain a wholesale dealer's license  
30                    upon compliance with the provisions of G.S. 105-113.4A and payment of a tax of twenty-five  
31                    dollars (\$25.00).

32    **"§ 105-113.39B. Payment of tax.**

33           (a)    Monthly Report. – Taxes levied by this Part are payable by the entity that is primarily  
34                    liable for the tax when a report is required to be filed. A report is due on a monthly basis. A  
35                    monthly report covers tobacco products sold, shipped, delivered, or otherwise disposed of in this  
36                    State occurring in a calendar month and is due within 20 days after the end of the month covered  
37                    by the report. A report must be filed on a form provided by the Secretary and must contain the  
38                    information required by the Secretary.

39           (b)    Use Tax Report. – A person who is not a licensee under this Part and has acquired  
40                    non-tax-paid tobacco products for sale, use, or consumption subject to the tax imposed by this  
41                    Part must, within 96 hours after receipt of the tobacco products, file a report in the form  
42                    prescribed by the Secretary showing the amount of tobacco products received and any other  
43                    information required by the Secretary. The report must be accompanied by payment of the full  
44                    amount of the tax.

45           (c)    Shipping Report. – A person who transports, or causes to transport, tobacco products  
46                    upon the public highways, roads, or streets of this State must, upon notice from the Secretary,  
47                    file a report in a form prescribed by and containing the information required by the Secretary.

48    **"§ 105-113.39C. Bond or irrevocable letter of credit.**

49           The Secretary may require a wholesale dealer or a retail dealer to furnish a bond in an amount  
50                    that adequately protects the State from a wholesale dealer's or a retail dealer's failure to pay taxes  
51                    due under this Part. A bond must be conditioned on compliance with this Part, payable to the

1 State, and in the form required by the Secretary. The amount of the bond is two times the  
2 wholesale or retail dealer's average expected monthly tax liability under this Part, as determined  
3 by the Secretary, provided the amount of the bond may not be less than two thousand dollars  
4 (\$2,000) and may not be more than two million dollars (\$2,000,000). The Secretary should  
5 periodically review the sufficiency of bonds required of dealers, increase the amount of a required  
6 bond when the amount of the bond furnished no longer covers the anticipated tax liability of the  
7 wholesale dealer or retail dealer, and decrease the amount when the Secretary determines that a  
8 smaller bond amount will adequately protect the State from loss.

9 For purposes of this section, a wholesale dealer or a retail dealer may substitute an irrevocable  
10 letter of credit for the secured bond required by this section. The letter of credit must be issued  
11 by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The  
12 letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with  
13 this Part, and in the amounts stipulated in this section.

14 **"§ 105-113.39D. Use of tax proceeds.**

15 The Secretary must credit the net proceeds of the tax collected under this Part as follows:

16 (1) Six and four-tenths percent (6.4%) to the University Cancer Research Fund  
17 established under G.S. 116-29.1.

18 (2) The remainder to the General Fund."

19 **SECTION 42.9.(h)** G.S. 116-29.1(b) reads as rewritten:

20 "(b) Effective July 1 of each calendar year, the funds remitted to the University Cancer  
21 Research Fund by the Secretary of Revenue from the tax on tobacco products other than  
22 cigarettes pursuant to ~~G.S. 105-113.40A~~ G.S. 105-113.39D are appropriated for this purpose."

23 **SECTION 42.9.(i)** This section becomes effective July 1, 2022, and applies to sales  
24 or purchases occurring on or after that date. This section does not affect the rights or liabilities  
25 of a taxpayer or another person arising under the law as it existed before the effective date of this  
26 section, nor does it affect the right to any refund or credit of a tax that accrued under the law as  
27 it existed before the effective date of this section.

28  
29 **CREDIT SHORT-TERM VEHICLE RENTAL PROCEEDS TO HIGHWAY FUND**

30 **SECTION 42.10.** G.S. 105-187.9(a) reads as rewritten:

31 "(a) Distribution. – ~~Of the taxes~~ Taxes collected under this Article at the rate of five  
32 percent (5%) and eight percent (8%), ~~the sum of ten million dollars (\$10,000,000) (8%)~~ shall be  
33 credited ~~annually~~ to the Highway Fund, ~~and the remainder shall be credited to the General Fund.~~  
34 Taxes collected under this Article at the rate of three percent (3%) shall be credited to the North  
35 Carolina Highway Trust Fund."

36  
37 **GRADUATE LATE PAYMENT PENALTIES**

38 **SECTION 42.11.(a)** G.S. 105-236(a)(4) reads as rewritten:

39 "(4) Failure to Pay Tax When Due. – In the case of failure to pay any tax when  
40 due, without intent to evade the tax, the Secretary shall assess a penalty equal  
41 to ~~ten two percent (10%)-(2%)~~ of the tax, ~~amount of the tax if the failure is for~~  
42 not more than one month, with an additional two percent (2%) for each  
43 additional month, or fraction thereof, during which the failure continues, not  
44 exceeding ten percent (10%) in aggregate. This penalty does not apply in any  
45 of the following circumstances:

- 46 a. When the amount of tax shown as due on an amended return is paid  
47 when the return is filed.
- 48 b. When the Secretary proposes an assessment for tax due but not shown  
49 on a return and the tax due is paid within 45 days after the later of the  
50 following:

1. The date of the notice of proposed assessment of the tax, if the taxpayer does not file a timely request for a Departmental review of the proposed assessment.
2. The date the proposed assessment becomes collectible under one of the circumstances listed in G.S. 105-241.22(3) through (6), if the taxpayer files a timely request for a Departmental review of the proposed assessment.

...."

**SECTION 42.11.(b)** This section becomes effective July 1, 2022, and applies to tax assessed on or after that date.

**PROPERTY TAX EXEMPTIONS**

**SECTION 42.12.(a)** G.S. 105-278.2 reads as rewritten:

**"§ 105-278.2. Burial property.**

(a) Commercial Property. – Real property set apart for burial purposes ~~shall be exempted from taxation unless it~~ that is owned and held for purposes of (i) sale or rental or (ii) sale of burial rights ~~therein. No~~ therein is exempt from taxation. A single application is required under G.S. 105-282.1 for property exempt under this subsection. ~~A county cannot deny the exemption provided under this subsection to a taxpayer that lacks a survey or plat detailing the exempt property.~~

(b) ~~Taxable real property set apart for human burial purposes is hereby designated a special class of property under authority of Article V, Section 2(2) of the North Carolina Constitution, and it shall be assessed for taxation taking into consideration the following:~~ Other Property. – Real property set apart for burial purposes not owned and held for a purpose listed in subsection (a) of this section is exempt from taxation. No application is required under G.S. 105-282.1 for property exempt under this subsection. A local government cannot deny the exemption provided under this subsection to a taxpayer that lacks a survey or plat detailing the exempt property.

- (1) ~~The effect on its value by division and development into burial plots;~~
- (2) ~~Whether it is irrevocably dedicated for human burial purposes by plat recorded with the Register of Deeds in the county in which the land is located; and~~
- (3) ~~Whether the owner is prohibited or restricted by law or otherwise from selling, mortgaging, leasing or encumbering the same.~~

(c) Terms. – For purposes of this section, the term "real property" includes land, tombs, vaults, monuments, and mausoleums, and the term "burial" includes entombment."

**SECTION 42.12.(b)** G.S. 105-282.1 reads as rewritten:

**"§ 105-282.1. Applications for property tax exemption or exclusion; annual review of property exempted or excluded from property tax.**

(a) Application. – Every owner of property claiming exemption or exclusion from property taxes under the provisions of this Subchapter has the burden of establishing that the property is entitled to it. If the property for which the exemption or exclusion is claimed is appraised by the Department of Revenue, the application shall be filed with the Department. Otherwise, the application shall be filed with the assessor of the county in which the property is situated. An application must contain a complete and accurate statement of the facts that entitle the property to the exemption or exclusion and must indicate the municipality, if any, in which the property is located. Each application filed with the Department of Revenue or an assessor shall be submitted on a form approved by the Department. Application forms shall be made available by the assessor and the Department, as appropriate.

Except as provided below, an owner claiming an exemption or exclusion from property taxes must file an application for the exemption or exclusion annually during the listing period.

1 (1) No application required. – Owners of the following exempt or excluded  
2 property do not need to file an application for the exemption or exclusion to  
3 be entitled to receive it:

4 a. Property exempt from taxation under G.S. 105-278.1 or ~~G.S.~~  
5 ~~105-278.2~~G.S. 105-278.2(b).

6 ...

7 (2) Single application required. – An owner of one or more of the following  
8 properties eligible for a property tax benefit must file an application for the  
9 benefit to receive it. Once the application has been approved, the owner does  
10 not need to file an application in subsequent years unless new or additional  
11 property is acquired or improvements are added or removed, necessitating a  
12 change in the valuation of the property, or there is a change in the use of the  
13 property or the qualifications or eligibility of the taxpayer necessitating a  
14 review of the benefit.

15 a. Property exempted from taxation under ~~G.S. 105-278.3,~~  
16 G.S. 105-278.2(a), 105-278.3, 105-278.4, 105-278.5, 105-278.6,  
17 105-278.7, or 105-278.8.

18 ...."

19 **SECTION 42.12.(c)** G.S. 105-275 reads as rewritten:

20 "**§ 105-275. Property classified and excluded from the tax base.**

21 The following classes of property are designated special classes under Article V, Sec. 2(2),  
22 of the North Carolina Constitution and are excluded from tax:

23 ...

24 (44a) Vaccines.

25 ...."

26 **SECTION 42.12.(d)** This section is effective for taxes imposed for taxable years  
27 beginning on or after July 1, 2022.

28  
29 **REVENUE LAWS TECHNICAL, CLARIFYING, AND ADMINISTRATIVE CHANGES**

30 **SECTION 42.13A.(a)** G.S. 105-153.5(b) reads as rewritten:

31 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
32 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
33 the taxpayer's adjusted gross income:

34 ...

35 ~~(14)~~(15) The amount granted to the taxpayer during the taxable year under the Extra  
36 Credit grant program. This subdivision expires for taxable years beginning on  
37 or after January 1, ~~2021~~2022."

38 **SECTION 42.13A.(b)** G.S. 105-153.5(c2) reads as rewritten:

39 "(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer  
40 must make the following adjustments to the taxpayer's adjusted gross income:

41 ...

42 (17) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the  
43 amount by which the taxpayer's interest expense deduction under section  
44 163(j) of the Code exceeds the interest expense deduction that would have  
45 been allowed under the Internal Revenue Code as enacted as of January 1,  
46 2020. An add-back under this subdivision is not required to the extent the  
47 amount was required to be added back under another provision of this  
48 subsection. The purpose of this subdivision is to decouple from the  
49 modification of limitation on business interest allowed under section 2306 of  
50 the CARES Act.

1           (17a) A taxpayer who made an addition under subdivision (17) of this subsection  
2           may deduct twenty percent (20%) of the addition in each of the first five  
3           taxable years beginning with tax year 2021.

4           ...."

5           **SECTION 42.13A.(c)** G.S. 105-153.9(a)(2) reads as rewritten:

6           "(2) The fraction of the gross income, as modified as provided in ~~G.S. 105-134.6A,~~  
7           ~~G.S. 105-153.5,~~ G.S. 105-153.5 and G.S. 105-153.6, that is subject to income  
8           tax in another state or country shall be ascertained, and the North Carolina net  
9           income tax before credit under this section shall be multiplied by that fraction.  
10          The credit allowed is either the product thus calculated or the income tax  
11          actually paid the other state or country, whichever is smaller."

12          **SECTION 42.13A.(d)** G.S. 105-163.7(b) reads as rewritten:

13          "(b) Informational Return to Secretary. – Every employer shall annually file an  
14          informational return with the Secretary that contains the information given on each of the  
15          employer's written statements to an employee. The Secretary may require additional information  
16          to be included on the informational return, provided the Secretary has given a minimum of 90  
17          days' notice of the additional information required. ~~The informational return is due on or before~~  
18          ~~January 31 of the succeeding year and~~ must be filed in an electronic format as prescribed by the  
19          ~~Secretary. If Secretary and is due on or before January 31 of the succeeding year or, if the~~  
20          ~~employer terminates its business or permanently ceases paying wages during before the close of~~  
21          ~~the calendar year, the informational return must be filed within 30 days of the last payment of~~  
22          ~~remuneration. on or before the last day of the month following the end of the calendar quarter in~~  
23          which the employer terminates its business, but no later than January 31 of the succeeding year.  
24          The informational return required by this subsection is in lieu of the report required by  
25          G.S. 105-154.

26          ...."

27          **SECTION 42.13A.(e)** G.S. 105-163.8 is amended by adding a new subsection to  
28          read:

29          "(c) If a withholding agent fails to file a return and pay the tax due under this Article or  
30          files a grossly incorrect or false or fraudulent return, the Secretary must estimate the tax due and  
31          assess the withholding agent based on the estimate."

32          **SECTION 42.13A.(f)** G.S. 105-241.6(b)(5) reads as rewritten:

33          "(5) Contingent Event. – The period to request a refund of an overpayment may be  
34          extended once as provided in this subdivision:

35          ...

36          b. Other Event. – If a taxpayer contends that an event has occurred that  
37          prevents the taxpayer from filing an accurate and definite request for  
38          a refund of an overpayment within the period under this section, the  
39          taxpayer may submit a written request to the Secretary seeking an  
40          extension of the statute of limitations. The taxpayer must file a written  
41          request to the Secretary prior to expiration of the statute of limitations  
42          under this section. The request must establish by clear, convincing  
43          proof that the event is beyond the taxpayer's control and prevents the  
44          taxpayer from timely filing an accurate and definite request for a  
45          refund of an overpayment. The Secretary's decision on the request is  
46          final and is not subject to administrative or judicial review. If the  
47          Secretary agrees to the request, the period to file a request for a refund  
48          of an overpayment is six months after the event concludes."

49          **SECTION 42.13A.(g)** G.S. 105-252.1 reads as rewritten:

50          "**§ 105-252.1. Use of a TTIN.**

1 A TTIN may not be used on any return, statement, or other document required to be filed  
2 with or furnished to the Department unless specifically authorized ~~in this Chapter by the~~  
3 Secretary."

4 **SECTION 42.13A.(h)** Section 1.2(a) of S.L. 2021-16 reads as rewritten:

5 "**SECTION 1.2.(a)** Nonaccrual of Interest. – As a result of the automatic extension of the  
6 federal tax filing due date for individuals for the 2020 calendar year, the Secretary of Revenue  
7 has automatically extended the State tax filing due date for individuals for the 2020 tax year from  
8 April 15, 2021, to May 17, 2021. The Secretary will waive the penalty for failure to file an  
9 individual income tax return, including a partnership and estate and trust tax return, or pay  
10 individual income tax due if the return is filed and the tax due is paid by May 17, 2021.  
11 Notwithstanding G.S. 105-241.21(b), interest shall not accrue from April 15, 2021, through May  
12 17, 2021, on an underpayment of tax imposed on an individual income tax ~~return~~return, including  
13 a partnership and estate and trust tax return, due April 15, 2021."

14 **SECTION 42.13A.(i)** This section is effective when it becomes law.

15 **SECTION 42.13B.(a)** G.S. 105-83(d) reads as rewritten:

16 "(d) This section does not apply to ~~corporations liable for the tax levied under G.S.~~  
17 ~~105-102.3 or to savings~~ the following:

18 (1) Banks. For purposes of this subdivision, the term "bank" has the same  
19 meaning as defined in G.S. 105-130.7B(b).

20 (2) Savings and loan associations."

21 **SECTION 42.13B.(b)** G.S. 105-130.5(a) reads as rewritten:

22 "(a) The following additions to federal taxable income shall be made in determining State  
23 net income:

24 ...

25 (31) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the  
26 amount by which the taxpayer's interest expense deduction under section  
27 163(j) of the Code exceeds the interest expense deduction that would have  
28 been allowed under the Internal Revenue Code as enacted as of January 1,  
29 2020, as calculated on a separate entity basis. An add-back under this  
30 subdivision is not required to the extent the amount was required to be added  
31 back under another provision of this subsection. The purpose of this  
32 subdivision is to decouple from the modification of limitation on business  
33 interest allowed under section 2306 of the CARES Act.

34 ...."

35 **SECTION 42.13B.(c)** G.S. 105-130.5(b) reads as rewritten:

36 "(b) The following deductions from federal taxable income shall be made in determining  
37 State net income:

38 ...

39 (32) A taxpayer who made an addition under subdivision (a)(31) of this section  
40 may deduct twenty percent (20%) of the addition that was not otherwise  
41 disallowed by G.S. 105-130.7B in each of the first five taxable years  
42 beginning tax year 2021."

43 **SECTION 42.13B.(d)** G.S. 105-130.7B(b)(4) reads as rewritten:

44 "(4) Qualified interest expense. – The amount of net interest expense paid or  
45 accrued to a related member in a taxable year with the amount limited to the  
46 taxpayer's proportionate share of interest paid or accrued to a person who is  
47 not a related member during the same taxable year. This limitation does not  
48 apply to interest paid or accrued to a related member if one or more of the  
49 following applies:

50 ...

- 1 e. The proportionate amount of interest paid or accrued to a related  
 2 member that has already been disallowed by the application of section  
 3 163(j) of the Code."

4 **SECTION 42.13B.(e)** G.S. 105-130.8A(c) reads as rewritten:

5 "(c) Mergers and Acquisitions. – The Secretary must apply the standards contained in  
 6 regulations adopted under sections 381 and 382 of the Code in determining the extent to which  
 7 a loss survives a merger or an acquisition. For mergers and acquisitions occurring prior to January  
 8 1, 2015, the Secretary must apply the standards under G.S. 105-130.8 for taxable years beginning  
 9 before January 1, 2015, and the standards of this section for taxable years beginning on or after  
 10 January 1, 2015."

11 **SECTION 42.13B.(f)** G.S. 105-251(a) reads as rewritten:

12 "(a) Scope of Information. – A taxpayer must give information to the Secretary when the  
 13 Secretary requests the information. The Secretary may request a taxpayer to provide only the  
 14 following kinds of information on a return, a report, or otherwise:

- 15 (1) Information that identifies the taxpayer.  
 16 (2) Information needed to determine the liability of the taxpayer for a tax.  
 17 (3) Information needed to determine whether an item is subject to a tax.  
 18 (4) Information that enables the Secretary to collect a tax.  
 19 (5) Financial or tax documentation required to determine the appropriate  
 20 adjustment under G.S. 105-130.5A. If such information is not timely provided  
 21 as required under G.S. 105-130.5A(a), the Secretary may propose any  
 22 adjustment allowable under Part 1 of Article 4 of this Chapter.

- 23 ~~(5)~~(6) Other information the law requires a taxpayer to provide or the Secretary  
 24 needs to perform a duty a law requires the Secretary to perform."

25 **SECTION 42.13B.(g)** Subsection (a) of this section is effective when it becomes  
 26 law and applies retroactively for taxable years beginning on or after July 1, 2016. Subsection (d)  
 27 of this section is effective when it becomes law and applies retroactively for taxable years  
 28 beginning on or after January 1, 2018. Except as otherwise provided, the remainder of this section  
 29 is effective when it becomes law.

30 **SECTION 42.13C.(a)** G.S. 105-164.13E(a)(7) reads as rewritten:

- 31 "(7) Any of the following animals:  
 32 a. ~~Baby chicks and poults.~~Fowl.  
 33 b. Livestock."

34 **SECTION 42.13C.(b)** G.S. 105-259(b) reads as rewritten:

35 "(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has  
 36 access to tax information in the course of service to or employment by the State may not disclose  
 37 the information to any other person except as provided in this subsection. Standards used or to  
 38 be used for the selection of returns for examination and data used or to be used for determining  
 39 the standards may not be disclosed for any purpose. All other tax information may be disclosed  
 40 only if the disclosure is made for one of the following purposes:

- 41 ...  
 42 ~~(5b) To furnish to the finance officials of a city a list of the utility taxable gross~~  
 43 ~~receipts and piped natural gas tax revenues attributable to the city under~~  
 44 ~~G.S. 105-116.1 and G.S. 105-187.44 or under former G.S. 105-116 and~~  
 45 ~~G.S. 105-120.~~

46 ...."

47 **SECTION 42.13C.(c)** Subsection (a) of this section is effective retroactively to July  
 48 1, 2020, and applies to purchases made on or after that date. Except as otherwise provided, the  
 49 remainder of this section is effective when it becomes law.

50 **SECTION 42.13D.(a)** G.S. 105-113.4B reads as rewritten:

51 "§ 105-113.4B. Cancellation or revocation of license.

1       ...

2       (a1) ~~Revocation.~~ Summary Revocation and Procedure. – The Secretary may summarily  
3       revoke a license issued under this Article when the Secretary ~~finds~~ determines that the licensee  
4       is incurring liability for the tax imposed under this Article after failing to pay a tax when due  
5       under this Article. ~~In addition, the~~ The Secretary must send a revoked licensee a notice of the  
6       revocation and a notice of hearing. The hearing must be held within 10 days after the date of the  
7       notice of revocation unless the revoked licensee requests, before the day of the hearing, that the  
8       hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the  
9       hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not  
10      stayed pending the hearing decision. A notice of hearing under this subsection must be in writing  
11      and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed  
12      by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in  
13      writing within 10 days of the hearing. The final decision must state the basis for the decision.  
14      The statement of the basis of a revocation does not limit the Department from changing the basis.

15      (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that  
16      commits one or more of the following acts after ~~holding a hearing on whether the license should~~  
17      be ~~revoked~~; affording the licensee an opportunity to have a hearing as provided in subsections  
18      (a3) through (b2) of this section:

- 19           (1) Fails to obtain a license in a timely manner or for all places of business as  
20           required by this Article.
- 21           (2) Willfully fails to file a return required by this Article.
- 22           (3) Willfully fails to pay a tax when due under this Article.
- 23           (4) Makes a false statement in an application or return required under this Article.
- 24           (5) Fails to keep records as required by this Article.
- 25           (6) Refuses to allow the Secretary or a representative of the Secretary to examine  
26           the person's books, accounts, and records concerning tobacco product.
- 27           (7) Fails to disclose the correct amount of tobacco product taxable in this State.
- 28           (8) Fails to file a replacement bond or an additional bond if required by the  
29           Secretary under this Article.
- 30           (9) Violates G.S. 14-401.18.
- 31           (10) Fails to meet or maintain the requirements set out in G.S. 105-113.4A(b).

32      (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice  
33      of proposed revocation that includes all of the following information:

- 34           (1) The basis for the proposed revocation. The statement of the basis for the  
35           proposed revocation does not limit the Department from changing the basis.
- 36           (2) The effective date of the revocation, which must be one of the following:
  - 37               a. Forty-five days from the date of the notice of proposed revocation if  
38               the licensee does not file a timely request for hearing.
  - 39               b. The tenth day after the date an adverse final decision is issued if the  
40               adverse final decision is mailed.
  - 41               c. The date an adverse final decision is delivered if the adverse final  
42               decision is delivered in person.
- 43           (3) The circumstances, if any, under which the Secretary will not revoke the  
44           license.
- 45           (4) An explanation of how the licensee may contest the proposed revocation.

46      (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation  
47      by filing a written hearing request within 45 days of the date the notice of proposed revocation  
48      was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
49      delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).  
50      If the licensee does not file a timely hearing request, the license is revoked as provided in the



1 notice of proposed revocation and the revocation is final and not subject to further administrative  
2 or judicial review.

3 (b) Hearing Procedure. – The Secretary must send a person whose license is summarily  
4 revoked a notice of the revocation and must give the person an opportunity to have a hearing on  
5 the revocation within 10 days after the revocation. The Secretary must give a person whose  
6 license may be revoked after a hearing at least 10 days' written notice licensee who filed a timely  
7 hearing request in accordance with subsection (a4) of this section at least 20 days' written notice  
8 of the date, time, and place of the hearing. A notice of a summary license revocation and a notice  
9 of hearing must be sent by certified mail to the last known address of the licensee. If the person  
10 whose license may be revoked fails to attend the noticed hearing, the license revocation is  
11 effective 15 days after the noticed hearing, unless the Department and the licensee agree  
12 to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary  
13 must issue a final decision and notify the licensee in writing within 60 days of the hearing. The  
14 Department and the licensee may extend this time by mutual agreement. Failure to issue a final  
15 decision within the required time does not affect the validity of the decision. The final decision  
16 must state the basis for the decision and, if the final decision includes revocation of the license,  
17 the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this  
18 section. The statement of the basis of a revocation does not limit the Department from changing  
19 the basis.

20 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with  
21 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give  
22 notice by email or other electronic means if the licensee has consented to receiving notices via  
23 electronic means.

24 (b2) Return of Credentials. – If a license is revoked, the revoked licensee must return to  
25 the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued.  
26 If a license is unable to be returned, the revoked licensee must include a written statement of the  
27 reasons, satisfactory to the Secretary, why the license cannot be returned.

28 (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee  
29 has paid all taxes and penalties due under this Article, the Secretary must take one of the  
30 following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

- 31 (1) Return an irrevocable letter of credit to the licensee.
- 32 (2) Return a bond to the licensee or notify the person liable on the bond and the  
33 licensee that the person is released from liability on the bond."

34 **SECTION 42.13D.(b)** Article 36B of Chapter 105 of the General Statutes is  
35 amended by adding the following new section:

36 **"§ 105-449.47B. Revocation of license.**

37 (a) Revocation. – The Secretary may revoke a license or a decal when a motor carrier  
38 fails to comply with this Article or Article 36C or 36D of this Subchapter after affording the  
39 motor carrier an opportunity to have a hearing as provided in this section.

40 (b) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice  
41 of proposed revocation that includes all of the following information:

- 42 (1) The basis for the proposed revocation. The statement of the basis for the  
43 proposed revocation does not limit the Department from changing the basis.
- 44 (2) The effective date of the revocation, which must be one of the following:
  - 45 a. Forty-five days from the date of the notice of proposed revocation if  
46 the licensee does not file a timely request for hearing.
  - 47 b. The tenth day after the date an adverse final decision is issued if the  
48 adverse final decision is mailed.
  - 49 c. The date an adverse final decision is delivered if the adverse final  
50 decision is delivered in person.

1           (3)    The circumstances, if any, under which the Secretary will not revoke the  
2           license.

3           (4)    An explanation of how the licensee may contest the proposed revocation.

4           (c)    Request for Hearing and Decision. – A licensee may contest a proposed revocation  
5 by filing a written hearing request within 45 days of the date the notice of proposed revocation  
6 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
7 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).  
8 If the licensee does not file a timely hearing request, the license is revoked as provided in the  
9 notice of proposed revocation and the revocation is final and not subject to further administrative  
10 or judicial review.

11          (d)    Hearing Procedure. – The Secretary must give a licensee who filed a timely hearing  
12 request in accordance with subsection (c) of this section at least 20 days' written notice of the  
13 date, time, and place of the hearing, unless the Department and the licensee agree to a shorter  
14 period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a  
15 final decision and notify the licensee in writing within 60 days of the hearing. The Department  
16 and the licensee may extend this time limit by mutual agreement. Failure to issue a final decision  
17 within the required time does not affect the validity of the decision. The final decision must state  
18 the basis for the decision and, if the final decision includes revocation of a license or a decal, the  
19 effective date of the revocation in accordance with subdivision (b)(2) of this section. The  
20 statement of the basis of the revocation does not limit the Department from changing the basis.

21          (e)    Delivery of Notice. – The Secretary must deliver a notice in accordance with  
22 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give  
23 notice by email or other electronic means if the licensee has consented to receiving notices via  
24 electronic means.

25          (f)    Return of Credentials. – If the license is revoked, the former licensee shall return to  
26 the Secretary, within 10 days of the issuance of the final decision, all licenses and decals  
27 previously issued. If the licenses or decals are not returned, the credentials are subject to seizure  
28 or removal from the motor vehicle or defacement. If a license or decal is unable to be returned,  
29 the licensee must include a written statement of the reasons, satisfactory to the Secretary, why  
30 the license or decal cannot be returned."

31           **SECTION 42.13D.(c)** G.S. 105-449.76 reads as rewritten:

32           **"§ 105-449.76. Cancellation or revocation of license.**

33           (a)    Cancellation. – The Secretary may cancel a license issued under this Article upon the  
34 written request of the licensee. The licensee's request must include a proposed effective date of  
35 cancellation and must return the license to the Secretary on or before the proposed effective date.  
36 If the licensee's request does not include a proposed effective date of cancellation, the license is  
37 cancelled 15 days after the Department receives the written request. If the license is unable to be  
38 returned, the licensee must include a written statement of the reasons, satisfactory to the  
39 Secretary, why the license cannot be returned. The Secretary shall notify the licensee when the  
40 license is cancelled.

41           (a1) ~~Revocation.~~ Summary Revocation and Procedure. – The Secretary may summarily  
42 revoke a license issued under this Article when the Secretary ~~finds~~ determines that the licensee  
43 is incurring liability for the tax imposed under this Article after failing to pay a tax when due  
44 under this Article. ~~In addition, the~~ The Secretary must send a revoked licensee a notice of the  
45 revocation and a notice of hearing. The hearing must be held within 10 days after the date of the  
46 notice of revocation unless the revoked licensee requests, before the day of the hearing, that the  
47 hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the  
48 hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not  
49 stayed pending the hearing decision. A notice of hearing under this subsection must be in writing  
50 and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed  
51 by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in

1 writing within 10 days of the hearing. The final decision must state the basis for the decision.  
2 The statement of the basis of a revocation does not limit the Department from changing the basis.

3 (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that  
4 commits one or more of the acts listed in G.S. 105-449.120 after ~~holding a hearing on whether~~  
5 the license should be revoked, affording the licensee an opportunity to have a hearing as provided  
6 in subsections (a3) through (b2) of this section.

7 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice  
8 of proposed revocation that includes all of the following information:

9 (1) The basis for the proposed revocation. The statement of the basis for the  
10 proposed revocation does not limit the Department from changing the basis.

11 (2) The effective date of the revocation, which must be one of the following:

12 a. Forty-five days from the date of the notice of proposed revocation if  
13 the licensee does not file a timely request for hearing.

14 b. The tenth day after the date an adverse final decision is issued if the  
15 adverse final decision is mailed.

16 c. The date an adverse final decision is delivered if the adverse final  
17 decision is delivered in person.

18 (3) The circumstances, if any, under which the Secretary will not revoke the  
19 license.

20 (4) An explanation of how the licensee may contest the proposed revocation.

21 (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation  
22 by filing a written hearing request within 45 days of the date the notice of proposed revocation  
23 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
24 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).  
25 If the licensee does not file a timely hearing request, the license is revoked as provided in the  
26 notice of proposed revocation and the revocation is final and not subject to further administrative  
27 or judicial review.

28 (b) Hearing Procedure. – The Secretary must ~~send a person whose license is summarily~~  
29 revoke a notice of the revocation and must give the person an opportunity to have a hearing on  
30 the revocation within 10 days after the revocation. The Secretary must give a person whose  
31 license may be revoked after a hearing at least 10 give a licensee who filed a timely hearing  
32 request in accordance with subsection (a4) of this section at least 20 days' written notice of the  
33 date, time, and place of the hearing. A notice of a summary license revocation and a notice of  
34 hearing must be sent by certified mail to the last known address of the licensee. If the person  
35 whose license may be revoked fails to attend the noticed hearing, the license revocation is  
36 effective 15 days after the noticed hearing, unless the Department and the licensee agree  
37 to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary  
38 must issue a final decision and notify the licensee in writing within 60 days of the hearing. The  
39 Department and the licensee may extend this time by mutual agreement. Failure to issue a final  
40 decision within the required time does not affect the validity of the decision. The final decision  
41 must state the basis for the decision and, if the final decision includes revocation of the license,  
42 the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this  
43 section. The statement of the basis of a revocation does not limit the Department from changing  
44 the basis.

45 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with  
46 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give  
47 notice by email or other electronic means if the licensee has consented to receiving notices via  
48 electronic means.

49 (b2) Return of Credentials. – If the license is revoked, the former licensee shall return to  
50 the Secretary, within 10 days of the issuance of the final decision, all licenses and decals  
51 previously issued. If a license or decal is unable to be returned, the licensee must include a written

1 statement of the reasons, satisfactory to the Secretary, why the license or decal cannot be  
2 returned.

3 (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee  
4 has paid all taxes and penalties due under this Article, the Secretary must take one of the  
5 following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

6 (1) Return an irrevocable letter of credit to the licensee.

7 (2) Return a bond to the licensee or notify the person liable on the bond and the  
8 licensee that the person is released from liability on the bond."

9 **SECTION 42.13D.(d)** G.S. 119-19 reads as rewritten:

10 "**§ 119-19. Authority of Secretary to cancel or revoke a license.**

11 (a) ~~Reasons. Cancellation.~~ – The Secretary of Revenue may cancel a license issued under  
12 this Article upon the written request of the licensee. The licensee's request must include a  
13 proposed effective date of the cancellation and must return the license to the Secretary on or  
14 before the proposed effective date. If the licensee's request does not include a proposed effective  
15 date of cancellation, the license is cancelled 15 days after the Department receives the written  
16 request. If the license is unable to be returned, the licensee must include a written statement of  
17 the reason, satisfactory to the Secretary, why the license cannot be returned. The Secretary must  
18 notify the licensee when the license is cancelled.

19 (a1) Summary Revocation and Procedure. – The Secretary may summarily revoke a  
20 license issued under this Article or under Article 36C or 36D of ~~Chapter 105 of the General~~  
21 ~~Statutes this Chapter~~ when the Secretary finds ~~determines~~ that the licensee is incurring liability  
22 for the tax imposed by this Article after failing to pay a tax when due under this Article. The  
23 Secretary must send a revoked licensee a notice of the revocation and a notice of hearing. The  
24 hearing must be held within 10 days after the date of the notice of revocation unless the revoked  
25 licensee requests, before the day of the hearing, that the hearing be rescheduled. Upon receipt of  
26 a timely request, the Secretary must reschedule the hearing and provide at least 10 days' notice  
27 of the rescheduled hearing. The revocation is not stayed pending the hearing decision. A notice  
28 of hearing under this subsection must be in writing and indicate the date, time, and place of the  
29 hearing. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue  
30 a final decision and notify the revoked licensee in writing within 10 days of the hearing. The final  
31 decision must state the basis for the decision. The statement of the basis of a revocation does not  
32 limit the Department from changing the basis.

33 (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee who  
34 files a false report under this Article or fails to file a report required under this Article after  
35 ~~holding a hearing on whether the license should be revoked.~~ affording the licensee an opportunity  
36 to have a hearing as provided in subsections (a3) through (b2) of this section.

37 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice  
38 of proposed revocation that includes all of the following information:

39 (1) The basis for the proposed revocation. The statement of the basis for the  
40 proposed revocation does not limit the Department from changing the basis.

41 (2) The effective date of the revocation, which must be one of the following:

42 a. Forty-five days from the date of the notice of proposed revocation if  
43 the licensee does not file a timely request for hearing.

44 b. The tenth day after the date an adverse final decision is issued if the  
45 adverse final decision is mailed.

46 c. The date an adverse final decision is delivered if the adverse final  
47 decision is delivered in person.

48 (3) The circumstances, if any, under which the Secretary will not revoke the  
49 license.

50 (4) An explanation of how the licensee may contest the proposed revocation.

1        (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation  
2 by filing a written hearing request within 45 days of the date the notice of proposed revocation  
3 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
4 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).  
5 If the licensee does not file a timely hearing request, the license is revoked as provided in the  
6 notice of proposed revocation and the revocation is final and not subject to further administrative  
7 or judicial review.

8        (b) Hearing Procedure. – The Secretary must send a person whose license is summarily  
9 revoked a notice of the revocation and must give the person an opportunity to have a hearing on  
10 the revocation within 10 days after the revocation. The Secretary must give a person whose  
11 license may be revoked after a hearing give a licensee who filed a timely hearing request in  
12 accordance with subsection (a4) of this section at least 10-20 days' written notice of the date,  
13 time, and place of the hearing. A notice of a summary license revocation and a notice of hearing  
14 must be sent by certified mail to the last known address of the licensee. hearing, unless the  
15 Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed  
16 by the Secretary. The Secretary must issue a final decision and notify the licensee in writing  
17 within 60 days of the hearing. The Department and the licensee may extend this time by mutual  
18 agreement. Failure to issue a final decision within the required time does not affect the validity  
19 of the decision. The final decision must state the basis for the decision and, if the final decision  
20 includes revocation of the license, the effective date of the revocation in accordance with  
21 subdivision (2) of subsection (a3) of this section. The statement of the basis of a revocation does  
22 not limit the Department from changing the basis.

23        (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with  
24 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give  
25 notice by email or other electronic means if the licensee has consented to receiving notices via  
26 electronic means.

27        (b2) Return of Credentials. – If the license is revoked, the former licensee shall return to  
28 the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued.  
29 If a license is unable to be returned, the licensee must include a written statement of the reasons,  
30 satisfactory to the Secretary, why the license cannot be returned.

31        (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee  
32 has paid all taxes and penalties due under this Article, the Secretary must either return to the  
33 licensee the bond filed by the licensee or notify the person liable on the bond and the licensee  
34 that the person is released from liability on the bond."

35        **SECTION 42.13D.(e)** This section becomes effective January 1, 2022, and applies  
36 to summary revocations and non-summary revocations initiated by the Department on or after  
37 that date.

38        **SECTION 42.13E.(a)** G.S. 105-113.8 is recodified as G.S. 105-113.4H.

39        **SECTION 42.13E.(b)** G.S. 105-113.11 is recodified as G.S. 105-113.4I.

40        **SECTION 42.13E.(c)** G.S. 105-113.4I, as recodified by subsection (b) of this  
41 section, reads as rewritten:

42        "**§ 105-113.4I. Licenses required.**

43        ~~After the effective date of this Article, no A person shall may not engage in business as a~~  
44 ~~distributor distributor, wholesale dealer, or retail dealer in this State, without having first obtained~~  
45 ~~from the Secretary the appropriate license for that purpose as prescribed herein. Any in this~~  
46 ~~Article. A license required by this Article shall be is in addition to any and all other licenses~~  
47 ~~which that may be required by law."~~

48        **SECTION 42.13E.(d)** G.S. 105-113.29 is recodified as G.S. 105-113.4J.

49        **SECTION 42.13E.(e)** G.S. 105-113.4J, as recodified by subsection (d) of this  
50 section, reads as rewritten:

51        "**§ 105-113.4J. Unlicensed place of business.**

1 It is unlawful for a person to maintain a place of business within this State required by this  
2 Article to be licensed to engage in the business of selling, offering for sale, or possessing with  
3 the intent to sell ~~cigarettes or other tobacco products~~ without first obtaining ~~the licenses. all~~  
4 ~~licenses required by this Article."~~

5 **SECTION 42.13E.(f)** G.S. 105-113.33 is recodified as G.S. 105-113.4K.

6 **SECTION 42.13E.(g)** G.S. 105-113.83 reads as rewritten:

7 "**§ 105-113.83. Payment of excise taxes.**

8 ...

9 (b) Malt Beverage and Wine. – The excise taxes on malt beverages and wine levied under  
10 G.S. 105-113.80(a) and (b), respectively, are payable to the Secretary by the resident wholesaler  
11 or importer who first handles the beverages in this State. ~~The excise taxes levied under~~  
12 ~~G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to~~  
13 ~~G.S. 18B-1001.1 must be paid by the wine shipper permittee.~~ The taxes on malt beverages and  
14 wine are payable only once on the same beverages. Unless otherwise provided, the tax is due on  
15 or before the 15th day of the month following the month in which the beverage is first sold or  
16 otherwise disposed of in this State by the wholesaler or importer. When excise taxes are paid on  
17 wine or malt beverages, the wholesaler or importer must submit to the Secretary verified reports  
18 on forms provided by the Secretary detailing sales records for the month for which the taxes are  
19 paid. The report must indicate the amount of excise tax due, contain the information required by  
20 the Secretary, and indicate separately any transactions to which the excise tax does not apply. ~~A~~  
21 ~~wine shipper permittee shall submit verified reports once a year on forms provided by the~~  
22 ~~Secretary detailing sales records for the year the taxes are paid. The verified report is due on or~~  
23 ~~before the fifteenth day of the first month of the following calendar year.~~

24 (b1) Brewery and Winery Option. – A brewery or winery may be relieved of paying the  
25 tax levied under G.S. 105-113.80(a) and (b) if all of the following apply:

- 26 (1) The brewery or winery holds a permit issued under G.S. 18B-1101, 18B-1102,  
27 or 18B-1104.  
28 (2) The brewery or winery transfers malt beverages or wine to a wholesaler  
29 permitted under G.S. 18B-1107 or G.S. 18B-1109.  
30 (3) The wholesaler agrees in writing to be responsible for the tax due on the  
31 transferred malt beverages or wine.  
32 (4) The brewery or winery files a report when the tax would otherwise be due  
33 reporting the transfer of malt beverages or wine to the wholesaler.

34 (b2) Backup Tax Liability. – If a brewery or winery is relieved of paying the excise tax as  
35 provided under subsection (b1) of this section, the wholesaler receiving the malt beverages or  
36 wine is liable for any tax due under this section.

37 (b3) Wine Shipper Permittee. – A wine shipper permittee must pay the excise tax levied  
38 under G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to  
39 G.S. 18B-1001.1. A wine shipper permittee must submit verified reports once a year on forms  
40 provided by the Secretary detailing sales records for the year taxes are paid. The verified report  
41 is due on or before the fifteenth day of the first month of the following calendar year.

42 ...."

43 **SECTION 42.13E.(h)** G.S. 105-113.86 reads as rewritten:

44 "**§ 105-113.86. Bond or irrevocable letter of credit.**

45 (a) Wholesalers and Importers. – ~~A~~ The Secretary may require a wholesaler or importer  
46 must file with the Secretary to furnish a bond in an amount of that adequately protects the State  
47 from a wholesaler's or importer's failure to pay taxes due under this Article. The amount of the  
48 bond shall not be less than five thousand dollars (\$5,000). ~~The amount of the bond must be~~  
49 ~~proportionate to the anticipated tax liability of the wholesaler or importer.~~

1       (a1) Distilleries. – The Secretary may require a distillery to furnish a bond in an amount  
2 that adequately protects the State from a distillery's failure to pay taxes under this Article. The  
3 amount of the bond shall not be less than two thousand dollars (\$2,000).

4       (a2) Periodic Review. – The Secretary should periodically review the sufficiency of the  
5 bonds required under this section. The Secretary may increase the ~~proportionate~~ amount required,  
6 not to exceed fifty thousand dollars (\$50,000), if the bond ~~furnished~~ no longer covers the  
7 taxpayer's anticipated tax liability. The Secretary may decrease the ~~proportionate~~ amount  
8 required when the Secretary determines that a smaller bond amount will adequately protect the  
9 State from loss. The bond must be conditioned on compliance with this Article, payable to the  
10 State, in a form acceptable to the Secretary, and secured by a corporate surety.

11       (b) Nonresident Vendors. – The Secretary may require the holder of a nonresident vendor  
12 ABC permit to furnish a bond in an amount not to exceed two thousand dollars (\$2,000). The  
13 bond must be conditioned on compliance with this Article, payable to the State in a form  
14 acceptable to the Secretary, and secured by a corporate surety.

15       (c) Letter of Credit. – For purposes of this section, a wholesaler or ~~importer or importer,~~  
16 a nonresident ~~vendor vendor,~~ or a distillery may substitute an irrevocable letter of credit for the  
17 secured bond required by this section. The letter of credit must be issued by a commercial bank  
18 acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must  
19 be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in  
20 the amounts stipulated in this section."

21       **SECTION 42.13E.(i)** G.S. 105-236(a)(2) reads as rewritten:

22       "(2) Failure to Obtain a License. – For failure to obtain a license before engaging  
23 in a business, trade or profession for which a license is required, the Secretary  
24 shall assess a penalty equal to five percent (5%) of the amount prescribed for  
25 the license per month or fraction thereof until paid, not to exceed twenty-five  
26 percent (25%) of the amount so prescribed, but in any event shall not be less  
27 than five dollars (\$5.00). In cases in which the taxpayer, after written  
28 notification by the Department, fails to obtain a license as required under  
29 ~~G.S. 105-449.65~~—G.S. 105-113.4I, 105-449.65, or G.S. 105-449.131,  
30 105-449.131, the Secretary may assess a penalty of one thousand dollars  
31 (\$1,000)."

32       **SECTION 42.13E.(j)** G.S. 105-449.45 reads as rewritten:

33       "**§ 105-449.45. Returns of carriers.**

34       ...

35       (d) ~~Penalties.~~ Failure to File Return. – A motor carrier that fails to file a return under this  
36 section by the required date is subject to a penalty of fifty dollars (\$50.00).

37       (d1) Failure to Pay Tax When Due. – A motor carrier that fails to pay a tax when due is  
38 subject to a penalty of fifty dollars (\$50.00), or ten percent (10%) of the tax due, whichever is  
39 greater. The Secretary shall not assess this penalty if the motor carrier files or pays in accordance  
40 with G.S. 105-236(a)(4)a. or b.

41       (d2) Penalty Waiver. – The Secretary may reduce or waive a penalty as provided under  
42 G.S. 105-449.119.

43       ...."

44       **SECTION 42.13E.(k)** G.S. 105-449.60 reads as rewritten:

45       "**§ 105-449.60. Definitions.**

46       The following definitions apply in this Article:

47       ...

48       (20a) Fuel grade ethanol. – Ethanol meeting the standard for the American Society  
49 Testing Materials Specification D 4806, "Standard Specification for  
50 Denatured Fuel Ethanol for Blending with Gasolines for Use as Automotive

1 Spark-Ignition Engine Fuel," or ethanol, regardless of how it was produced,  
 2 denatured in accordance with 27 C.F.R. § 19.746 as of January 1, 2021.

3 (21) Gasohol. – A blended fuel composed of gasoline and fuel ~~grade~~  
 4 ~~ethanol~~ alcohol or gasoline and ethanol.

5 ...."

6 **SECTION 42.13E.(J)** G.S. 105-449.115 reads as rewritten:

7 **"§ 105-449.115. Shipping document required to transport motor fuel by railroad tank car**  
 8 **or transport truck.**

9 ...

10 (d) Duties of Transporter. – A person to whom a shipping document was issued must do  
 11 all of the following:

12 (1) Carry the shipping document in the conveyance for which it was issued when  
 13 transporting the motor fuel described in it.

14 (2) Show the shipping document to a law enforcement officer upon request when  
 15 transporting the motor fuel described in it.

16 (2a) Maintain a copy of the shipping document at a centralized place of business  
 17 for at least three years from the date of delivery.

18 (3) Deliver motor fuel described in the shipping document to the destination state  
 19 ~~printed-designated~~ on it unless the ~~person-person~~, in a manner prescribed by  
 20 the Secretary, does all of the following:

21 a. ~~Notifies the Secretary, in a manner designated by the Secretary,~~  
 22 Secretary before transporting the motor fuel into a state other than the  
 23 ~~printed-destination state that the person has received instructions since~~  
 24 ~~the shipping document was issued to deliver the motor fuel to a~~  
 25 ~~different destination state.~~ designated on the shipping document.

26 b. Receives from the ~~Secretary, in a manner designated by the Secretary,~~  
 27 Secretary a confirmation number authorizing the ~~diversion-shipment~~  
 28 of motor fuel to a state other than the state designated on the shipping  
 29 document.

30 c. ~~Writes-Contemporaneously notes~~ on the shipping document the  
 31 change in destination state and the confirmation number ~~for the~~  
 32 ~~diversion-received from the Secretary.~~ change in destination state and the confirmation number for the

33 ~~Give-Upon delivery, provide~~ a copy of the shipping document to the  
 34 ~~distributor or other person to whom the motor fuel is delivered.~~

35 (e) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by  
 36 railroad tank car or transport truck may ~~not-only~~ accept delivery of the motor fuel if the  
 37 destination state shown on the shipping document for the motor fuel is ~~a state other than~~ North  
 38 ~~Carolina. To determine if the shipping document shows North Carolina as the destination state,~~  
 39 ~~the person to whom the fuel is delivered must examine the shipping document and must keep a~~  
 40 ~~copy of the shipping document.~~ Carolina or has been changed to North Carolina in accordance  
 41 with subdivision (3) of subsection (d) of this section. The person must keep-maintain a copy of  
 42 the shipping document for at least three years from the date of delivery and must maintain a copy  
 43 of the shipping document at the place of business where the motor fuel was delivered for 90 days  
 44 ~~from the date of delivery and must keep it at that place or another place for at least three years~~  
 45 ~~from the date of delivery. A person who accepts delivery of motor fuel in violation of this~~  
 46 ~~subsection is jointly and severally liable for any tax due on the fuel.~~

47 ...."

48 **SECTION 42.13E.(m)** G.S. 105-449.115A reads as rewritten:

49 **"§ 105-449.115A. Shipping document required to transport fuel by tank wagon.**

50 ...



1 (b) Duties of Transporter. – A person to whom an invoice, bill of sale, or shipping  
2 document was issued must do all of the following:

- 3 (1) Carry the invoice, bill of sale, or shipping document in the conveyance for  
4 which it is issued when transporting the motor fuel described in it.
- 5 (2) Show the invoice, bill of sale, or shipping document upon request when  
6 transporting the motor fuel described in it.
- 7 (3) ~~Keep~~ Maintain a copy of the invoice, bill of sale, or shipping document at a  
8 centralized place of business for at least three years from the date of delivery.
- 9 (4) Deliver motor fuel described in the shipping document to the state designated  
10 on it unless the person, in a manner prescribed by the Secretary, does all of  
11 the following:
- 12 a. Notifies the Secretary before transporting the motor fuel into a state  
13 other than the state designated on the shipping document.
- 14 b. Receives from the Secretary a confirmation number authorizing the  
15 shipment of motor fuel to a state other than the state designated on the  
16 shipping document.
- 17 c. Contemporaneously notes on the shipping document the change in  
18 destination state and the confirmation number received from the  
19 Secretary.
- 20 (5) Upon delivery, provide a copy of the shipping document to the person to  
21 whom the motor fuel is delivered.

22 (b1) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by  
23 tank wagon may only accept delivery of the motor fuel if the destination state shown on the  
24 shipping document for the motor fuel is North Carolina or has been changed to North Carolina  
25 in accordance with subdivision (4) of subsection (b) of this section. The person must maintain a  
26 copy of the shipping document for at least three years from the date of delivery and must maintain  
27 a copy of the shipping document at the place of business where the motor fuel was delivered for  
28 90 days from the date of delivery. A person who accepts delivery of motor fuel in violation of  
29 this subsection is jointly and severally liable for any tax due on the fuel.

30 ...."

31 **SECTION 42.13E.(n)** G.S. 105-449.123 reads as rewritten:

32 **"§ 105-449.123. Marking requirements for dyed fuel storage facilities.**

33 (a) Requirements. – A person who is a retailer of dyed motor fuel or who stores both  
34 dyed and undyed motor fuel for use by that person or another person must mark the storage  
35 facility for the dyed motor fuel as ~~follows provided in this subsection and~~ in a manner that clearly  
36 indicates the fuel is not to be used to operate a highway vehicle. The storage facility must be  
37 marked "Dyed Diesel, Nontaxable Use Only, Penalty For Taxable Use" or "Dyed Kerosene,  
38 Nontaxable Use Only, Penalty for Taxable Use" or a similar phrase that clearly indicates the fuel  
39 is not to be used to operate a highway vehicle. ~~A person who intentionally fails to mark the~~  
40 ~~storage facility as required by this section is subject to a civil penalty equal to the excise tax at~~  
41 ~~the motor fuel rate on the inventory held in the storage tank at the time of the violation. If the~~  
42 ~~inventory cannot be determined, then the penalty is calculated on the capacity of the storage~~  
43 ~~tank.~~ The marking requirements are:

- 44 (1) The storage tank of the storage facility must be marked if the storage tank is  
45 visible.
- 46 (2) The fillcap or spill containment box of the storage facility must be marked.
- 47 (3) The dispensing device that serves the storage facility must be marked.
- 48 (4) The retail pump or dispensing device at any level of the distribution system  
49 must comply with the marking requirements.

1        (a1) Penalty. – A person who fails to mark the storage facility as required by subsection  
2 (a) of this section is subject to a civil penalty of two hundred fifty dollars (\$250.00). Each  
3 inspection that results in a finding of noncompliance constitutes a separate and distinct offense.

4        (b) Exception. – The marking requirements of this section do not apply to a storage  
5 facility that contains fuel used only for one of the purposes listed in G.S. 105-449.105A(a)(1)  
6 and is installed in a manner that makes use of the fuel for any other purpose improbable."

7        **SECTION 42.13E.(o)** Subsections (i) and (n) of this section become effective  
8 January 1, 2022, and apply to penalties assessed on or after that date. Subsections (k), (l), and  
9 (m) of this section become effective January 1, 2022. Except as otherwise provided, the  
10 remainder of this section is effective when it becomes law.

11        **SECTION 42.13F.(a)** G.S. 105-278(a) reads as rewritten:

12        "(a) Real property designated as a historic property by a local ordinance adopted pursuant  
13 to former G.S. 160A-399.4 or designated as a historic landmark by a local ordinance adopted  
14 pursuant to G.S. 160D-945 or former G.S. 160A-400.5 is designated a special class of property  
15 under authority of Article V, Sec. 2(2) of the North Carolina Constitution. Property so classified  
16 shall be taxed uniformly as a class in each local taxing unit on the basis of fifty percent (50%)  
17 of the true value of the property as determined pursuant to G.S. 105-285 and 105-286, or 105-287."

18        **SECTION 42.13F.(b)** This section is effective retroactively to June 19, 2020.

## 19        **PART XLIII. MISCELLANEOUS**

### 20        **STATE BUDGET ACT APPLIES**

21        **SECTION 43.1.** The provisions of the State Budget Act, Chapter 143C of the  
22 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in  
23 this act by reference.  
24  
25  
26

### 27        **COMMITTEE REPORT**

28        **SECTION 43.2.(a)** The Joint Conference Committee Report on the Current  
29 Operations Appropriations Act of 2021 for Senate Bill 105, dated November 15, 2021, which  
30 was distributed in the Senate and the House of Representatives and used to explain this act, shall  
31 indicate action by the General Assembly on this act and shall, therefore, be used to construe this  
32 act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate,  
33 and for these purposes shall be considered a part of this act and, as such, shall be printed as a part  
34 of the Session Laws.

35        **SECTION 43.2.(b)** The budget enacted by the General Assembly is for the  
36 maintenance of the various departments, institutions, and other spending agencies of the State  
37 for the 2021-2023 biennial budget as provided in G.S. 143C-3-5. This budget includes the  
38 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

39        The Director of the Budget submitted a recommended base budget to the General  
40 Assembly in the Governor's Recommended Budget for the 2021-2023 fiscal biennium, dated  
41 March 2021, and in the Budget Support Document for the various departments, institutions, and  
42 other spending agencies of the State. The adjustments to the recommended base budget made by  
43 the General Assembly are set out in the Committee Report.

44        **SECTION 43.2.(c)** The budget enacted by the General Assembly shall also be  
45 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other  
46 appropriate legislation. In the event that there is a conflict between the line-item budget certified  
47 by the Director of the Budget and the budget enacted by the General Assembly, the budget  
48 enacted by the General Assembly shall prevail.

49        **SECTION 43.2.(d)** Notwithstanding subsection (a) of this section, the following  
50 portions of the Committee Report are for reference and do not expand, limit, or define the text of  
51 the Committee Report:

- 1 (1) Summary pages setting forth the enacted budget, the legislative changes, the  
2 revised budget, and the related FTE information for a particular budget code  
3 and containing no other substantive information.  
4 (2) Summary pages setting forth the enacted budget, the legislative changes, the  
5 revised budget, and the related FTE information for multiple fund codes  
6 within a single budget code and containing no other substantive information.  
7

#### 8 **REPORT BY FISCAL RESEARCH DIVISION**

9 **SECTION 43.3.** The Fiscal Research Division shall issue a report on budget actions  
10 taken by the 2021 Regular Session of the General Assembly. The report shall be in the form of a  
11 revision of the Committee Report described in Section 43.2 of this act pursuant to G.S. 143C-5-5.  
12 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to  
13 this section to the Director of the Budget. The report shall be published on the General  
14 Assembly's internet website for public access.  
15

#### 16 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

17 **SECTION 43.4.** Except where expressly repealed or amended by this act, the  
18 provisions of any legislation enacted during the 2021 Regular Session of the General Assembly  
19 affecting the State budget shall remain in effect.  
20

#### 21 **MOST TEXT APPLIES ONLY TO THE 2021-2023 FISCAL BIENNIUM**

22 **SECTION 43.5.** Except for statutory changes or other provisions that clearly indicate  
23 an intention to have effects beyond the 2021-2023 fiscal biennium, the textual provisions of this  
24 act apply only to funds appropriated for, and activities occurring during, the 2021-2023 fiscal  
25 biennium.  
26

#### 27 **EFFECT OF HEADINGS**

28 **SECTION 43.6.** The headings to the Parts, Subparts, and sections of this act are a  
29 convenience to the reader and are for reference only. The headings do not expand, limit, or define  
30 the text of this act, except for effective dates referring to a Part or Subpart.  
31

#### 32 **SEVERABILITY CLAUSE**

33 **SECTION 43.7.** If any section or provision of this act is declared unconstitutional  
34 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than  
35 the part so declared to be unconstitutional or invalid.  
36

#### 37 **EFFECTIVE DATE**

38 **SECTION 43.8.** Except as otherwise provided, this act is effective July 1, 2021.