

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS45295-NBxfa-86

Short Title: Lead. Invest. Families/Foster Teen Act (LIFT). (Public)

Sponsors: Senators Murdock, Chitlik, and Applewhite (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE "LEADING INVESTMENTS IN FAMILIES AND FOSTER TEENS ACT" AND TO IMPLEMENT THE HEALTHY START NC PROGRAM TO REDUCE MATERNAL MORTALITY AND CHILDHOOD POVERTY AND TO OFFSET COSTS BY MODIFYING THE CORPORATE INCOME TAX RATE SO AS TO KEEP THE EFFECTIVE TAX RATE FOR CORPORATE TAXPAYERS MORE CLOSELY ALIGNED WITH THAT WHICH IS REQUIRED OF INDIVIDUAL TAXPAYERS OF THE STATE.

Whereas, wealth and income inequality, which have long plagued North Carolina and the country, continue to grow; and

Whereas, structural poverty in our State leads to economic inequality, limited access to education, healthcare, and affordable housing, and high rates of incarceration and environmental hazards. These systemic disparities have created cycles of poverty across generations, leading to underemployment, poor health outcomes, and lower educational advancement; and

Whereas, a 2025 Bankrate survey found that fifty-nine percent (59%) of Americans don't have enough savings to cover an unexpected \$1,000 emergency expense; and

Whereas, we can keep more people out of poverty created by expected or unexpected life changes, or emergencies, by providing targeted populations with recurring payments when they need it most; and

Whereas, building on the successes and learnings of City of Durham's guaranteed income pilot, Excel, and Durham County's program, DCo Thrives, we can disrupt structural poverty across North Carolina by zeroing in on populations that are most susceptible to financial hardship; and

Whereas, this act shifts the paradigm from reacting to poverty to preventing poverty; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1.(a) Article 3 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 3B.

"Leading Investments in Families and Foster Teens Act.

"§ 143B-146.30. Short title.

This act shall be known and may be cited as the "Leading Investments in Families and Foster Teens Act."

"§ 143B-146.31. Definitions.

(a) The following definitions apply in this Part:



* D R S 4 5 2 9 5 - N B X F A - 8 6 *

- 1 (1) Department. – The Department of Health and Human Services.
 2 (2) Eligible recipient. – A high school participant, expectant or new mother
 3 participant, survivor of a natural disaster, or young adult exiting foster care
 4 participant, who meets the criteria to receive Program income payments under
 5 the Program.
 6 (3) High school participant. – A public school student who is in Grade 12 and is
 7 a homeless child or youth, as defined in 42 U.S.C. § 11434a(2).
 8 (4) Expectant or new mother participant. – A person who is pregnant or a person
 9 who birthed a child and that child is under 18 months of age.
 10 (5) Survivor of a natural disaster. – Individuals that are eligible to receive Federal
 11 Emergency Management Agency Individual Assistance or FEMA individual
 12 assistance funds.
 13 (6) Young adult exiting foster care participant. – Anyone who was in foster care
 14 after 14 years of age, who exited foster care after 16 years of age, and who has
 15 not yet turned 27 years of age.
 16 (7) Fund. – The LIFT Fund.
 17 (8) Liaison. – A local educational agency liaison for homeless children and youths
 18 and unaccompanied youths designated pursuant to Section 11432(g)(1)(J)(ii)
 19 of Title 42 of the United States Code.
 20 (9) LIFT. – Leading Investments in Families and Foster Teens.
 21 (10) Program. – The Leading Investments in Families and Foster Teens (LIFT)
 22 Program.
 23 (11) Program income payment. – Cash payments of equal amounts issued monthly
 24 to eligible recipients with the intention of stabilizing the eligible recipients'
 25 financial security and to protect from emergency expenditures.
 26 (12) Taxable year. – As defined in G.S. 105-153.3.

27 **"§ 143B-146.32. Program.**

28 There is established the Leading Investments in Families and Foster Teens Program is
 29 established within the Department to support eligible recipients with Program income payments
 30 for limited periods of time in accordance with the Program. Eligible recipients shall only receive
 31 funds to the extent that the Program income payments do not conflict with federal law, eligibility
 32 for other federal or State programs, or any necessary waivers or exemptions for State or federal
 33 benefits that are jeopardized. Eligible recipients shall receive payments of one thousand dollars
 34 (\$1,000.00) per month in accordance with the following schedule:

- 35 (1) High school participants shall receive Program income payments beginning
 36 April 1 and continuing through to August 1 on the first business days of each
 37 of those months. These payments begin on April 1, 2026, and continue
 38 through April 1, 2035, during those months listed above.
 39 (2) Young adults exiting foster care shall receive Program income payments
 40 beginning April 1, 2026, through to April 1, 2035, on the first business day of
 41 each month.
 42 (3) Expectant or new mothers shall receive Program income payments beginning
 43 April 1, 2026, through to April 1, 2035, on the first business day of each
 44 month.
 45 (4) Beginning April 1, 2026, through to April 1, 2035, survivors of a natural
 46 disaster shall receive Program income payments the first business day of each
 47 month for 12 months after qualifying for Federal Emergency Management
 48 Agency Individual Assistance.

49 **"§ 143B-146.33. Fund.**

50 The LIFT Fund is hereby established within the Department as a nonreverting,
 51 interest-bearing account to receive appropriations, gifts, grants, federal funds, donations, and any

1 other funds to support this Program. The Department shall administer the Fund. Interest earned
2 shall become part of the Fund. Monies in the Fund are hereby appropriated for the purposes set
3 forth in this Part and shall not be diverted for other purposes.

4 **"§ 143B-146.34. Agency coordination.**

5 The Department shall coordinate with the Department of Public Instruction, the Division of
6 Social Services, the Division of Public Health, and the Department of Public Safety, Division of
7 Emergency Management, for the respective eligible recipients under the Program to distribute
8 Program income payments.

9 **"§ 143B-146.35. Taxation of Program income payments.**

10 Notwithstanding any provision of law to the contrary, receipt of Program income payments
11 shall not be (i) considered taxable income for the purposes of State income taxes, (ii) considered
12 in calculating any State tax credits, (iii) used to offset any liabilities owed by an eligible recipient,
13 and (iv) affect income eligibility of the eligible recipient or the household of the eligible recipient
14 for any public assistance, benefits, or programs administered or funded by the State. To the extent
15 that this Program would create a conflict between receipt of Program income payments and the
16 federal program aid, the State agency shall seek to obtain federal exemptions or waivers
17 necessary, if available, in order to execute both programs fully for eligible recipients. The
18 Department may seek alternative payment methods for the Program through rulemaking, if
19 necessary, due to a federal program conflict."

20 **SECTION 1.(b)** The Department of Health and Human Services may adopt rules to
21 implement the provisions of this act.

22 **SECTION 1.(c)** G.S. 143B-146.35, as enacted by this act, is effective for taxes
23 imposed for taxable years beginning on or after January 1, 2026. The remainder of this section
24 becomes effective July 1, 2025.

25 **SECTION 2.(a)** Program. – Of the funds received by the State and appropriated to
26 the Department of Health and Human Services from the Temporary Assistance for Needy
27 Families (TANF) Block Grant, the Department shall allocate to the Division of Social Services
28 (Division) the recurring sum of one hundred sixty-one million six hundred thousand dollars
29 (\$161,600,000) for each year of the 2025-2027 fiscal biennium to implement the Healthy Start
30 NC Program (Program). In addition, there is appropriated from the General Fund to the
31 Department the recurring sum of one hundred forty-six million three hundred thousand dollars
32 (\$146,300,000) for each year of the 2025-2027 fiscal biennium to be allocated to the Division of
33 Social Services for implementation of the Program. The purpose of the Program is to provide
34 nonrecurrent, short-term benefits in the form of prenatal and infant cash allowances to meet
35 pre- and post-birth needs of expecting mothers and babies.

36 **SECTION 2.(b)** Administration. – The Division shall develop detailed guidelines to
37 administer, and accomplish the purposes of, the Program. The Division, in administering the
38 Program, shall do all of the following:

- 39 (1) Study, and make any amendments necessary to, the TANF State plan,
40 including what was approved in Section 9J.1 of S.L. 2023-134, to implement
41 the Program. Notwithstanding any provision of law to the contrary, the
42 Division may modify the State plan to accomplish the purposes of this act. To
43 the extent the Division identifies State laws modified pursuant to the authority
44 provided in this subsection, the Division shall make recommendations to the
45 General Assembly for legislative changes needed.
- 46 (2) Define childbirth as a specific crisis situation and episode of need and take
47 other steps required to use TANF funds to provide nonrecurrent, short-term
48 benefits to families who give birth to a child. In so doing, the Division shall
49 follow the guidance from the United States Department of Health and Human
50 Services, Administration of Children and Families Office of Family
51 Assistance, for funding the Program in conformity with this section.

- (3) Adopt policies, including a compliant means-based test at the time of birth for Program recipients (such as Medicaid or a percentage of the federal poverty level), to identify needy families that can be supported with TANF Block Grant dollars in a manner that will neither trigger time limits or work requirements nor adversely affect entitlement to other State or federal aid. The Division shall collect and review information relevant to the means-based eligibility determination required by this section.
- (4) Identify and partner with a nonprofit organization to administer the Program. As a condition of partnering with the nonprofit organization, the Division shall require that the organization (i) deliver programmatic funding to families as a private gift below applicable federal maximums in such a way as to make it non-taxable and protect, to the maximum extent possible, the receipt of other social benefits and (ii) engage in fundraising efforts to spur the receipt of funds donated through private philanthropy to expand the reach of the Program so as to provide programmatic funding to families that do not qualify under subdivision (3) of this subsection.
- (5) Identify and report annually to the General Assembly on the number of families receiving aid, broken down by those supported using TANF funds and those supported using private funds, the total amount of private funds raised through fundraising efforts, and additional needs or resources that would assist the Division in maximizing private fundraising efforts.

SECTION 2.(c) Use. – Awards of programmatic funding shall be subject to all of the following:

- (1) A one-time award to an expecting mother during pregnancy in the amount of one thousand five hundred dollars (\$1,500) for needs determined by the mother, including food, prenatal care, rent, and other needs.
- (2) A monthly award for the maximum amount of time permitted under federal law to qualify as nonrecurrent, short-term benefits, not to exceed the first year after giving birth to the mother in the amount of five hundred dollars (\$500.00) per month for needs of the baby determined by the mother, including formula, diapers, child care, and other needs.
- (3) Awards utilizing TANF funds shall use, and be limited by, the means-based test provided in subdivision (b)(3) of this section, other applicable federal restrictions, and this section to ensure the funds are used solely to benefit eligible families.
- (4) Awards utilizing funds raised by the nonprofit organization with which the Division partners pursuant to subdivision (b)(4) of this section shall be used, first, to augment awards for families that qualify for TANF funds under subdivision (3) of this subsection to the maximum amount permitted by this section and, thereafter, to beneficially impact as many other families as possible; provided that, such awards shall not exceed the amounts and purposes permitted in subdivisions (1) and (2) of this subsection.

SECTION 2.(d) G.S. 105-130.3 reads as rewritten:

"§ 105-130.3. Corporations.

A tax is imposed on the State net income of every C Corporation doing business in this State. An S Corporation is not subject to the tax levied in this section. The tax is ~~a percentage equal to two and one-quarter percent (2.25%) of the taxpayer's State net income computed as follows:income.~~

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| Taxable Years Beginning | Tax |
| In 2025 | 2.25% |
| In 2026 | 2% |

