

**N.C. HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE
ON
GENERAL GOVERNMENT

PROPOSED SPECIAL PROVISIONS**

Senate Bill 257

May 15, 2025

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-DOA-H5(S22.1)-P

Department of Administration
House Appropriations, General Government

ADDITIONAL SUPPORT FOR DOMESTIC VIOLENCE CENTER GRANTS

SECTION 22.1.(a) G.S. 7A-305(a2) reads as rewritten:

"(a2) In every action for absolute divorce filed in the district court, a cost of ~~seventy-five dollars (\$75.00)~~ one hundred twenty-five dollars (\$125.00) shall be assessed against the person filing the divorce action. Costs collected by the clerk pursuant to this subsection shall be remitted to the State Treasurer, who shall deposit ~~seventy-five dollars (\$75.00)~~ one hundred twenty-five dollars (\$125.00) to the Domestic Violence Center Fund established under G.S. 50B-9. Costs assessed under this subsection shall be in addition to any other costs assessed under this section."

SECTION 22.1.(b) G.S. 161-10 reads as rewritten:

"§ 161-10. Uniform fees of registers of deeds.

(a) Except as otherwise provided in this Article, all fees collected under this section shall be deposited into the county general fund. While performing the duties of the office, the register of deeds shall collect the following fees which shall be uniform throughout the State:

...

(2) Marriage Licenses. – For issuing a license ~~sixty dollars (\$60.00)~~ one hundred dollars (\$100.00); for issuing a delayed certificate with one certified copy twenty dollars (\$20.00); and for a proceeding for correction of an application, license or certificate, with one certified copy ten dollars (\$10.00).

...."

SECTION 22.1.(c) G.S. 161-11.2 reads as rewritten:

"§ 161-11.2. Fees for domestic violence centers.

~~Thirty dollars (\$30.00)~~ Seventy dollars (\$70.00) of each fee collected by a register of deeds for issuance of a marriage license pursuant to G.S. 161-10(a)(2) shall be forwarded by the register of deeds to the county finance officer, who shall forward the funds to the Department of Administration to be credited to the Domestic Violence Center Fund established under G.S. 50B-9. The register of deeds shall forward the fees to the county finance officer as soon as practical. The county finance officer shall forward the fees to the Department of Administration within 60 days after receiving the fees. The Register of Deeds shall inform the applicants that ~~thirty dollars (\$30.00)~~ seventy dollars (\$70.00) of the fee for a marriage license shall be used for Domestic Violence programs."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-DOA-H6(S22.2)-P

Department of Administration
House Appropriations, General Government

MORATORIUM ON PURCHASE OF MOTOR VEHICLES/RATE INFORMATION

SECTION 22.2.(a) Notwithstanding any other provision of law, the Department of Administration, Division of Motor Fleet Management, shall not purchase any motor vehicles of any type in the 2025-2026 fiscal year.

SECTION 22.2.(b) G.S. 143-341 reads as rewritten:

"§ 143-341. Powers and duties of Department.

The Department of Administration has the following powers and duties:

...

(8) General Services:

...

i. To establish and operate a central motor fleet and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

...

2. To acquire passenger motor vehicles by transfer from other State agencies and by purchase. All motor vehicles transferred to or purchased by the Department shall become part of a central motor fleet. When purchasing motor vehicles, the Department shall not pay more than thirty thousand dollars (\$30,000) per car and not more than fifty-five thousand dollars (\$55,000) per pickup truck, sport utility vehicle, or van, unless authorized to do so by the General Assembly; provided, however, these amounts may be increased every two years by an amount equal to the percentage increase in the automotive component of the Consumer Price Index for All Urban Consumers for the type of vehicle purchased.

...

6. To allocate and charge against each State agency to which transportation is furnished its proportionate part of the cost of maintenance and operation of the motor fleet.

The amount allocated and charged by the Department of Administration to State agencies to which transportation is furnished shall take into account all of the following: (i) vehicle replacement cost, (ii) maintenance cost, (iii) insurance, (iv) use of telematics devices, and (v) the Department's administration cost. The base monthly lease rate and the monthly per mile rate charged to each State agency for a motor fleet vehicle shall be increased every two years by an amount equal to the percentage increase in the automotive component of the Consumer Price Index for All Urban Consumers for that type of vehicle, such as "new," "used," or "leased."

...

11. To report ~~annually~~ not later than February 1 of each year to the Joint Legislative Oversight Committee on General ~~Government—Government,~~ the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division on any rules adopted, amended or repealed under sub-sub-subdivisions 3., 7., or 7a. of this sub-subdivision. The report shall also include all of the following:
- I. An inventory of all motor vehicles in the motor vehicle fleet, including vehicle usage, by vehicle class, such as sedan, light duty pickup truck, or SUV-compact, vehicle type (gas, electric, or hybrid), and vehicle model.
 - II. The current base monthly lease rate by vehicle class and vehicle model, and when the next vehicle class rate increase will become effective.
 - III. The monthly per mile rate for every mile over 1,050 miles per month, and when the next monthly per mile rate will become effective.
 - IV. A telematics summary by vehicle class and vehicle model.

...."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-DOA-H3(S22.3)-P

Department of Administration
House Appropriations, General Government

OFFICE FOR HISTORICALLY UNDERUTILIZED BUSINESSES

SECTION 22.3.(a) The Office for Historically Underutilized Businesses in the Department of Administration is hereby abolished. Any advisory committees established by the Secretary of the Department of Administration to develop recommendations to improve the recruitment and utilization of minority businesses are hereby abolished.

SECTION 22.3.(b) The North Carolina Small Business Enterprise Program shall be administered by the Office of Purchase & Contract in the Department of Administration.

SECTION 22.3.(c) G.S. 113-315.36 reads as rewritten:

"§ 113-315.36. Building contracts.

(a) The following general laws, to the extent provided below, do not apply to the North Carolina Marine Industrial Park Authority:

...

(2) ~~Except for G.S. 143-128.2,~~ Article 8 of Chapter 143 of the General Statutes does not apply to public building contracts of the Authority that require the estimated expenditure of public money in an amount less than two hundred fifty thousand dollars (\$250,000). With respect to a contract that is exempted from certain provisions of Article 8 under this subdivision, the powers and duties set out in Article 8 shall be exercised by the Authority, and the Secretary of Administration and other State officers, employees, or agencies shall have no duties or responsibilities concerning the contract.

...."

SECTION 22.3.(d) Chapter 63A of the General Statutes is amended by adding a new section to read:

"§ 63A-19.1. Compliance with federal nondiscrimination laws.

Nothing in this Chapter or any other provision of the General Statutes shall be construed as interfering with the Authority's ability to comply with 14 C.F.R. Part 152, Subpart E, Nondiscrimination in Airport Aid Program."

SECTION 22.3.(e) G.S. 115D-9 reads as rewritten:

"§ 115D-9. Powers of State Board regarding certain fee negotiations, contracts, and capital improvements.

...

(g) For projects two million dollars (\$2,000,000) or more, funded with public money, the Community Colleges System Office shall report no later than October 1 of each year to the State Building Commission the following:

- (1) A list of projects governed by this section.
- (2) The estimated cost of each project along with the actual cost.
- (3) The name of each person awarded a contract under this section.
- (4) ~~Whether the person or business awarded a contract under this section meets the definition of "minority business" or "minority person" as defined in G.S. 143-128.2(g).~~

...."

1 **SECTION 22.3.(f)** G.S. 116-31.11 reads as rewritten:
2 **"§ 116-31.11. Powers of Board regarding certain fee negotiations, contracts, and capital**
3 **improvements.**

4 ...
5 (f) The Board of Governors shall annually report to the State Building Commission the
6 following:

- 7 (1) A list of projects governed by this section.
- 8 (2) The estimated cost of each project along with the actual cost.
- 9 (3) The name of each person awarded a contract under this section.
- 10 (4) ~~Whether the person or business awarded a contract under this section meets~~
11 ~~the definition of "minority business" or "minority person" as defined in~~
12 ~~G.S. 143-128.2(g)."~~

13 **SECTION 22.3.(g)** G.S. 143-48 reads as rewritten:
14 **"§ 143-48. State policy; cooperation in promoting the use of small contractors, minority**
15 **contractors, physically handicapped contractors, and women contractors;**
16 **purpose; contractors; required annual reports.**

17 (a) Policy. – It is the policy of this State to encourage and promote the use of small
18 ~~contractors, minority contractors, physically handicapped contractors, and women business~~
19 ~~contractors in State purchasing of goods and services. All State agencies, institutions and political~~
20 ~~subdivisions shall cooperate with the Department of Administration and all other State agencies,~~
21 ~~institutions and political subdivisions in efforts to encourage the use of small contractors,~~
22 ~~minority contractors, physically handicapped contractors, and women business contractors in~~
23 ~~achieving the purpose of this Article, which is to provide for the effective and economical~~
24 ~~acquisition, management and disposition of goods and services by and through the Department~~
25 ~~of Administration.~~

26 ~~(b) Reporting. – Every governmental entity required by statute to use the services of the~~
27 ~~Department of Administration in the purchase of goods and services, every local school~~
28 ~~administrative unit, and every private, nonprofit corporation other than an institution of higher~~
29 ~~education or a hospital that receives an appropriation of five hundred thousand dollars (\$500,000)~~
30 ~~or more during a fiscal year from the General Assembly shall report to the department of~~
31 ~~Administration annually on what percentage of its contract purchases of goods and services,~~
32 ~~through term contracts and open market contracts, were from minority-owned businesses, what~~
33 ~~percentage from female-owned businesses, what percentage from disabled-owned businesses,~~
34 ~~what percentage from disabled business enterprises and what percentage from nonprofit work~~
35 ~~centers for the blind and the severely disabled. The same governmental entities shall include in~~
36 ~~their reports what percentages of the contract bids for such purchases were from such businesses.~~
37 ~~The Department of Administration shall provide instructions to the reporting entities concerning~~
38 ~~the manner of reporting and the definitions of the businesses referred to in this act, provided that,~~
39 ~~for the purposes of this act:~~

- 40 (1) ~~Except as provided in subdivision (1a) of this subsection, a business in one of~~
41 ~~the categories above means one:~~
 - 42 a. ~~In which at least fifty one percent (51%) of the business, or of the~~
43 ~~stock in the case of a corporation, is owned by one or more persons in~~
44 ~~the category; and~~
 - 45 b. ~~Of which the management and daily business operations are controlled~~
46 ~~by one or more persons in the category who own it.~~
- 47 (1a) ~~A "disabled business enterprise" means a nonprofit entity whose main purpose~~
48 ~~is to provide ongoing habilitation, rehabilitation, independent living, and~~
49 ~~competitive employment for persons who are handicapped through supported~~
50 ~~employment sites or business operated to provide training and employment~~
51 ~~and competitive wages.~~

- 1 (1b) ~~A "nonprofit work center for the blind and the severely disabled" means an~~
2 ~~agency:~~
3 ~~a. Organized under the laws of the United States or this State, operated~~
4 ~~in the interest of the blind and the severely disabled, the net income of~~
5 ~~which agency does not inure in whole or in part to the benefit of any~~
6 ~~shareholder or other individual;~~
7 ~~b. In compliance with any applicable health and safety standard~~
8 ~~prescribed by the United States Secretary of Labor; and~~
9 ~~c. In the production of all commodities or provision of services, employs~~
10 ~~during the current fiscal year severely handicapped individuals for (i)~~
11 ~~a minimum of seventy five percent (75%) of the hours of direct labor~~
12 ~~required for the production of commodities or provision of services,~~
13 ~~or (ii) in accordance with the percentage of direct labor required under~~
14 ~~the terms and conditions of Public Law 92-28 (41 U.S.C. § 46, et seq.)~~
15 ~~for the production of commodities or provision of services, whichever~~
16 ~~is less.~~
17 (2) ~~A female or a disabled person is not a minority, unless the female or disabled~~
18 ~~person is also a member of one of the minority groups described in~~
19 ~~G.S. 143-128(2)a. through d.~~
20 (3) ~~A disabled person means a person with a handicapping condition as defined~~
21 ~~in G.S. 168-1 or G.S. 168A-3.~~

22 (c) The Department of Administration shall compile information on small ~~and~~
23 ~~medium-sized~~ business participation in State contracts subject to this Article and report the
24 information as provided in subsection (d) of this section. The report shall analyze (i) contract
25 ~~awards by business size category, awards,~~ (ii) historical trends in small ~~and medium-sized~~
26 business participation in these contracts, and (iii) to the extent feasible, participation by small
27 ~~and medium-sized~~ businesses in the State procurement process as dealers, service companies,
28 and other indirect forms of participation. The Department ~~may require reports on contracting by~~
29 ~~business size in the same manner as reports are required under subsection (b) of this section.~~ shall
30 provide instructions to the reporting entities concerning the manner of reporting and the
31 definitions of a small business, which shall be the same as that used to certify businesses under
32 the North Carolina Small Business Enterprise Program.

33 (d) The Department of Administration shall collect and compile the data described in this
34 section and report it annually to the Joint Legislative Oversight Committee on General
35 Government.

36 (d1) Repealed by Session Laws 2007-392, s. 1, effective October 1, 2007.

37 (e) ~~In seeking contracts with the State, a disabled business enterprise must provide~~
38 ~~assurances to the Secretary of Administration that the payments that would be received from the~~
39 ~~State under these contracts are directed to the training and employment of and payment of~~
40 ~~competitive wages to handicapped employees."~~

41 **SECTION 22.3.(h)** G.S. 143-128 reads as rewritten:

42 **"§ 143-128. Requirements for certain building contracts.**

43 ...

44 (b) Separate-prime contracts. – When the State, county, municipality, or other public
45 body uses the separate-prime contract system, it shall accept bids for each subdivision of work
46 for which specifications are required to be prepared under subsection (a) of this section and shall
47 award the respective work specified separately to responsible and reliable persons, firms or
48 corporations regularly engaged in their respective lines of work. When the estimated cost of work
49 to be performed in any single subdivision or branch for which separate bids are required by this
50 subsection is less than twenty-five thousand dollars (\$25,000), the same may be included in the
51 contract for one of the other subdivisions or branches of the work, irrespective of total project

1 cost. The contracts shall be awarded to the lowest responsible, responsive bidders, taking into
2 consideration quality, performance, and the time specified in the bids for performance of the
3 ~~contract, and compliance with G.S. 143-128.2.~~ contract. Bids may also be accepted from and
4 awards made to separate contractors for other categories of work.

5 ...

6 (d) Single-prime contracts. – All bidders in a single-prime project shall identify on their
7 bid the contractors they have selected for the subdivisions or branches of work for:

8 ...

9 The contract shall be awarded to the lowest responsible, responsive bidder, taking into
10 consideration quality, performance, and the time specified in the bids for performance of the
11 ~~contract, and compliance with G.S. 143-128.2.~~ contract. A contractor whose bid is accepted shall
12 not substitute any person as subcontractor in the place of the subcontractor listed in the original
13 bid, except (i) if the listed subcontractor's bid is later determined by the contractor to be
14 nonresponsible or nonresponsive or the listed subcontractor refuses to enter into a contract for
15 the complete performance of the bid work, or (ii) with the approval of the awarding authority for
16 good cause shown by the contractor. The terms, conditions, and requirements of each contract
17 between the contractor and a subcontractor performing work under a subdivision or branch of
18 work listed in this subsection shall incorporate by reference the terms, conditions, and
19 requirements of the contract between the contractor and the State, county, municipality, or other
20 public body.

21 When contracts are awarded pursuant to this section, the public body shall make available to
22 subcontractors the dispute resolution process as provided for in subsection (f1) of this section.

23 (d1) Dual bidding. – The State, a county, municipality, or other public entity may accept
24 bids to erect, construct, alter, or repair a building under both the single-prime and separate-prime
25 contracting systems and shall award the contract to the lowest responsible, responsive bidder
26 under the single-prime system or to the lowest responsible, responsive bidder under the
27 separate-prime system, taking into consideration quality, performance, ~~compliance with~~
28 ~~G.S. 143-128.2,~~ and time specified in the bids to perform the contract. In determining the system
29 under which the contract will be awarded to the lowest responsible, responsive bidder, the public
30 entity may consider cost of construction oversight, time for completion, and other factors it
31 considers appropriate. The bids received as separate-prime bids shall be received, but not opened,
32 one hour prior to the deadline for the submission of single-prime bids. The amount of a bid
33 submitted by a subcontractor to the general contractor under the single-prime system shall not
34 exceed the amount bid, if any, for the same work by that subcontractor to the public entity under
35 the separate-prime system. The provisions of subsection (b) of this section shall apply to
36 separate-prime contracts awarded pursuant to this section and the provisions of subsection (d) of
37 this section shall apply to single-prime contracts awarded pursuant to this section.

38"

39 **SECTION 22.3.(i)** G.S. 143-128.1 reads as rewritten:

40 **"§ 143-128.1. Construction management at risk contracts.**

41 ...

42 (b) The construction manager at risk shall be selected in accordance with Article 3D of
43 this Chapter. Design services for a project shall be performed by a licensed architect or engineer.
44 The public owner shall contract directly with the architect or engineer. The public owner shall
45 make a good-faith effort to ~~comply with G.S. 143-128.2, G.S. 143-128.4, and to~~ recruit and select
46 small business entities when selecting a construction manager at risk.

47 (c) The construction manager at risk shall contract directly with the public entity for all
48 construction; shall publicly advertise as prescribed in G.S. 143-129; and shall prequalify and
49 accept bids from first-tier subcontractors for all construction work under this section. The
50 construction manager at risk shall use the prequalification process determined by the public entity
51 in accordance with G.S. 143-135.8, provided that public entity and the construction manager at

1 risk shall jointly develop the assessment tool and criteria for that specific project, which must
2 include the prequalification scoring values and minimum required score for prequalification on
3 that project. ~~The public entity shall require the construction manager at risk to submit its plan for~~
4 ~~compliance with G.S. 143-128.2 for approval by the public entity prior to soliciting bids for the~~
5 ~~project's first tier subcontractors.~~ A construction manager at risk and first-tier subcontractors
6 shall make a good faith effort to ~~comply with G.S. 143-128.2, G.S. 143-128.4, and to~~ recruit and
7 select small business entities. A construction manager at risk may perform a portion of the work
8 only if (i) bidding produces no responsible, responsive bidder for that portion of the work, the
9 lowest responsible, responsive bidder will not execute a contract for the bid portion of the work,
10 or the subcontractor defaults and a prequalified replacement cannot be obtained in a timely
11 manner, and (ii) the public entity approves of the construction manager at risk's performance of
12 the work. All bids shall be opened publicly, and once they are opened, shall be public records
13 under Chapter 132 of the General Statutes. The construction manager at risk shall act as the
14 fiduciary of the public entity in handling and opening bids. The construction manager at risk shall
15 award the contract to the lowest responsible, responsive bidder, taking into consideration quality,
16 performance, the time specified in the bids for performance of the contract, the cost of
17 construction oversight, time for completion, ~~compliance with G.S. 143-128.2,~~ and other factors
18 deemed appropriate by the public entity and advertised as part of the bid solicitation. The public
19 entity may require the selection of a different first-tier subcontractor for any portion of the work,
20 consistent with this section, provided that the construction manager at risk is compensated for
21 any additional cost incurred.

22 When contracts are awarded pursuant to this section, the public entity shall provide for a
23 dispute resolution procedure as provided in G.S. 143-128(f1).

24"

25 **SECTION 22.3.(j)** G.S. 143-128.1A reads as rewritten:

26 "**§ 143-128.1A. Design-build contracts.**

27 ...

28 (b) A governmental entity shall establish in writing the criteria used for determining the
29 circumstances under which the design-build method is appropriate for a project, and such criteria
30 shall, at a minimum, address all of the following:

31 ...

32 (5) A good-faith effort to ~~comply with G.S. 143-128.2, G.S. 143-128.4, and to~~
33 recruit and select small business entities. The governmental entity shall not
34 limit or otherwise preclude any respondent from submitting a response so long
35 as the respondent, itself or through its proposed team, is properly licensed and
36 qualified to perform the work defined by the public notice issued under
37 subsection (c) of this section.

38 ...

39 (c) A governmental entity shall issue a public notice of the request for qualifications that
40 includes, at a minimum, general information on each of the following:

41 ...

42 (6) Notice of any rules, ordinances, or goals established by the governmental
43 entity, including goals for ~~minority- and women-owned business participation~~
44 ~~and small business participation.~~ A governmental entity shall not establish or
45 require compliance with any goals for minority- and/or women-owned
46 business participation.

47"

48 **SECTION 22.3.(k)** G.S. 143-128.1B reads as rewritten:

49 "**§ 143-128.1B. Design-build bridging contracts.**

50 ...

1 (b) A governmental entity shall establish in writing the criteria used for determining the
2 circumstances under which engaging a design criteria design professional is appropriate for a
3 project, and such criteria shall, at a minimum, address all of the following:

4 ...

5 (5) A good-faith effort to ~~comply with G.S. 143-128.2, G.S. 143-128.4, and to~~
6 recruit and select small business entities. The governmental entity shall not
7 limit or otherwise preclude any respondent from submitting a response so long
8 as the respondent, itself or through its proposed team, is properly licensed and
9 qualified to perform the work defined by the public notice issued under
10 subsection (d) of this section.

11 ...

12 (c) On or before entering into a contract for design-build services under this section, the
13 governmental entity shall select or designate a staff design professional, or a design professional
14 who is independent of the design-builder, to act as its design criteria design professional as its
15 representative for the procurement process and for the duration of the design and construction. If
16 the design professional is not a full-time employee of the governmental entity, the governmental
17 entity shall select the design professional on the basis of demonstrated competence and
18 qualifications as provided by G.S. 143-64.31. The design criteria design professional shall
19 develop design criteria in consultation with the governmental entity. The design criteria design
20 professional shall not be eligible to submit a response to the request for proposals nor provide
21 design input to a design-build response to the request for proposals. The design criteria design
22 professional shall prepare a design criteria package equal to thirty-five percent (35%) of the
23 completed design documentation for the entire construction project. The design criteria package
24 shall not require the design-builder to include the costs of the subcontractor work in its response
25 and shall include all of the following:

26 ...

27 (12) ~~A statement directing each design-builder to submit in its response to the~~
28 ~~request for qualifications an explanation of its proposed plan for its good-faith~~
29 ~~compliance with G.S. 143-128.2.~~

30 (d) A governmental entity shall issue a public notice of the request for proposals that
31 includes, at a minimum, general information on each of the following:

32 ...

33 (6) Notice of any rules, ordinances, or goals established by the governmental
34 entity, including goals for ~~minority- and women-owned business participation~~
35 ~~and small business entities participation.~~ A governmental entity shall not
36 establish or require compliance with any goals for minority- and/or
37 women-owned business participation.

38"

39 **SECTION 22.3.(I)** G.S. 143-128.1C reads as rewritten:

40 **"§ 143-128.1C. Public-private partnership construction contracts.**

41 ...

42 (b) If the governmental entity determines in writing that it has a critical need for a capital
43 improvement project, the governmental entity may acquire, construct, own, lease as lessor or
44 lessee, and operate or participate in the acquisition, construction, ownership, leasing, and
45 operation of a public-private project, or of specific facilities within such a project, including the
46 making of loans and grants from funds available to the governmental entity for these purposes.
47 If the governmental entity is a public body under Article 33C of this Chapter, the determination
48 shall occur during an open meeting of that public body. The governmental entity may enter into
49 development contracts with private developers with respect to acquiring, constructing, owning,
50 leasing, or operating a project under this section. If the development contract is entered into by a
51 governmental entity that is a unit of local government as defined in G.S. 159-7, and the unit must

1 finance all or part of its portion of the cost of the project, then the amount financed by the unit is
2 subject to approval by the Local Government Commission as provided in Chapter 159 of the
3 General Statutes. Approval must be secured prior to the execution of the development contract.
4 The development contract shall specify the following:

5 ...

6 (4) The responsibilities to put forth a good-faith effort to ~~comply with~~
7 ~~G.S. 143-128.2, G.S. 143-128.4, and to~~ recruit and select small business
8 entities.

9 (c) The development contract may provide that the private developer shall be responsible
10 for any or all of the following:

11 ...

12 (6) A good-faith effort to ~~comply with G.S. 143-128.2, G.S. 143-128.4, and to~~
13 recruit and select small business entities.

14 ...

15 (e) A private developer and its contractors shall make a good-faith effort to ~~comply with~~
16 ~~G.S. 143-128.2, G.S. 143-128.4, and to~~ recruit and select small business entities.

17"

18 **SECTION 22.3.(m)** G.S. 143-129.4 reads as rewritten:

19 **"§ 143-129.4. Guaranteed energy savings contracts.**

20 The solicitation and evaluation of proposals for guaranteed energy savings contracts, as
21 defined in Part 2 of Article 3B of this Chapter, and the letting of contracts for these proposals are
22 not governed by this Article but instead are governed by the provisions of that Part; except that
23 guaranteed energy savings contracts are subject to the requirements of ~~G.S. 143-128.2 and~~
24 G.S. 143-135.3."

25 **SECTION 22.3.(n)** G.S. 143-135.5 reads as rewritten:

26 **"§ 143-135.5. State policy; cooperation in promoting the use of ~~small, minority, physically~~**
27 **~~handicapped and women contractors; contractors; purpose.~~**

28 (a) It is the policy of this State to encourage and promote the use of ~~small, minority,~~
29 ~~physically handicapped and women~~ small business contractors in State construction projects. All
30 State agencies, ~~institutions~~ institutions, and political subdivisions shall cooperate with the
31 Department of Administration and all other State agencies, ~~institutions~~ institutions, and political
32 subdivisions in efforts to encourage and promote the use of ~~small, minority, physically~~
33 ~~handicapped and women~~ business contractors in achieving the purpose of this Article, which is
34 the effective and economical construction of public buildings.

35 (b) It is the policy of this State not to accept bids or proposals from, nor to engage in
36 business with, any business that, within the last two years, has been finally found by a court or
37 an administrative agency of competent jurisdiction to have unlawfully discriminated on the basis
38 of race, gender, religion, national origin, age, physical disability, or any other unlawful basis in
39 its solicitation, selection, hiring, or treatment of another business."

40 **SECTION 22.3.(o)** G.S. 143-135.26 reads as rewritten:

41 **"§ 143-135.26. Powers and duties of the Commission.**

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

44 ...

45 (9) To authorize a State agency, a local governmental unit, or any other entity
46 subject to the provisions of G.S. 143-129 to use a method of contracting not
47 authorized under G.S. 143-128. An authorization under this subdivision for an
48 alternative contracting method shall be granted only under the following
49 conditions:

50 ...

1 b1. ~~The entity includes in its bid or proposal requirements that the~~
2 ~~contractor will file a plan for making a good faith effort to reach the~~
3 ~~minority participation goal set out in G.S. 143-128.2.~~

4 "

5 **SECTION 22.3.(p)** G.S. 143-254.6 reads as rewritten:

6 **"§ 143-254.6. Powers of the Commission regarding certain fee negotiations, contracts, and**
7 **capital improvements.**

8 ...

9 (e) The Commission shall annually report the following to the State Building
10 Commission:

- 11 (1) A list of projects governed by this section.
12 (2) The estimated cost of each project along with the actual cost.
13 (3) The name of each person or business awarded a contract under this section.
14 (4) ~~Whether the person or business awarded a contract under this section meets~~
15 ~~the definition of "minority business" or "minority person" as defined in~~
16 ~~G.S. 143-128.2(g)."~~

17 **SECTION 22.3.(q)** G.S. 143B-135.214 reads as rewritten:

18 **"§ 143B-135.214. Powers of Department regarding certain fee negotiations, contracts, and**
19 **capital improvements.**

20 ...

21 (f) The Department shall annually report to the State Building Commission the
22 following:

- 23 (1) A list of projects governed by this section.
24 (2) The estimated cost of each project along with the actual cost.
25 (3) The name of each person awarded a contract under this section.
26 (4) ~~Whether the person or business awarded a contract under this section meets~~
27 ~~the definition of "minority business" or "minority person" as defined in~~
28 ~~G.S. 143-128.2(g).~~

29 "

30 **SECTION 22.3.(r)** G.S. 143B-434.01 reads as rewritten:

31 **"§ 143B-434.01. Comprehensive Strategic Economic Development Plan.**

32 ...

33 (e) Environmental Scan. – The first step in developing the Plan shall be to develop an
34 environmental scan based on the input from economic development parties and the public and
35 on information about the economic environment in North Carolina. To prepare the scan, the
36 Secretary shall gather the information required in this subsection and ensure that the information
37 is updated periodically. The updated information may be provided in whatever format and
38 through whatever means is most efficient. The information required to prepare the scan includes
39 all of the following:

40 ...

- 41 (2) Compilation of the latest data on the strength of the business environment by
42 State, Region, and county with emphasis on the following dynamics of job
43 creation: start-ups, expansions, locations, contractions, and failures. Special
44 assessments are to be made of ~~rural, small, and minority~~ rural and small
45 business components of overall activity.

46 "

47 **SECTION 22.3.(s)** G.S. 143B-437.57 reads as rewritten:

48 **"§ 143B-437.57. Community economic development agreement.**

49 (a) Terms. – Each community economic development agreement shall include at least
50 the following:

51 ...

1 (16) A provision requiring that the business engage in fair employment practices
2 as required by State and federal law and a provision encouraging the business
3 to use ~~small contractors, minority contractors, physically handicapped~~
4 ~~contractors, and women-business~~ contractors whenever practicable in the
5 conduct of its business.

6"

7 **SECTION 22.3.(t)** G.S. 143B-1361 reads as rewritten:

8 "§ **143B-1361. Information technology procurement ~~policy;—reporting~~**
9 **~~requirements, disclosure.~~**

10 (a) Policy. – In order to further the policy of the State to encourage and promote the use
11 of ~~small, minority, physically handicapped, and women~~ small business contractors in State
12 purchasing of goods and services, all State agencies shall cooperate with the Department in
13 efforts to encourage the use of ~~small, minority, physically handicapped, and women~~ small
14 business contractors in achieving the purposes of this Article, which is to provide for the effective
15 and economical acquisition, management, and disposition of information technology.

16 (b) Bids. – A vendor submitting a bid shall disclose in a statement, provided
17 contemporaneously with the bid, where services will be performed under the contract sought,
18 including any subcontracts and whether any services under that contract, including any
19 subcontracts, are anticipated to be performed outside the United States. Nothing in this section is
20 intended to contravene any existing treaty, law, agreement, or regulation of the United States.
21 The State CIO shall retain the statements required by this subsection regardless of the State entity
22 that awards the contract and shall report annually to the Secretary of Administration on the
23 number of contracts which are anticipated to be performed outside the United States.

24 (c) Reporting. – Every State agency that makes a direct purchase of information
25 technology using the services of the Department shall report directly to the Department of
26 Administration all information required by ~~G.S. 143-48(b).~~ G.S. 143-48(c).

27 (d) Data from Department of Administration. – The Department of Administration shall
28 collect and compile the data described in this section and report it annually to the Department of
29 Information Technology, the Joint Legislative Oversight Committee on Information Technology,
30 and the Fiscal Research Division."

31 **SECTION 22.3.(u)** Any local act authorizing a local government unit to establish,
32 agree to, or comply with minority- or women-owned business enterprise participation
33 requirements is hereby repealed unless compliance with such requirements is required by the
34 federal government and its agencies in projects financed by federal grants-in-aid or loans as
35 provided in G.S. 160A-17(a)(3a).

36 **SECTION 22.3.(v)** G.S. 18C-151(a)(4), 63A-19, 116D-4, 143-48.4, 143-128.2,
37 143-128.3, 143-128.4, and 143-131(b) are repealed.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-DOA-H7-P

Department of Administration
House Appropriations, General Government

Requested by

INVENTORY OF STATE LAND AND BUILDINGS

SECTION #.(a) Not later than November 15, 2025, the Department of Administration shall submit a report to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division detailing a current and accurate inventory of all land owned or leased by the State or by any State agency and a current and accurate inventory of all buildings owned or leased, in whole or in part, by the State or by any State agency. The report shall include all of the information required by G.S. 143-341(4)a. and G.S. 143-341(4)b.

SECTION #.(b) G.S. 143-341 reads as rewritten:

"§ 143-341. Powers and duties of Department.

The Department of Administration has the following powers and duties:

...
(4) Real Property Control:

...
b. To prepare and keep current a complete and accurate database of all buildings owned or leased (in whole or in part) by the State or by any State agency. This database shall serve as the State inventory and shall include all of the following information and floor plans of every such building shall be prepared or copies obtained where such floor plans are available, where needed for use in the allocation of space therein:

...
3. The agency or agencies that occupy the ~~building~~building or, if the building is vacant, the number of months the vacancy has existed.

...."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-DOA-H11-P

Department of Administration
House Appropriations, General Government

Requested by

STUDY NONPUBLIC EDUCATION

SECTION #.(a) The Joint Legislative Oversight Committee on General Government shall study the duties and responsibilities of the Department of Administration, Division of Nonpublic Education, including the following:

- (1) Whether all of the Division's statutory duties are currently being performed.
- (2) The manner in which the statutory duties are being performed, such as online posting of information or in-person interaction, and the overall effectiveness of the different approaches used to provide information and other assistance to nonpublic students and their families.
- (3) If the statutory duties should be amended in any way to better serve nonpublic school students and their families.
- (4) Whether other State or local government agencies are able to assume some or all of the statutory duties in a way that does not unnecessarily disrupt the provision of services to nonpublic school students and their families.
- (5) Any other matters deemed relevant to the purpose of the study.

SECTION #.(b) The Division of Nonpublic Education shall provide any information requested by the Committee to conduct the study. By May 15, 2026, the Committee shall make recommendations on its findings and conclusions, including proposed legislation, to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-DOA-H13-P

Department of Administration
House Appropriations, General Government

Requested by

DOA ASSIGN OFFICE SPACE IN ALBEMARLE BUILDING TO STATE BOARD OF ELECTIONS

SECTION #. The Department of Administration shall assign the sixth and seventh floors of the Albemarle Building located in Raleigh, North Carolina, to the State Board of Elections. The State Board of Elections shall complete its move to the Albemarle Building not later than October 31, 2025. All State-owned equipment, furnishings, and other fixtures on the sixth and seventh floors of the Albemarle Building on the date this section becomes effective shall remain on those floors for use by the State Board of Elections. Nothing in this section shall be construed as prohibiting the disposal, removal, or replacement of the equipment, furnishings, and other fixtures described in this section after the State Board of Elections has moved into the space described in this section.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-DOA-H16-P

Department of Administration
House Appropriations, General Government

Requested by

1 ***NEW DHHS FACILITY BUILDING RESERVE***

2 **SECTION #.** The Department of Administration shall use available maintenance,
3 operations, and utility funding intended for the old Dorothea Dix campus to support maintenance,
4 operations, and utilities for the new Department of Health and Human Services facility.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-DOA-H15-P

Department of Administration
House Appropriations, General Government

Requested by

MODIFY BID REQUIREMENTS FOR WATER AND SEWER PROJECTS

SECTION #.(a) G.S. 143-132 is amended by adding a new subsection to read:

"(a1) Notwithstanding the provisions of subsection (a) of this section, no contract to which G.S. 143-129 applies for construction of water systems or facilities, or sewage disposal systems or facilities, shall be awarded by any board or governing board of the State, or any political subdivision of the State, unless two competitive bids have been received from reputable and qualified contractors regularly engaged in their respective lines of endeavor. Except as provided in this subsection, all requirements of subsection (a) of this section apply to the receipt of bids and the award of construction contracts. For purposes of this subsection, the following definitions shall apply:

- (1) Sewage disposal systems or facilities. – Sewage disposal systems or facilities, including all plants, works, instrumentalities, and properties used or useful in the collection, treatment, purification, or disposal of sewage.
- (2) Water systems or facilities. – Water systems or facilities, including all plants, works, instrumentalities, and properties used or useful in obtaining, conserving, treating, and distributing water for domestic or industrial use, irrigation, sanitation, fire protection, or any other public or private use."

SECTION #.(b) This section is effective when it becomes law and applies to contracts entered into on or before December 31, 2030.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Sending to BP
SPECIAL PROVISION



2025-OAH-H1(S23.1)i

Office of Administrative Hearings
House Appropriations, General Government

OAH/REDUCE DUTIES OF THE NORTH CAROLINA HUMAN RELATIONS COMMISSION

SECTION 23.1. G.S. 7A-761 reads as rewritten:

"§ 7A-761. North Carolina Human Relations Commission.

(a) There is hereby created the North Carolina Human Relations Commission of the Civil Rights Division of the Office of Administrative Hearings. The North Carolina Human Relations Commission shall have the following functions and duties:

- (1) ~~To study problems concerning human relations;~~
- (2) ~~To promote equality of opportunity for all citizens;~~
- (3) ~~To promote understanding, respect, and goodwill among all citizens;~~
- (4) ~~To provide channels of communication among the races;~~
- (5) ~~To encourage the employment of qualified people without regard to race;~~
- (6) ~~To encourage youths to become better trained and qualified for employment;~~
- (7) ~~To receive on behalf of the Civil Rights Division of the Office of Administrative Hearings and to recommend expenditure of gifts and grants from public and private donors;~~
- (8) ~~To enlist the cooperation and assistance of all State and local government officials in the attainment of the objectives of the Commission;~~
- (9) ~~To assist local good neighborhood councils and biracial human relations committees in promoting activities related to the functions of the Commission enumerated above;~~
- (10) To advise the Chief Administrative Law Judge upon any matter the Chief Administrative Law Judge may refer to it;
- (11) To administer the provisions of the State Fair Housing Act as outlined in Chapter 41A of the General Statutes;
- (12) To administer the provisions of the Civil Rights Act as outlined in Chapter 99D of the General Statutes.

...."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Sending to BP
SPECIAL PROVISION



2025-OAH-H2(S23.2)i

Office of Administrative Hearings
House Appropriations, General Government

OAH/EMPLOYMENT DISCRIMINATION DIVISION & EEOC COMPLAINTS

SECTION 23.2.(a) G.S. 7A-759 is repealed.

SECTION 23.2.(b) G.S. 143-422.3 is repealed.

SECTION 23.2.(c) Any State or local government employee covered under Chapter 126 of the General Statutes may file a complaint alleging employment discrimination with the United States Equal Employment Opportunity Commission in the manner provided by federal law, and nothing in this section shall be construed as limiting or impeding that right.

SECTION 23.2.(d) This section shall not apply to any actions or complaints filed pursuant to G.S. 7A-759 or G.S. 143-422.3 that are pending on the date this act becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-OSBM-H2(S26.1)-P

Office of State Budget and Management
House Appropriations, General Government

PURPLE HEART HOMES

SECTION 26.1. Of the funds appropriated in this act to the Office of State Budget and Management – Special Appropriations, the sum of one million one hundred thousand dollars (\$1,100,000) in nonrecurring funds for the 2025-2026 fiscal year and one hundred forty thousand four hundred two dollars (\$140,402) for the 2026-2027 fiscal year shall be allocated as a directed grant to Purple Heart Homes, Inc., a nonprofit corporation, to provide personalized housing solutions for service-connected disabled and aging veterans and their families across the State. Purple Heart Homes, Inc., may use not more than nine percent (9%) of the grant funds in each fiscal year for administrative costs. By September 1, 2026, Purple Heart Homes, Inc., shall provide a report to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division on the use of these funds, including the number of individuals or families served, the types of services provided to those individuals or families, and the outcomes.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-OSBM-H3-P

Office of State Budget and Management
House Appropriations, General Government

Requested by

REGISTER OF DEEDS GRANT PROGRAM

SECTION #. Of the funds appropriated in this act to the Office of State Budget and Management – Special Appropriations for each fiscal year of the 2025-2027 fiscal biennium, the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds shall be used to create a grant program for county register of deeds offices. The Office of State Budget and Management (OSBM) shall administer the program and disburse grant funds as follows:

- (1) County register of deeds offices shall apply for the funds in the manner prescribed by the OSBM.
- (2) Applicants shall use grant funds for the preservation of historic records and files. Allowable uses of the funds include, but are not limited to, document restoration, reparation, deacidification, and placement in protected archival binders.
- (3) Funds may be used for document digitization only if the original documents will continue to be maintained and preserved.
- (4) The maximum grant amount to each office shall be two thousand five hundred dollars (\$2,500) in each fiscal year of the 2025-2027 fiscal biennium. Additional grant funds shall be disbursed in a second round of applications based on availability of funds in each fiscal year. The maximum amount of the second-round grants shall be determined by the OSBM. The provisions of this section shall apply if a second round of grants is administered.
- (5) Grantees must provide a one hundred percent (100%) match for all grant funds awarded.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-OSBM-H6-P

Office of State Budget and Management
House Appropriations, General Government

Requested by

FUTURE CITY COMPETITION

SECTION #. Of the funds appropriated in this act to the Office of State Budget and Management, the sum of two hundred thousand dollars (\$200,000) in recurring funds for each fiscal year of the 2025-2027 fiscal biennium shall be used to provide a directed grant to the Professional Engineers of North Carolina Educational Foundation (Foundation), a nonprofit organization, to support the NC Future City competition, a statewide program for sixth, seventh, and eighth grade students that engages students in a hands-on future challenge to foster engineering skills and create interest in S.T.E.M. careers. Funds appropriated for the purposes described in this section shall not be used to fund any portion of the salary for any employee of the Foundation.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-OSBM-H7-P

Office of State Budget and Management
House Appropriations, General Government

Requested by

RURAL HEALTHCARE GRANTS

SECTION #. Notwithstanding the provisions of G.S. 131A-32, the sum of twelve million five hundred thousand dollars (\$12,500,000) in nonrecurring funds for the 2025-2026 fiscal year shall be transferred from the Rural Health Care Sustainability Fund to the Division of Mental Health, Developmental Disabilities, and Substance Use Services (Budget Code 14460-131010) in the Department of Health and Human Services to provide a directed grant to each of the following entities:

- (1) Twelve million dollars (\$12,000,000) to Iredell Health Foundation, a nonprofit organization, for capital needs and renovations related to behavioral health beds at Davis Regional Psychiatric Hospital.
- (2) Five hundred thousand dollars (\$500,000) to Blue Ridge Healthcare System, Inc., a nonprofit organization, to plan for behavioral health beds.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Sending to BP
SPECIAL PROVISION



2025-CONT-H1(S27.1)i

Department of State Controller
House Appropriations, General Government

OSC/CODIFY USE OF RECOVERED AUDIT FUNDS

SECTION 27.1. G.S. 147-86.22(c) reads as rewritten:

"(c) Collection Techniques. – The State Controller, in conjunction with the Office of the Attorney General, shall establish policies and procedures to govern techniques for collection of accounts receivable. These techniques may include use of credit reporting bureaus, judicial remedies authorized by law, and administrative setoff by a reduction of a tax refund pursuant to the Setoff Debt Collection Act, Chapter 105A of the General Statutes, or a reduction of another payment, other than payroll, due from the State to a person to reduce or eliminate an account receivable that the person owes the State.

The State Controller shall negotiate a contract with a third party to perform an audit and collection process of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors. The third party shall be compensated only from funds recovered as a result of the audit. Savings realized in excess of costs shall be transferred from the agency to the Office of State Budget and Management and placed in a special reserve account for future direction by the General Assembly. Any disputed savings shall be settled by the State Controller. Subject to availability and appropriation by the General Assembly, the State Controller may use recovered audit funds for computer systems maintenance and improvements, financial reporting, governmental accounting training, debt collection, and e-commerce costs. This paragraph does not apply to the purchase of medical services by State agencies or payments used to reimburse or otherwise pay for health care services."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Sending to BP
SPECIAL PROVISION



2025-CONT-H2(S27.2)i

Department of State Controller
House Appropriations, General Government

1 **STATE AGENCIES/ELECTRONIC PAYMENTS**

2 **SECTION 27.2.(a)** G.S. 66-58.12 reads as rewritten:

3 **"§ 66-58.12. Agencies may provide access to services through electronic and digital**
4 **transactions; fees authorized.**

5 (a) Public agencies are encouraged to maximize citizen and business access to their
6 services through the use of electronic and digital transactions. A public agency may determine,
7 through program and transaction analysis, which of its services may be made available to the
8 public through electronic means, including the Internet. The agency shall identify any inhibitors
9 to electronic transactions between the agency and the public, including legal, policy, financial,
10 or privacy concerns and specific inhibitors unique to the agency or type of transaction. An agency
11 shall not provide a transaction through the Internet that is impractical, unreasonable, or not
12 permitted by laws pertaining to privacy or security.

13 (b) An agency may charge a fee to cover its costs of permitting a person to complete a
14 transaction through the ~~World Wide Web-internet~~ or other means of electronic access. The
15 transaction fee may be applied on a per transaction basis and may be calculated either as a flat
16 fee or a percentage fee, ~~as determined under an agreement between a person and a public agency.~~
17 ~~The fee may be collected by the agency or by its third party agent fee.~~ Neither the flat fee nor the
18 percentage fee shall exceed two percent (2%) of the total amount of each transaction. An agency
19 shall not charge a surcharge for accepting electronic payments. For purposes of this subsection,
20 the following definitions apply:

21 (1) Surcharge. – A fee added to a payment by charge card, credit card, debit card,
22 or by electronic funds transfer for the convenience of making the electronic
23 payment or for any other purpose not authorized by law.

24 (2) Transaction fee. – A fee charged by a payment processor to a State agency for
25 processing a charge card, credit card, or debit card payment.

26 (c) ~~The fee-flat fee or percentage fee~~ imposed under subsection (b) of this section must
27 be approved by the State Chief Information Officer. The revenue derived from the fee must be
28 credited to a nonreverting agency reserve account. The funds in the account may be expended
29 only for e-commerce initiatives and projects approved by the State Chief Information Officer.
30 For purposes of this subsection, the term "public agencies" does not include a county, unit, special
31 district, or other political subdivision of government. The State Chief Information Officer shall
32 report any fees imposed under subsection (b) of this section and expenditures for e-commerce
33 initiatives and projects to the Joint Legislative Commission on Governmental Operations and the
34 Joint Legislative Oversight Committee on Information Technology.

35 (d) This section does not apply to the Judicial Department."

36 **SECTION 27.2.(b)** Article 6A of Chapter 147 of the General Statutes reads as
37 rewritten:

38 "Article 6A.

39 "Cash Management.

40 **"§ 147-86.10. Statement of policy.**

1 It is the policy of the State of North Carolina that all agencies, institutions, departments,
2 bureaus, boards, commissions, and officers of the State, whether or not subject to the State
3 Budget Act, Chapter 143C of the General Statutes, shall devise techniques and procedures for
4 the receipt, deposit, and disbursement of moneys coming into their control and custody which
5 are designed to maximize interest-bearing investment of cash, and to minimize idle and
6 nonproductive cash balances. This policy shall apply to the General Court of Justice as defined
7 in Article IV of the North Carolina Constitution, the public school units as defined in
8 G.S. 147-86.12, and the community colleges with respect to the receipt, deposit, and
9 disbursement of moneys required by law to be deposited with the State Treasurer and with respect
10 to moneys made available to them for expenditure by warrants drawn on the State Treasurer. This
11 policy shall include the acceptance of electronic payments in accordance with ~~G.S. 147-86.22 to~~
12 ~~the maximum extent possible consistent with sound business practices.~~ the provisions of
13 G.S. 66-58.12 and the policies established by the State Controller under G.S. 147-86.22.

14 **"§ 147-86.11. Cash management for the State.**

15 ...
16 (e) Elements of Plan. – For moneys received or to be received, the statewide cash
17 management plan shall provide at a minimum that:

- 18 ...
19 (6) State agencies shall accept payment by electronic payment in accordance with
20 ~~G.S. 147-86.22 to the maximum extent possible consistent with sound~~
21 ~~business practices.~~ the provisions of G.S. 66-58.12 and the policies established
22 by the State Controller under G.S. 147-86.22.

23 ...
24 **"§ 147-86.22. Statewide accounts receivable program.**

25 (a) Program. – The State Controller shall implement a statewide accounts receivable
26 program. As part of this program, the State Controller shall do all of the following:

- 27 (1) Monitor the State's accounts receivable collection efforts.
28 (2) Coordinate information, systems, and procedures between State agencies to
29 maximize the collection of past-due accounts receivable.
30 (3) Adopt policies and procedures for the management and collection of accounts
31 receivable by State agencies.
32 (3a) In consultation and coordination with the Department of Administration and
33 the State Chief Information Officer, enter into a statewide term contract for
34 electronic payment processing services.
35 (4) Establish procedures for writing off accounts receivable.

36 (b) Electronic Payment. – Notwithstanding the provisions of G.S. 147-86.20 and
37 G.S. 147-86.21, this subsection applies to debts owed a community college, a local school
38 administrative unit, an area mental health, developmental disabilities, and substance abuse
39 authority, and the Administrative Office of the Courts, and to debts payable to or through the
40 office of a clerk of superior court or a magistrate, as well as to debts owed to other State agencies
41 as defined in G.S. 147-86.20.

42 (b1) Policies Established. – The State Controller shall establish policies that allow
43 accounts receivable to be payable under certain conditions by electronic payment. The policies
44 shall provide that transaction fees for electronic payments may be imposed as provided in
45 G.S. 66-58.12, unless otherwise provided for by law. These policies shall be established with the
46 concurrence of the State Treasurer. In addition, any policies that apply to debts payable to or
47 through the office of a clerk of superior court or a magistrate shall be established with the
48 concurrence of the Administrative Officer of the Courts. The Administrative Officer of the Courts
49 may also establish policies otherwise authorized by law that apply to these debts as long as those
50 policies are not inconsistent with the Controller's policies. State agencies shall use the vendor or
51 vendors under the statewide term contract for electronic payments allowed under the policies

1 established under this subsection, unless explicitly exempted by the State Controller, in
2 concurrence with the State Treasurer or the Administrative Officer of the Courts, as applicable.

3 ~~A condition of payment by electronic payment is receipt by the appropriate State agency of~~
4 ~~the full amount of the account receivable owed to the State agency. A debtor who pays by~~
5 ~~electronic payment may be required to pay any fee or charge associated with the use of electronic~~
6 ~~payment.~~

7 (b2) Payment Processor Fees. – The policies established by the State Controller under
8 subsection (b1) of this section and the terms of the statewide term contract executed pursuant to
9 subdivision (3a) of subsection (a) of this section may authorize a vendor providing payment
10 processing services to retain their transaction fee at the time each transaction is made instead of
11 submitting the full amount of the account receivable owed to the State agency; provided,
12 however, the transaction fee shall not exceed two percent (2%) of the total amount of each
13 transaction. The State Controller may also establish policies and authorize contracts that provide
14 a State agency may require a vendor to pay the full amount of the account receivable owed to the
15 State agency, on a schedule agreed to by the agency and vendor, and thereafter the vendor shall
16 be reimbursed for the transaction fees owed to it by the State. In the case of reimbursement, the
17 transaction fee owed to the vendor shall not exceed two percent (2%) of the full amount of the
18 account receivable owed to the State agency. Fees associated with processing electronic
19 payments may be paid out of the General Fund and Highway Fund if the payment of the fee by
20 the State is economically beneficial to the State and the payment of the fee by the State has been
21 approved by the State Controller and State Treasurer.

22 (b3) Consult General Assembly. – The State Controller and State Treasurer shall consult
23 with the Joint Legislative Commission on Governmental Operations before establishing policies
24 that allow accounts receivable to be payable by electronic payment and before authorizing fees
25 associated with electronic payment to be paid out of the General Fund and Highway Fund.

26 (b4) Payments Not Honored. – A payment of an account receivable that is made by
27 electronic payment and is not honored by the issuer of the card or the financial institution offering
28 electronic funds transfer does not relieve the debtor of the obligation to pay the account
29 receivable.

30 (c) Collection Techniques. – The State Controller, in conjunction with the Office of the
31 Attorney General, shall establish policies and procedures to govern techniques for collection of
32 accounts receivable. These techniques may include use of credit reporting bureaus, judicial
33 remedies authorized by law, and administrative setoff by a reduction of a tax refund pursuant to
34 the Setoff Debt Collection Act, Chapter 105A of the General Statutes, or a reduction of another
35 payment, other than payroll, due from the State to a person to reduce or eliminate an account
36 receivable that the person owes the State.

37 The State Controller shall negotiate a contract with a third party to perform an audit and
38 collection process of inadvertent overpayments by State agencies to vendors as a result of pricing
39 errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds,
40 erroneously paid excise taxes, and related errors. The third party shall be compensated only from
41 funds recovered as a result of the audit. Savings realized in excess of costs shall be transferred
42 from the agency to the Office of State Budget and Management and placed in a special reserve
43 account for future direction by the General Assembly. Any disputed savings shall be settled by
44 the State Controller. This paragraph does not apply to the purchase of medical services by State
45 agencies or payments used to reimburse or otherwise pay for health care services.

46 (d) Annual Report. – The State Controller shall report annually to the Joint Legislative
47 Commission on Governmental Operations and the Fiscal Research Division on the revenue
48 deposited into Special Reserve Account 24172 and the disbursement of that revenue."

49 **SECTION 27.2.(c)** The State Controller, in concurrence with the State Treasurer and
50 the Administrative Officer of the Courts, and any State agency subject to a contract with a vendor
51 to provide electronic payment processing services shall make every effort allowed by law to

1 amend the terms of those contracts to include a provision that the transaction fee paid to the
2 vendor shall not exceed two percent (2%) of the total amount of each transaction or two percent
3 (2%) of the full amount of the account receivable owed to the State. Upon the expiration,
4 amendment, or renewal of the contract for electronic payment processing services, the State
5 Controller, in concurrence with the State Treasurer and the Administrative Officer of the Courts,
6 and any State agency shall include, as part of the new, amended, or renewed contract, a provision
7 which explicitly states that the amount of the transaction fee to be paid by the State or the State
8 agency shall not exceed two percent (2%) of the total amount of each transaction or two percent
9 (2%) of the full amount of the account receivable owed to the State.

10 **SECTION 27.2.(d)** G.S. 18B-404 reads as rewritten:

11 **"§ 18B-404. Additional provisions for purchase and transportation by mixed beverage**
12 **permittees.**

13 ...

14 (e) **Electronic Payment.** – A local board shall accept electronic payments for any
15 spirituous liquor purchased by a mixed beverages permittee. A local board may not charge a
16 transaction fee for accepting electronic payments under this subsection. subsection and shall not
17 charge a surcharge for accepting electronic payments. For purposes of this subsection, the term
18 "electronic payment" means payment following definitions apply:

19 (1) Electronic payment. – Payment by debit card or by electronic funds transfer
20 as defined in G.S. 105-228.90, but does G.S. 105-228.90. The term does not
21 include mean payment by charge card or credit card.

22 (2) Surcharge. – As defined in G.S. 66-58.12(b).

23 (3) Transaction fee. – As defined in G.S. 66-58.12(b).

24 (f) **Delivery Service.** – A local board shall offer delivery service to mixed beverage
25 permittees. In providing delivery of purchased products to mixed beverage permittees, the local
26 board may use its employees or contract with one or more independent contractors and may
27 charge a fee to the permittee. A local board in a Tier 1 or Tier 2 county, as defined in
28 G.S. 143B-472.35(a2)(18), may request an exemption to this requirement from the ABC
29 Commission. The Commission shall grant the request if the local board can show evidence of
30 unreasonable hardship or difficulty incurred by implementing delivery service."

31 **SECTION 27.2.(e)** G.S. 18B-907 reads as rewritten:

32 **"§ 18B-907. Allow electronic submission of payments and forms.**

33 (a) **Forms.** – The Commission shall make all forms required by the Commission to apply
34 for and receive a permit available on the Commission's Web site, and the Commission shall, to
35 the extent practicable, allow for the electronic submission of these forms. Any form required by
36 the Commission to apply for and receive a permit that requires a signature may be submitted with
37 an electronic signature in accordance with Article 40 of Chapter 66 of the General Statutes.

38 (b) **Payments.** – The Commission shall accept electronic payments for any fee required
39 under this Chapter to receive a permit. Any person who makes an electronic payment may be
40 charged a transaction fee to cover the costs incurred in accepting the payment electronically. The
41 transaction fee may be either a flat fee or a percentage fee. Neither the flat fee nor the percentage
42 fee shall exceed two percent (2%) of the total amount of each transaction. The Commission shall
43 not charge a surcharge for accepting electronic payments. For purposes of this subsection, the
44 term "electronic payment" means payment by charge card, credit card, debit card, or by electronic
45 funds transfer as defined in G.S. 105-228.90.G.S. 105-228.90, and the terms "surcharge" and
46 "transaction fee" mean the same as in G.S. 66-58.12(b).

47 (c) **Fee.** ~~The Commission may charge a fee to be used to cover costs incurred by the~~
48 ~~Commission in processing forms electronically and accepting payments electronically. The fee~~
49 ~~authorized under this subsection may not exceed five dollars (\$5.00)."~~

50 **SECTION 27.2.(f)** G.S. 20-4.05 reads as rewritten:

51 **"§ 20-4.05. Authority of Division to charge transaction fee on electronic payments.**

1 (a) When the Division accepts electronic payment, as that term is defined in
2 G.S. 147-86.20, for any cost, fee, fine, or penalty imposed pursuant to this Chapter, the Division
3 may add a transaction fee to each electronic payment transaction to ~~offset the service charge the~~
4 ~~Division pays for electronic payment service.~~ cover the costs incurred in accepting the payment
5 electronically. The Division's transaction fee may be either a flat fee or a percentage fee. Neither
6 the flat fee nor the percentage fee shall not exceed two percent (2%) of the electronic
7 payment total amount of each transaction. The Division shall not charge a surcharge for accepting
8 electronic payments. For purposes of this subsection, the terms "surcharge" and "transaction fee"
9 have the same meanings as in G.S. 66-58.12(b).

10 (a1) When the Division accepts electronic payment for any taxes or fees on behalf of a
11 county or city, the Division may add a transaction fee to each electronic payment transaction as
12 provided in subsection (a) of this section. The Division shall not charge a person, county, or city
13 a surcharge for accepting electronic payments.

14 (b) Notwithstanding G.S. 66-58.12, this section applies to transactions completed in
15 person, through the World Wide Web, or through any other means of electronic access."
16

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-SBE-H1-P

State Board of Elections
House Appropriations, General Government

Requested by

SBE/HAVA FUNDS

SECTION #. The State Board of Elections shall use federal Help America Vote Act (HAVA) funds appropriated in this act for the 2025-2027 fiscal biennium for the following purposes:

- (1) To continue funding for equipment and software for critical information technology operations.
- (2) To continue funding information technology and regional support positions, including the Information Technology Security and Compliance Manager.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-SBE-H2-P

State Board of Elections
House Appropriations, General Government

Requested by

EXEMPT POSITIONS IN SBE

SECTION #. G.S. 126-5 reads as rewritten:

"§ 126-5. Employees subject to Chapter; exemptions.

...

(c14) Notwithstanding any provision of this Chapter to the contrary, each Council of State ~~agency and agency,~~ the Office of the State ~~Controller-Controller,~~ and the Executive Director of the State Board of Elections has the sole authority to set the salary of its exempt policymaking and exempt managerial positions within the minimum rates, and the maximum rates plus ten percent (10%), established by the State Human Resources Commission under G.S. 126-4(2).

...

(d)(1) Exempt Positions in Cabinet Department. – Subject to this Chapter, which is known as the North Carolina Human Resources Act, the Governor may designate a total of 425 exempt positions throughout the following departments and offices:

...

- (2) Exempt Positions in Council of State Departments and ~~Offices and Offices,~~ the Office of the State ~~Controller-Controller,~~ and the State Board of Elections. – The Secretary of State, the Auditor, the Treasurer, the Attorney General, the Superintendent of Public Instruction, the Commissioner of Agriculture, the Commissioner of Insurance, the Labor Commissioner, ~~and the State Controller-Controller,~~ and the Executive Director of the State Board of Elections may designate exempt positions. The number of exempt policymaking positions in each department headed by an elected department head listed in this subdivision is limited to 25 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions is limited to 25 positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt policymaking positions designated by the Superintendent of Public Instruction is limited to 70 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions designated by the Superintendent of Public Instruction is limited to 70 exempt managerial positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The total number of exempt positions, policymaking and managerial, designated by the Office of the State Controller is limited to 10. The number of exempt positions designated by the Executive Director of the State Board of Elections is limited to the following seven: Agency Human Relations Director II, Agency General Counsel II, Assistant General Counsel II, Public Information Manager, Legislative Affairs Manager, Internal Auditor, and Administrative Officer III.

1 ...
2 (4) Vacancies. – In the event of a vacancy in the Office of Governor, the office of
3 a member of the Council of State, ~~or the Office of the State Controller,~~
4 Controller, or the Executive Director of the State Board of Elections, the
5 person who succeeds to or is appointed or elected to fill the unexpired term
6 shall make designations in a letter to the Director of the Office of State Human
7 Resources, the Speaker of the House of Representatives, and the President of
8 the Senate within 180 days after the oath of office is administered to that
9 person.
10"

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-SBE-H3-P

State Board of Elections
House Appropriations, General Government

Requested by

SBE RETAIN PRIVATE COUNSEL

SECTION #. G.S. 163-25 reads as rewritten:

"§ 163-25. Authority of State Board to assist in ~~litigation~~ county board litigation; retain private counsel for legal services.

(a) County Board Litigation. – The State Board shall possess authority to assist any county board of elections in any matter in which litigation is contemplated or has been initiated, provided, the county board of elections in such county petitions, by majority resolution, for such assistance from the State Board and, provided further, that the State Board determines, in its sole discretion by majority vote, to assist in any such matter. It is further stipulated that the State Board shall not be authorized under this provision to enter into any litigation in assistance to counties, except in those instances where the uniform administration of this Chapter has been, or would be threatened. Notwithstanding the provisions of G.S. 147-17 and G.S. 114-2.3, the State Board may retain private counsel to provide legal assistance in execution of its authority to assist county boards of election under this subsection. The State Board shall supervise and manage counsel employed or retained under this subsection. The State Board may use funds available to the Board of Elections to employ or retain private counsel under this subsection.

~~(b) The Attorney General shall provide the State Board with legal assistance in execution of its authority under this section or, in the Attorney General's discretion, recommend that private counsel be employed.~~

~~(c) If the Attorney General recommends employment of private counsel, the State Board may employ counsel with the approval of the General Assembly.~~

(d) State Board Litigation. – Notwithstanding the provisions of G.S. 147-17 and G.S. 114-2.3, the State Board may retain private counsel to provide legal services, including litigation services, to the State Board or the Executive Director in any action or matter arising in the scope and course of the Board's or the Director's official duties. The State Board shall supervise and manage counsel employed or retained under this subsection. The State Board may use funds available to the Board of Elections to employ or retain private counsel under this subsection."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Sending to BP
SPECIAL PROVISION



2025-GA-H1(S29.1)i

General Assembly
House Appropriations, General Government

AMERICA'S SEMIQUINCENTENNIAL COMMITTEE

SECTION 29.1.(a) Section 14.10 of S.L. 2023-134 reads as rewritten:

"SECTION 14.10.(a) There is created the America's Semiquincentennial Committee (the Committee).

"SECTION 14.10.(b) Membership. – The Committee shall be composed of ~~seven~~nine members, as follows:

- (1) ~~Three~~Four members appointed by the President Pro Tempore of the Senate, ~~one~~two of whom shall be ~~a member~~members of the Senate and the remainder of whom shall be members of the public.
- (2) ~~Three~~Four members appointed by the Speaker of the House of Representatives, ~~one~~two of whom shall be ~~a member~~members of the House of Representatives and the remainder of whom shall be members of the public.
- (3) One member jointly appointed by the President Pro Tempore of the Senate and the Speaker of the House of Representatives who shall be a noted historian with expertise regarding the American Revolution.

"SECTION 14.10.(c) Terms; Chairs; Vacancies; Quorum. – Members appointed shall serve until the Committee terminates. The Committee shall have two cochairs which shall be the legislative member designated by the President Pro Tempore of the Senate and the legislative member designated by the Speaker of the House of Representatives. The Committee shall meet upon the call of the cochairs. Vacancies shall be filled by the appointing authority. A quorum of the Committee shall be a majority of the members.

"SECTION 14.10.(d) Duties. – ~~The~~Using funds available, the Committee shall ~~(i) study~~have the following duties:

- (1) Study means for the State to celebrate the two hundred fiftieth anniversary of the founding of our ~~nation and (ii) report~~nation.
- (2) Report the means and anticipated costs of the celebratory events to the General Assembly.
- (3) Plan, execute, and coordinate events and activities that celebrate the semiquincentennial in any of the following ways:
 - a. Maintaining a website, social media, web-based or phone-based application, or commercial advertising that provides information on the semiquincentennial and events celebrating the semiquincentennial throughout the State.
 - b. Creating and presenting educational materials and hosting educational contests for elementary, secondary, and postsecondary schools.
 - c. Creating visual, auditory, or written content about the semiquincentennial.
 - d. Partnering with any of the following on events, activities, or publicity for the semiquincentennial:

1. State entities such as the North Carolina Symphony, the University of North Carolina Center for Public Media, and the Department of Natural and Cultural Resources.
2. America 250 NC federal, State, and county committees.
3. Nonprofits, historical, cultural, and business entities.
4. Any other entities the Committee deems appropriate.

"SECTION 14.10.(e) Compensation; Administration. – Members of the Committee shall receive subsistence and travel allowances at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. Using funds available, the Committee may contract to execute duties specified under subdivision (3) of subsection (d) of this section. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Directors of Legislative Assistants of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

"SECTION 14.10.(f) Reports; Termination. – The Committee shall make ~~an~~ the following reports to the General Assembly:

- (1) An interim ~~report-report~~ to the 2025 Regular Session of the 2025 General Assembly and a final report to Assembly by July 1, 2025, on planned events and expected costs for the semiquincentennial celebrations.
- (2) An interim report to the 2026 Regular Session of the 2025 General Assembly by March 31, 2026, on the outcome of any executed events or plans, as well as further plans and expected costs for the semiquincentennial celebrations.
- (3) An interim report to the 2027 Regular Session of the 2027 General Assembly on the outcome of any executed events or plans, as well as further plans and expected costs for the semiquincentennial celebrations.
- (4) A final report to the 2028 Regular Session of the 2027 General Assembly no later than ~~January 14, 2026.~~ January 15, 2028, on the outcome of any executed events or plans.

The Committee shall terminate on ~~January 15, 2026.~~ January 15, 2028.

"SECTION 14.10.(g) This section is effective when it becomes law."

SECTION 29.1.(b) This section is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Sending to BP
SPECIAL PROVISION



2025-OSHR-H1(S31A.4)i

Office of State Human Resources
House Appropriations, General Government

MODERNIZE AND SIMPLIFY THE STATE HUMAN RESOURCES ACT

SECTION 31A.4. By March 15, 2026, the Office of State Human Resources (OSHR) shall submit a report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division with recommended changes to Chapter 126 of the General Statutes to modernize the North Carolina Human Resources Act, simplify its provisions, and align it with contemporary human resources best practices. At a minimum, the report shall address legislative changes needed to:

- (1) Streamline hiring processes.
- (2) Enhance recruitment strategies and increase the attractiveness of State government employment.
- (3) Develop and maintain a high-quality, well-trained State workforce.
- (4) Improve State employee retention rates.

The OSHR shall collaborate with State agencies, local governments, and other relevant stakeholders to develop these legislative proposals.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-OSHR-H4-P

Office of State Human Resources
House Appropriations, General Government

Requested by

1 ***NEW PERFORMANCE MANAGEMENT AND EVALUATION SYSTEM***

2 **SECTION #.(a)** The Office of State Human Resources shall submit to the State
3 Human Resources Commission, the Joint Legislative Oversight Committee on General
4 Government, and the Governor an improved process for performance management and
5 evaluation. The State Human Resources Commission, subject to the approval of the Governor,
6 shall adopt a new performance management and evaluation policy by March 15, 2026.

7 **SECTION #.(b)** Any rules adopted by the State Human Resources Commission on
8 performance management and evaluation on or before the date the new performance management
9 and evaluation policy becomes effective shall remain in effect until the date the new performance
10 management and evaluation policy becomes effective.

11 **SECTION #.(c)** This section is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-INS-H4(S32.1)-P

Department of Insurance
House Appropriations, General Government

1 ***DIRECT OSBM TO GIVE OSFM SEPARATE BUDGET CODE***

2 **SECTION 32.1.** The Office of State Budget and Management shall establish a new
3 budget code for the Office of the State Fire Marshal (OSFM) and create new budget funds for
4 each division of the OSFM.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Sending to BP
SPECIAL PROVISION



2025-INS-H5(S32.2)i

Department of Insurance
House Appropriations, General Government

WORKERS' COMPENSATION FUND FOR CERTAIN SAFETY WORKERS

SECTION 32.2.(a) Notwithstanding the provisions of G.S. 58-87-10, for the 2025-2026 fiscal year, the Office of the State Fire Marshal shall not set an amount to be paid by every eligible unit and eligible entity, as those terms are defined in G.S. 58-87-10(a), that elects to participate in the Workers' Compensation Fund created pursuant to G.S. 58-87-10(b). For the 2025-2026 fiscal year, no eligible unit or eligible entity shall be required to submit to the Office of the State Fire Marshal any payment to participate in the Fund.

SECTION 32.2.(b) G.S. 58-87-10 reads as rewritten:

"§ 58-87-10. Workers' Compensation Fund for the benefit of certain safety workers.

...

(f) Funding Study. – The Office of the State Fire Marshal shall annually conduct an actuarial study that shall do all of the following:

...

(3) Calculate how much revenue from the State and from member premiums would be required to meet the needs of the Fund for each of the following scenarios:

...

d. Member premiums, by job classification, set at the lowest amount necessary to maintain the cash balance in the Fund at the optimal amount identified by the actuary.

...."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-INS-H2(S32.3)-P

Department of Insurance
House Appropriations, General Government

CREATE PUBLIC PROPERTY INSURANCE ENTERPRISE FUND

SECTION #.(a) Effective May 1, 2026, Chapter 58 of the General Statutes is amended by adding a new Article 31B to be entitled "Public Property Protection Against All Perils."

SECTION #.(b) Effective May 1, 2026, Article 31B of Chapter 58 of the General Statutes, as enacted by subsection (a) of this section, is amended by adding a new Part 1 to be entitled "Public Property Insurance Enterprise Fund."

SECTION #.(c) Effective May 1, 2026, G.S. 58-31-2 is recodified as G.S. 58-31B-40.

SECTION #.(d) Effective May 1, 2026, Article 31B of Chapter 58 of the General Statutes, as enacted by subsection (a) of this section and as amended by subsections (b) and (c) of this section, reads as rewritten:

"Article 31B.

"Public Property Protection Against All Perils.

"Part 1. Public Property Insurance Enterprise Fund.

"§ 58-31B-1. Definitions.

For purposes of this Article, the following definitions apply:

- (1) Reserved for future codification purposes.
- (2) Enterprise Fund. – The Public Property Insurance Enterprise Fund established under G.S. 58-31B-2.
- (3) Insurance Fund. – The State Public Education Property Insurance Fund established under G.S. 58-31A-20.
- (4) Peril. – Any of the following perils, risks, or hazards:
 - a. Fire.
 - b. Lightning.
 - c. Hurricane, tornado, or other windstorm.
 - d. Hail.
 - e. Explosion.
 - f. Aircraft or other vehicle causing damage to property as a result of a crash or other act.
 - g. Riot or other civil commotion.
 - h. Smoke.
 - i. Vandalism.
 - j. Sprinkler leakage or malfunction.
 - k. Sinkhole collapse.
 - l. Volcanic action or earthquake.
 - m. Falling object.
 - n. Weight of snow, ice, sleet, or other weather event.
 - o. Mudslide.
 - p. Flood.
 - q. Water damage.

- (5) Reserved for future codification purposes.
- (6) Self-insurance Fund. – The State Property Self-insurance Fund established under G.S. 58-31B-20.
- (7) State property. – Real property, and any fixtures or appurtenances found in or attached to that real property, owned by the State or a department, agency, or institution of the State.

"§ 58-31B-2. Public Property Insurance Enterprise Fund.

(a) Creation. – The Public Property Insurance Enterprise Fund is created as a nonreverting enterprise fund, as defined in G.S. 143C-1-3, in the Department of Insurance and to which funds, receipts, transfers, appropriations, contributions, investment earnings, and other income, except for amounts necessary to pay any allowable administration costs or costs associated with payable claims under this Article or Part 1 of Article 31A of this Chapter belonging to the Self-insurance Fund and the Insurance Fund shall be deposited.

(b) Investments. – The assets of the Enterprise Fund shall be invested in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3.

(c) Purpose of Enterprise Fund. – All funds held in the Enterprise Fund are for the purpose of paying claims for damage or loss as a result of any perils for which the Insurance Fund or the Self-insurance Fund is liable. No funds in the Enterprise Fund shall be utilized to purchase any commercial insurance or reinsurance product.

(d) Assets. – The assets of the Enterprise Fund shall be used only for the exclusive benefit of the Insurance Fund, the Self-insurance Fund, and entities that have property that is protected against damage or loss by the Insurance Fund or the Self-insurance Fund.

"§ 58-31B-5. Actuarial analysis of funds.

(a) Annually, the Office of State Fire Marshal shall conduct an actuarial analysis of the Enterprise Fund, the Insurance Fund, and the Self-insurance Fund for the purposes of setting contribution amounts under G.S. 58-31B-30 and premium rates under G.S. 58-31A-40. The State Fire Marshal may contract with a third party or enter into an agreement with another State department, agency, or institution to conduct the actuarial analysis.

(b) No later than March 1, a copy of the actuarial analysis conducted under this section shall be submitted to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division. This analysis shall be provided upon request to any public education board that participates in the Insurance Fund or any State department, agency, or institution that participates in the Self-insurance Fund.

"§ 58-31B-10. Transfers from the Enterprise Fund.

Funds shall be transferred from the Public Property Insurance Enterprise Fund to either the Insurance Fund or the Self-insurance Fund, as applicable, upon the processing of a claim in accordance with this Article or Part 1 of Article 31A of this Chapter.

"Part 2. Requirements for State Property.

"§ 58-31B-20. State Property Self-insurance Fund.

(a) Self-Insurance Fund. – The State Property Self-insurance Fund is established as a nonreverting special fund in the Department of Insurance.

(b) Source of Funds. – The State Property Self-insurance Fund shall consist of the following funds:

- (1) Contributions made by each State department, agency, and institution that is required under this Article to contribute to the Self-insurance Fund.
- (2) Transfers from the Enterprise Fund to the Self-insurance Fund for the purpose of paying claims for damage or loss to State property resulting from any peril that are submitted by a State department, agency, or institution in accordance with this Part.
- (3) Any funds appropriated to the Self-insurance Fund.

1 (c) Utilization of Funds. – The State Fire Marshal is authorized to utilize the funds in the
2 Self-insurance Fund solely for the following purposes:

3 (1) Administration of the Self-insurance Fund and the Enterprise Fund. – No more
4 than ten percent (10%) of the amount collected in contributions under this Part
5 in any State fiscal year may be used for the purposes of administering the
6 Self-insurance Fund and the Enterprise Fund and carrying out duties under
7 this Article.

8 (2) Payments to the Enterprise Fund. – Quarterly, any funds in the Self-insurance
9 Fund that are not to be utilized for the administrative purposes authorized
10 under this section or to pay out any claims that have been previously submitted
11 under this Part by a State department, agency, or institution shall be
12 transferred to the Enterprise Fund.

13 (d) Prohibited Use of Funds. – No funds in the Self-insurance Fund shall be utilized to
14 purchase any commercial insurance or reinsurance product.

15 **"§ 58-31B-25. Contributions to Self-insurance Fund required.**

16 (a) For the purposes of providing coverage of State property in the event of damage or
17 loss resulting from any peril, unless otherwise provided by this Article, every State department,
18 agency, and institution shall contribute to the State Property Self-insurance Fund in accordance
19 with this Article.

20 (b) Nothing in this Article shall prohibit a State department, agency, or institution from
21 purchasing any insurance product authorized under Article 31 of this Chapter. A State
22 department, agency, or institution shall not purchase commercial property insurance or
23 reinsurance for any State property covered under this Article.

24 **"§ 58-31B-30. Determination and adjustment of required contribution amount.**

25 (a) The Office of State Fire Marshal shall determine the contribution amount to be paid
26 by each State department, agency, and institution required to submit contributions to the
27 Self-insurance Fund under this Part. Contribution amounts shall be adjusted annually.

28 (b) In setting the contribution amounts under this section, all of the following shall be
29 considered:

30 (1) The reasonable administrative expenses of the Self-insurance Fund and the
31 Enterprise Fund.

32 (2) The need to maintain adequate reserves in the Enterprise Fund to pay claims
33 under this Part for State property loss or damage resulting from perils.

34 (3) The results of the actuarial analysis conducted under G.S. 58-31B-5.

35 (c) If the balance of the assets held in the Enterprise Fund equals at least five percent
36 (5%) of the combined replacement value of all State property covered by the Self-insurance Fund
37 and all public education property, as that term is defined in G.S. 58-31A-1, insured in the
38 Insurance Fund, then the required contribution amounts shall be proportionately decreased to an
39 annual amount that is sufficient to maintain the assets held in the Enterprise Fund at five percent
40 (5%) of the combined replacement value of all State property covered by the Self-insurance Fund
41 and all public education property insured in the Insurance Fund.

42 **"§ 58-31B-35. Payment of contributions.**

43 (a) The Office of State Fire Marshal shall set the intervals at which payment for the
44 contributions to the Self-insurance Fund under this Part shall be made by a State department,
45 agency, or institution. The Office of State Fire Marshal shall provide notification to each State
46 department, agency, or institution as to the contribution amount due at each interval. Within 30
47 days of notice of an amount due for contributions under this Part, the State department, agency,
48 or institution shall pay the contribution amount due.

49 (b) Any contributions not paid within the time period required under this section shall
50 bear interest at the rate of six percent (6%) per annum.

1 (c) Upon receipt of payment of the contribution amount due under this Part, the payment
2 shall be deposited in the Self-insurance Fund.

3 **"§ 58-31B-40. Certain buildings of North Carolina Global TransPark exempt exemptions**
4 **to participation in Self-insurance Fund.**

5 The following entities are exempt from the requirement to contribute to the Self-insurance
6 Fund and shall not submit claims under this Part for a loss or damage occurring as a result of any
7 peril:

8 (a)(1) A building located on State lands that is privately owned or privately leased,
9 and located within the North Carolina Global TransPark, is exempt from
10 application of this Article provided that (i) the TransPark if all of the following
11 conditions are met:

12 a. The North Carolina Global TransPark Authority requires a private
13 owner or private lessee to obtain adequate insurance to cover fire
14 losses and damages to underlying and surrounding real property
15 owned by the State, (ii) State and the private owner or private lessee
16 obtains and maintains adequate insurance naming the Authority and
17 the Department of Transportation as an additional insured for fire
18 losses, and (iii) the losses and damages. The minimum amount of
19 insurance required under this sub-subdivision is one million dollars
20 (\$1,000,000) per occurrence and two million dollars (\$2,000,000)
21 aggregate per occurrence.

22 b. The North Carolina Global TransPark Authority discloses to the
23 private owner or private lessee that the State of North Carolina shall
24 not reinsure that building and the building is exempt from the State
25 Property Fire Insurance Fund coverage for fires losses. Self-insurance
26 Fund and is not authorized to submit claims under this Part for any
27 losses or damages occurring as a result of any peril.

28 (b) The minimum amount of insurance that will be required under subsection (a) of this
29 section is one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000)
30 aggregate per occurrence.

31 (c)c. The North Carolina Global TransPark Authority shall notify has
32 notified the Office of State Fire Marshal in writing that the Authority
33 is entering into a contract or modifying a contract for which the
34 exemption under this section would apply at least 30 days prior to
35 entering into or modifying that contract. The Authority shall consult
36 with the Office of State Fire Marshal regarding the adequacy of
37 insurance for fire losses and damages required by this section
38 subdivision during this period.

39 (2) Reserved for future codification purposes.

40 **"§ 58-31B-45. Claims submission and adjudication.**

41 (a) A State department, agency, or institution required under this Part to make
42 contributions to the Self-insurance Fund shall submit a claim to the Self-insurance Fund when
43 that department, agency, or institution experiences loss or damage to State property as a result of
44 a peril. The Self-insurance Fund shall process all claims submitted under this Part. The
45 Self-insurance Fund shall pay claims associated with loss or damage in an amount not exceeding
46 the amount that it would cost to repair or replace the property with material of like kind and
47 quality within a reasonable time after the loss or damage.

48 (b) The amount to be paid for a claim under this section is determined by the Office of
49 State Fire Marshal and the official designated by the State department, agency, or institution
50 controlling the State property for which the claim was submitted. If an agreement as to the extent
51 of the loss or damage related to that claim cannot be reached between these two parties, then the

1 amount of the loss or damage shall be determined by three appraisers and no claim amount in
2 dispute shall be paid until the completion of that determination. The three appraisers shall be
3 disinterested persons who are qualified from experience to appraise and value property and shall
4 be selected as follows:

5 (1) The State Fire Marshal shall select one appraiser.

6 (2) The official designated by the State department, agency, or institution
7 controlling the property for which the claim was submitted shall select one
8 appraiser.

9 (3) The two appraisers selected by the State Fire Marshal and the designated
10 official shall select a third appraiser. If the appraisers selected by the State Fire
11 Marshal and the designated office fail to agree upon a third appraiser within
12 15 days of their selection, then, on request of the State Fire Marshal or the
13 designated official, a third appraiser shall be selected by the Secretary of the
14 Department of Administration.

15 (c) The appraisers selected and required under this section shall file their written report
16 within 90 days of the selection of all three required appraisers detailing the loss or damage with
17 the Office of State Fire Marshal and with the State department, agency, or institution that
18 submitted the claim.

19 (d) The costs of any appraisal required under this section shall be paid by, and considered
20 an administrative expense of, the Self-insurance Fund.

21 (e) Upon the determination of the loss or damage to the State property made by the
22 appraisers selected and required under this section, the Self-insurance Fund shall pay the claim
23 in full to the applicable State department, agency, or institution.

24 (f) Notwithstanding G.S. 58-2-75 or any other provision of this Chapter to the contrary,
25 the determination of the loss or damage to State property by the appraisers under this section is
26 not appealable and not a contested case under Article 3 of Chapter 150B of the General Statutes."

27 **SECTION #.(e)** Effective May 1, 2026, Part 1 of Article 31A of Chapter 58 of the
28 General Statutes reads as rewritten:

29 "Part 1. Public Education Property.

30 **"§ 58-31A-1. Definitions.**

31 The following definitions shall apply in this Part:

32 (1) Enterprise Fund. – The Public Property Insurance Enterprise Fund established
33 under G.S. 58-31B-2.

34 (1a) Insurable hazards. – ~~A minimum list of perils, risks, or hazards which must be~~
35 ~~insured against loss, which includes the following: fire, lightning, windstorm,~~
36 ~~hail, explosion, aircraft or vehicles, riot or civil commotion, smoke,~~
37 ~~vandalism, sprinkler leakage, sinkhole collapse, volcanic action, falling~~
38 ~~objects, weight of snow, ice or sleet, or water damage.~~ All perils defined under
39 G.S. 58-31B-1.

40 (1b) Insurance Fund. – The State Public Education Property Insurance Fund
41 established under G.S. 58-31A-20.

42 (2) Public education board. – ~~A local board of education of a local school~~
43 ~~administrative unit, as defined in G.S. 115C-5(5), a board of trustees of a~~
44 ~~regional school, as defined in G.S. 115C-238.63, The governing body of any~~
45 ~~public school unit, as those terms are defined in G.S. 115C-5, or a board of~~
46 ~~trustees of a community college, as defined in G.S. 115D-12.~~

47 (3) Public education property. – ~~Property~~ Real property, and any fixtures or
48 ~~appurtenances found in or attached to that real property, owned by a local~~
49 ~~board of education, a regional school board of directors, or a community~~
50 ~~college board of trustees.~~ public education board.

1 **"§ 58-31A-5. ~~Duty of the State Fire Marshal to operate~~ Operation of insurance system for**
2 **public education property.**

3 (a) The State Fire Marshal shall ~~have the duty to~~ manage and operate a system of
4 insurance for public education property. ~~The State Fire Marshal may offer a system of property~~
5 ~~insurance to any charter schools approved pursuant to G.S. 115C-218.5 against damage or loss~~
6 ~~resulting from all insurable hazards to public education property in accordance with this Part.~~

7 (b) The system of insurance under this Part shall be operated at a low cost to public
8 education boards and to the State while also ensuring the solvency of the Insurance Fund and the
9 Enterprise Fund.

10 ...

11 **"§ 58-31A-20. ~~State Public Education Property Insurance Fund; decrease of premiums~~**
12 **~~when fund reaches five percent of total insurance in force.~~ Fund.**

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

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

36 (c) Source of Funds. – The Insurance Fund shall consist of the following funds:

37 (1) The premium payments made by each public education board that participates
38 in the insurance program operated under this Part.

39 (2) Transfers from the Enterprise Fund to the Insurance Fund for the purpose of
40 paying claims for damage or loss to public education property resulting from
41 any insurable hazard that are submitted by a public education board in
42 accordance with this Part.

43 (3) Any funds appropriated to the Insurance Fund.

44 (d) Utilization of Funds. – The Office of State Fire Marshal is authorized to utilize the
45 funds in the Insurance Fund solely for the following purposes:

46 (1) Administration of the Insurance Fund and the Enterprise Fund. – No more
47 than ten percent (10%) of the amount collected in premiums in any State fiscal
48 year may be used for the purposes of administering the Insurance Fund and
49 the Enterprise Fund and carrying out duties under this Part.

50 (2) Payments to the Enterprise Fund. – Quarterly, any funds in the Insurance Fund
51 that are not to be utilized for the administrative purposes authorized under this

1 section or to pay out any claims that have been previously submitted under
2 this Part by a public education board shall be transferred to the Enterprise
3 Fund.

4 (e) Prohibited Use of Funds. – No funds in the State Public Education Property Insurance
5 Fund shall be utilized to purchase any commercial insurance or reinsurance product.

6 **"§ 58-31A-25. Insurance-Optional insurance of property by public education boards; notice**
7 **of election to insure and information to be furnished; outstanding policies.**

8 (a) All public education boards may insure in the Insurance Fund as part of the program
9 of insurance operated under this Part all public education property titled to that board against the
10 direct loss or damage by insurable hazards in public education buildings and other public
11 education properties in the Fund. Any property covered by an insurance policy in effect on the
12 date when the property of a public education board is insured in the Fund shall be insured by the
13 Fund as of the expiration of the policy hazards, subject to the requirements of this Part.

14 (b) Each public education board shall give notice of its election to insure public education
15 property in the Insurance Fund under this Part at least 90 days prior to such insurance in the
16 Insurance Fund becoming effective and effective. As part of the required notice, the public
17 education board shall furnish to the Office of State Fire Marshal a full and complete list of all
18 outstanding property insurance policies, giving in complete detail the or reinsurance policies.
19 This list shall include all of the following information in complete detail:

20 (1) The name of the insurers, the insurer operating each commercial property
21 insurance or reinsurance policy.

22 (2) The amount of the insurance and expirations thereof. While the said insurance
23 policies remain in effect, the Fund shall act as coinsurer of the properties
24 covered by such insurance to the same extent and in the same manner as is
25 provided for coinsurance under the provisions of the standard form of property
26 insurance as provided by law, and in the event of loss shall have the same
27 rights and duties as required by participating insurance companies each
28 insurance or reinsurance policy.

29 (3) The date each insurance or reinsurance policy expires.

30 (c) No public education property shall be insured by the Insurance Fund if that property
31 is covered by a commercial insurance or reinsurance policy. Both of the following shall apply:

32 (1) Any public education property covered by a commercial insurance or
33 reinsurance policy that is in effect on the date when a public education board
34 elects to insure property in the Insurance Fund as part of the program of
35 insurance operated under this Part shall not be insured by the Insurance Fund
36 until the expiration of the commercial insurance or reinsurance policy. On the
37 date of the expiration of the applicable policy, the public education property
38 shall be considered insured by the Insurance Fund.

39 (2) If a public education board obtains a commercial insurance or reinsurance
40 policy for any public education property that is currently insured by the
41 Insurance Fund, then, on the date the commercial insurance or reinsurance
42 policy is to take effect, any property covered by that commercial insurance or
43 reinsurance policy, to any degree, shall no longer be insured by the Insurance
44 Fund and the certification of insurance issued under this Article shall be
45 considered null and void on that date.

46 (d) A public education board that elects to not insure public education property in the
47 Insurance Fund under this Part shall be ineligible to receive State funds as indemnification for
48 any direct loss of, or damage to, public education property resulting from insurable hazards.

49 **"§ 58-31A-30. Inspections of insured public education properties.**

50 (a) The In addition to the inspections required under G.S. 115C-525(b), the Office of
51 State Fire Marshal shall provide for periodic inspections of all public education properties in the

1 State of North Carolina insured under the provisions of this Article, in addition to the inspections
2 required by G.S. 115C-525(b). The person making inspections required under G.S. 115C-525(b)
3 shall furnish a copy to the State Fire Marshal, and the local superintendent shall furnish to the
4 State Fire Marshal their corrective action plan, in the Insurance Fund as part of the program of
5 insurance operated under this Part. Each public education property shall be inspected under this
6 section no less than every five years.

7 (b) The inspections required under this section shall ~~be include~~ inspections related to the
8 prevention of insurable hazards and for safety of buildings and particularly buildings used to
9 provide instruction to students. The inspections shall be the basis for offering such engineering
10 advice as may be thought to be necessary making recommendations to safeguard students in
11 public education buildings from death and injury from school fires or explosions and the
12 insurable hazards and to protect the properties from loss, loss or damage from insurable hazards.
13 The public education properties boards shall be required so far as possible, and reasonable, to
14 carry out and put into effect any recommendations made by the State Fire Marshal. ~~Marshal,~~ in
15 accordance with G.S. 115C-525, as a result of these inspections and as a condition of the
16 applicable public education property remaining insured in the Insurance Fund.

17 **"§ 58-31A-35. Information to be furnished prior to insuring in Fund; providing for**
18 **payment of premiums.**~~Fund.~~

19 Public ~~At least 90 days prior to the date that the applicable public education property is~~
20 ~~insured in the Insurance Fund as part of the program of insurance operated under this Part, a~~
21 ~~public education boards shall, at least 90 days before insuring in the Fund, board shall~~ furnish to
22 the Office of State Fire Marshal a complete and detailed list of all public education buildings and
23 contents of those buildings and other insurable public education property, together with property
24 under that board's control and an estimate of the present value of the property. Valuation for
25 purposes of insuring in the Fund shall be reached by agreement in accordance with the procedure
26 established for adjustment of losses. Public education boards and the tax-levying authority shall
27 be required to provide for the payment of premiums for insurance on the school properties of
28 each public education board, respectively, to the extent of not less than eighty percent (80%) of
29 the current insurable value of the said properties, including the insurance in property insurance
30 companies and the insurance provided by the Fund that property provided by an appraiser
31 selected by the public education board.

32 **"§ 58-31A-40. Determination and adjustment of premium rates; certificate as to insurance**
33 **carried; no lapse; notice as to premiums required, and payments of**
34 **premiums.**~~rates.~~

35 (a) The Office of State Fire Marshal shall determine the annual premium rate to be
36 charged for insurance of public education properties pursuant to this Article, and rates in the
37 Insurance Fund as part of the program of insurance operated under this Part. Premium rates shall
38 be adjusted from time to time so as to provide insurance against damage or loss resulting from
39 insurable hazards to public education buildings and properties of the public education boards at
40 the lowest cost possible in keeping with the payment of cost of administration under this Article,
41 and the creation of adequate reserves to pay losses which may be incurred. The State Fire Marshal
42 shall furnish to each public education board annually and, at such times as changes may require,
43 a certificate showing the amount of insurance carried on each item of insurable property. This
44 insurance shall not lapse but shall remain in force until the public education board requests that
45 the insurance be canceled or until such property becomes uninsurable in the manner set out in
46 G.S. 58-31A-45. From time to time, the public education board shall be notified as to the amount
47 of the premiums required to be paid for insurance and the amounts to be provided for in the
48 annual budget of the public education board. The tax-levying authorities shall provide by taxation
49 or otherwise a sum sufficient to pay the required premiums annually.

50 (b) The public education board shall, within 30 days from notice of the rate of the
51 premium, pay to the State Fire Marshal the amount of the premiums on the insurance, and in the

1 event that there are no funds available to make a payment on the premiums as required by this
2 subsection, the premium shall be paid out of the first funds available to the public education
3 board. Delayed payments shall bear interest at the rate of six percent (6%) per annum.

4 (c) In setting the premium rates under this section, all of the following shall be
5 considered:

6 (1) The duty to provide insurance against damage or loss resulting from insurable
7 hazards to public education property at a low cost while also ensuring the
8 solvency of the Insurance Fund and the Enterprise Fund.

9 (2) The reasonable administrative expenses of the Insurance Fund and the
10 Enterprise Fund.

11 (3) The need to maintain adequate reserves in the Enterprise Fund to pay claims
12 under this Part for public education property damage or loss resulting from
13 insurable hazards.

14 (4) The results of the actuarial analysis conducted under G.S. 58-31B-5.

15 (d) If the balance of the assets held in the Enterprise Fund equals at least five percent
16 (5%) of the combined replacement value of all public education property insured in the State
17 Insurance Fund and all State property, as that term is defined in G.S. 58-31B-1, covered by the
18 Self-insurance Fund, then the required contribution amounts shall be proportionately decreased
19 to an annual amount that is sufficient to maintain the assets held in the Enterprise Fund at five
20 percent (5%) of the combined replacement value of all public education property insured in the
21 Insurance Fund and all State property covered by the Self-insurance Fund.

22 **"§ 58-31A-41. Certificate of insurance.**

23 On no less than an annual basis, and as the need requires, the Office of State Fire Marshal
24 shall furnish to each public education board a certificate showing the amount of insurance carried
25 on each public education property insured as part of the program of insurance operated under this
26 Part. This insurance shall not lapse but shall remain in force unless the public education board
27 requests the insurance be canceled or the public education property becomes uninsurable, as
28 determined by the appraisers under G.S. 58-31A-45 or by the State Fire Marshal.

29 **"§ 58-31A-43. Payment of premiums.**

30 (a) The Office of State Fire Marshal shall set the interval at which payments for premiums
31 under this Part shall be made by a public education board. Intervals shall be set in a manner that
32 takes into account the necessity of the amount due for premiums under this Part to be provided
33 for in the annual budget of public education boards. The Office of State Fire Marshal shall
34 provide notification to each public education board as to the premium amount due at each
35 interval. Within 30 days of notice of an amount due for premiums under this Part, the public
36 education board shall pay the amount due.

37 (b) The tax-levying authorities associated with a public education board shall provide by
38 taxation or otherwise a sum sufficient to pay the required premiums due under this Part. If there
39 are no funds available to a public education board to make a payment required by this section,
40 then the amount due shall be paid out of the first funds available to the public education board.
41 Delayed payments shall bear interest at the rate of six percent (6%) per annum.

42 (c) Upon receipt of a payment for any premium due under this Part, the payment shall be
43 deposited in the State Public Education Property Insurance Fund.

44 **"§ 58-31A-45. Adjustment of losses; determination and report of appraisers; payment of**
45 **amounts to treasurers of local school administrative units; disbursement of**
46 **funds. Claims submission and adjudication.**

47 (a) In the event of loss or damage by insurable hazards to a public education buildings
48 and properties for the public education boards, the property insured in the Insurance Fund as part
49 of the program of insurance operated under this Part, a public education board shall submit a
50 claim to the Insurance Fund. The Insurance Fund shall process all claims submitted under this
51 Part. The Insurance Fund shall pay claims associated with the loss (i) in the same proportion as

1 ~~the amount of insurance carried bore to the valuation of the property at the time it was insured,~~
2 ~~but or damage in an amount not exceeding the amount which that it would cost to repair or replace~~
3 ~~the property with material of like kind and quality within a reasonable time after the loss, (ii) not~~
4 ~~in excess of the amount of insurance provided for the property, and (iii) not in excess of the~~
5 ~~amount of the loss that the Fund is required to pay in participation with property insurance~~
6 ~~companies having policies of insurance in force on the properties at the time of the loss or~~
7 ~~damage. The Fund shall not be liable for a greater proportion of any loss than the amount of~~
8 ~~insurance shall bear to the whole insurance covering the property against the peril involved. loss~~
9 ~~or damage.~~

10 (b) ~~In the event of loss or damage by insurable hazards to public education buildings and~~
11 ~~properties of the public education boards, to the property insured, when The amount to be paid~~
12 ~~for a claim under this section is determined by the Office of State Fire Marshal and the public~~
13 ~~education board controlling the public education property for which the claim was submitted. If~~
14 ~~an agreement as to the extent of the loss or damage cannot be arrived at between the Office of~~
15 ~~State Fire Marshal and the public education board with control charge of the controlling the~~
16 ~~property, then the amount of the loss or damage shall be determined by three appraisers~~
17 ~~appraisers. The three appraisers shall be disinterested persons who are qualified from experience~~
18 ~~to appraise and value property and shall be selected as follows: the State Fire Marshal~~

19 (1) ~~The State Fire Marshal shall select one appraiser, the appraiser.~~

20 (2) ~~The public education board in control of controlling the property for which~~
21 ~~the claim was submitted shall select one appraiser, and the appraiser.~~

22 (3) ~~The two appraisers selected by the State Fire Marshal and the public education~~
23 ~~board shall select a third appraiser. The selected appraisers shall be~~
24 ~~disinterested persons and shall be qualified from experience to appraise and~~
25 ~~value the property. If the appraisers appointed by the State Fire Marshal and~~
26 ~~the public education board shall fail to agree upon a third appraiser within 15~~
27 ~~days of their selection, then, on request of the State Fire Marshal or the public~~
28 ~~education board, a third appraiser shall be selected by any regular resident~~
29 ~~superior court judge of the superior court district or set of districts as defined~~
30 ~~in G.S. 7A-41.1 in which the property is located.~~

31 (c) ~~The selected appraisers selected and required under this section shall file their written~~
32 ~~report within 90 days of the selection of all three required appraisers detailing the damage or loss~~
33 ~~with the State Fire Marshal and with the public education board. board that submitted the claim.~~
34 ~~If the appraisers determine that, after the loss or damage, the public education property is no~~
35 ~~longer insurable, then this determination shall be included in the report.~~

36 (d) ~~The costs of the any appraisal required under this section shall be paid from by, and~~
37 ~~considered an administrative expense of, the State Education Public Property Insurance Fund.~~

38 (e) ~~Upon the determination of the loss or damage to the public education property made~~
39 ~~by the appraisers, appraisers selected and required under this section, the State Fire Marshal~~
40 ~~Insurance Fund shall pay the claim in the full amount of the loss or damage to the education~~
41 ~~property to the finance officer of the public education board, upon proper warrant of the State~~
42 ~~Fire Marshal. The funds shall be paid out by the finance officer for the disbursement of the funds~~
43 ~~to the applicable public education board.~~

44 "**§ 58-31A-50. Maintenance of inspection and engineering service; cancellation and**
45 **prohibition of insurance.**

46 (a) ~~The State Fire Marshal is authorized and empowered to may maintain an inspection~~
47 ~~and engineering service deemed by it to be appropriate and necessary to reduce the risk of~~
48 ~~insurable hazards of fire in public education buildings insured in the Fund and to expend for such~~
49 ~~purpose not in excess of ten percent (10%) of the annual premiums collected from the public~~
50 ~~education boards. Insurance Fund as part of the program of insurance operated under this Part.~~

1 This service shall be considered an administrative expense and subject to the fund utilization
2 limitations of G.S. 58-31A-20(d).

3 (b) ~~The State Fire Marshal is authorized and empowered to cancel any insurance on or~~
4 ~~prohibit the insurance of any public education property when, in his or her opinion, in the~~
5 Insurance Fund if, because of dilapidation and depreciation of the property, the property is not
6 insurable or becomes no longer insurable.

7 (c) ~~The public education board shall be notified at least 30 days prior to cancellation, and~~
8 ~~in the event any cancellation under this section. If the public education board demonstrates the~~
9 ~~property can be subject to cancellation has been restored to insurable condition, then the State~~
10 ~~Fire Marshal may continue insurance coverage, provided, that the findings and results of the~~
11 ~~inspection of public education property by the agents of the State Fire Marshal shall be reported~~
12 ~~to the public education board and to the tax-levying authority for that public education board that~~
13 ~~carry insurance with the Fund at least 30 days prior to finalization of a local budget for that fiscal~~
14 ~~year to ensure that all public education property shall be properly taken care of and made safe~~
15 ~~from fire hazards or resume insuring that property in the Insurance Fund in accordance with this~~
16 Part.

17"

18 **SECTION #.(f)** G.S. 150B-1(d) reads as rewritten:

19 "(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
20 following:

21 ...

22 (35) The Office of State Fire Marshal with respect to Part 1 of Article 31A of
23 Chapter 58 of the General Statutes."

24 **SECTION #.(g)** Effective May 1, 2026, G.S. 150B-1(d)(35), as enacted by
25 subsection (f) of this section, reads as rewritten:

26 "(35) The Office of State Fire Marshal with respect to Article 31B and Part 1 of
27 Article 31A of Chapter 58 of the General Statutes."

28 **SECTION #.(h)** Effective May 1, 2026, the following are repealed:

- 29 (1) G.S. 58-31-1.
- 30 (2) G.S. 58-31-5.
- 31 (3) G.S. 58-31-10.
- 32 (4) G.S. 58-31-12.
- 33 (5) G.S. 58-31-15.
- 34 (6) G.S. 58-31-35.
- 35 (7) G.S. 58-31-45.
- 36 (8) G.S. 58-31A-10.
- 37 (9) G.S. 58-31A-15.
- 38 (10) G.S. 58-31A-55.
- 39 (11) G.S. 147-69.2(a)(12).

40 **SECTION #.(i)** The Department of Insurance and the Office of State Fire Marshal
41 shall not maintain any commercial insurance or reinsurance policy or coverage to protect the
42 State Property Fire Insurance Fund and State Public Education Property Insurance Fund beyond
43 May 1, 2026, or the earliest date that does not breach any current contract with any insurer or
44 reinsurer, whichever is later. The prorated refund, if any, on insurance or reinsurance premiums
45 shall be transferred to the Public Property Insurance Enterprise Fund, established under
46 G.S. 58-31B-2, as enacted by this section. Beginning May 1, 2026, no State property shall be
47 covered by the State Property Fire Insurance Fund and instead shall be covered by the State
48 Property Self-insurance Fund.

49 **SECTION #.(j)** Effective July 1, 2025, there is appropriated from the State
50 Emergency Response and Disaster Relief Fund to the Public Property Insurance Enterprise Fund,
51 established under G.S. 58-31B-2, as enacted by this section, the sum of two hundred million

1 dollars (\$200,000,000) in nonrecurring funds for the 2025-2026 fiscal year to be used for the
2 initial capitalization of the Enterprise Fund. Until May 1, 2027, up to the total of one million five
3 hundred thousand dollars (\$1,500,000) of these funds may be used for administrative purposes
4 to implement this section.

5 **SECTION #.(k)** On May 1, 2026, the following funds shall be transferred to the
6 Public Property Insurance Enterprise Fund, established under G.S. 58-31B-2, as enacted by this
7 section:

8 (1) All funds in the State Public Education Property Insurance Fund as of April
9 30, 2026, that are not associated with a premium payment due for insurance
10 in the State Public Education Property Insurance Fund on or after May 1,
11 2026.

12 (2) All funds in State Property Fire Insurance Fund.

13 **SECTION #.(l)** As efficiently as practicable, the Office of State Fire Marshal shall
14 develop policies and procedures related to the implementation of Article 31B of Chapter 58 of
15 the General Statutes and the changes to Article 31A of Chapter 58 of the General Statutes, as
16 enacted by this section.

17 **SECTION #.(m)** The Department of Administration and the Office of State Fire
18 Marshal shall enter into a memorandum of understanding for the transfer of funds from the State
19 Property Self-insurance Fund to be used to cover the costs to the Department of Administration
20 for two full-time positions to assist with the appraisal of State property in conjunction with the
21 Facilities Assessment Condition Program for State property. Funds transferred for this purpose
22 shall be considered an administrative expense of the State Property Self-insurance Fund.

23 **SECTION #.(n)** Effective May 1, 2026, G.S. 115C-523.1 reads as rewritten:
24 "**§ 115C-523.1. Duty to insure public school property.**

25 (a) The local board of education of every local school administrative unit in the public
26 school system of this State, ~~in order to safeguard the investment made in public schools,~~
27 shall: State shall do all of the following:

28 ...
29 (3) Provide to the ~~Commissioner of Insurance~~ Office of State Fire Marshal a list
30 of all of its insurable buildings, the equipment and contents of the buildings,
31 and their insurable values by October 1 of each year.

32 ...
33 (c) Local boards of education ~~may purchase~~ shall satisfy the minimum insurance
34 requirements of subsection (a) of this section by doing either of the following, or some
35 combination of the two:

36 (1) Purchasing insurance from companies duly licensed and authorized to sell
37 insurance in this State ~~or may obtain insurance in accordance with the~~
38 ~~provisions of Article 31A of Chapter 58 of the General Statutes, "State~~
39 ~~Insurance of Public Education Property." State.~~ If a local board of education
40 purchases insurance from a company duly licensed and authorized to sell
41 insurance in this State for any insurable building, its equipment, or its
42 contents, then the local board of education shall provide the ~~Commissioner~~
43 Office of State Fire Marshal with a copy of the policy of insurance. If the
44 policy of insurance is cancelled, terminated, or changed for any reason, then
45 the local board of education shall notify the ~~Commissioner~~ Office of State Fire
46 Marshal within five days of the effective date of the cancellation, termination,
47 or change.

48 (2) Insuring public education property against loss from all insurable hazards, as
49 that term is defined in G.S. 58-31A-1, in the program of insurance operated
50 under Part 1 of Article 31A of Chapter 58 of the General Statutes. If a local
51 board of education elects to not insure a local school administrative unit's

1 public education property pursuant to this subdivision, the provisions of
2 G.S. 58-31A-25(d) shall apply with respect to that unit's eligibility to receive
3 State funds.

4 (d) If the ~~Commissioner of Insurance~~ State Fire Marshal determines that any person has
5 willfully failed to comply with the provisions of subsections (a), (b), and (c) of this section, the
6 ~~Commissioner of Insurance~~ State Fire Marshal may order, for each separate violation, a civil
7 penalty under ~~the procedures in G.S. 58-2-70(d).~~ Article 78A of Chapter 58 of the General
8 Statutes, notwithstanding G.S. 58-78A-6(a). Every 24 hours without such insurance constitutes
9 a separate violation."

10 **SECTION #.(o)** Effective May 1, 2026, G.S. 115C-523.2 reads as rewritten:

11 **"§ 115C-523.2. Flood insurance.**

12 (a) The local board of education of every local school administrative unit in the public
13 school system of this State, in order to safeguard the investment made in public schools, shall
14 insure and keep insured to the extent of not less than eighty percent (80%) of the current insurable
15 value, as determined by the insurer and the insured, of each of its insurable buildings against
16 flood when that property is located, or becomes located in, an area identified on the latest Flood
17 Insurance Rate Map produced by the Federal Emergency Management Agency as area that will
18 be inundated by the flood event having a one percent (1%) chance of being equaled or exceeded
19 in any given year. The local board of education shall provide to the ~~Commissioner of Insurance~~
20 Office of State Fire Marshal a list of all of its insurable buildings against flood and their insurable
21 values by October 1 of each year.

22 ...

23 (c) Local boards of education ~~may purchase~~ shall satisfy the minimum insurance
24 requirements of subsection (a) of this section by doing either of the following, or some
25 combination of the two:

26 (1) Purchasing insurance from companies duly licensed and authorized to sell
27 insurance in this State or may obtain insurance in accordance with the
28 provisions of Article 31A of Chapter 58 of the General Statutes, "State
29 Insurance of Public Education Property." State. If a local board of education
30 purchases insurance from a company duly licensed and authorized to sell
31 insurance in this State for any insurable building against flood, then the local
32 board of education shall provide the ~~Commissioner~~ Office of State Fire
33 Marshal with a copy of the policy of insurance. If the policy of insurance is
34 cancelled, terminated, or changed for any reason, then the local board of
35 education shall notify the ~~Commissioner~~ Office of State Fire Marshal within
36 five days of the effective date of the cancellation, termination, or change.

37 (2) Insuring public education property against loss from all insurable hazards, as
38 that term is defined in G.S. 58-31A-1, in the program of insurance operated
39 under Part 1 of Article 31A of Chapter 58 of the General Statutes. If a local
40 board of education elects to not insure a local school administrative unit's
41 public education property pursuant to this subdivision, the provisions of
42 G.S. 58-31A-25(d) shall apply with respect to that unit's eligibility to receive
43 State funds.

44 (d) If the ~~Commissioner of Insurance~~ State Fire Marshal determines that any person has
45 willfully failed to comply with the provisions of subsections (a), (b), and (c) of this section, the
46 ~~Commissioner of Insurance~~ State Fire Marshal may order, for each separate violation, a civil
47 penalty under ~~the procedures in G.S. 58-2-70(d).~~ Article 78A of Chapter 58 of the General
48 Statutes, notwithstanding G.S. 58-78A-6(a). Every 24 hours without such insurance constitutes
49 a separate violation."

50 **SECTION #.(p)** Effective May 1, 2026, G.S. 115D-58.11 reads as rewritten:

51 **"§ 115D-58.11. Fire and casualty insurance on institutional buildings and contents.**

1 (a) The board of trustees of each institution, ~~in order to safeguard the investment in~~
2 ~~institutional buildings and their contents, shall:~~institution shall do all of the following:

3 ...

4 (3) Provide to the Commissioner of Insurance and the Office of State Fire Marshal
5 a list of all of its institution's insurable buildings, the equipment and contents
6 of the buildings, and their insurable values by October 1 of each year.

7 ...

8 (c) Boards of trustees ~~may purchase~~shall satisfy the minimum insurance requirements of
9 subsection (a) of this section by doing either of the following, or some combination of the two:

10 (1) Purchasing insurance from companies duly licensed and authorized to sell
11 insurance in this State ~~or may obtain insurance in accordance with the~~
12 ~~provisions of Article 31A of Chapter 58 of the General Statutes, "State~~
13 ~~Insurance of Public Education Property." State.~~ If the board of trustees of an
14 institution purchases insurance from a company duly licensed and authorized
15 to sell insurance in this State for any insurable building, its equipment, or its
16 contents, then the board of trustees shall provide the Commissioner and the
17 Office of State Fire Marshal with a copy of the policy of insurance. If the
18 policy of insurance is cancelled, terminated, or changed for any reason, then
19 the board of trustees shall notify the Commissioner and the Office of State
20 Fire Marshal within five days of the effective date of the cancellation,
21 termination, or change.

22 (2) Insuring public education property against loss from all insurable hazards, as
23 that term is defined in G.S. 58-31A-1, in the program of insurance operated
24 under Part 1 of Article 31A of Chapter 58 of the General Statutes. A local
25 board of education that elects to not insure public education property pursuant
26 to this subdivision is ineligible to receive state funds as indemnification
27 against the direct loss of or damage to public education property by insurable
28 hazards.

29 (d) If the ~~Commissioner of Insurance~~State Fire Marshal determines that any person has
30 willfully failed to comply with the provisions of subsections (a), (b), and (c) of this section, the
31 ~~Commissioner of Insurance~~State Fire Marshal may order, for each separate violation, a civil
32 penalty under ~~the procedures in G.S. 58-2-70(d).~~ Article 78A of Chapter 58 of the General
33 Statutes, notwithstanding G.S. 58-78A-6(a). Every 24 hours without such insurance constitutes
34 a separate offense violation."

35 **SECTION #.**(q) Effective May 1, 2026, G.S. 115D-58.11A reads as rewritten:

36 "**§ 115D-58.11A. Flood insurance.**

37 (a) The board of trustees of each institution, in order to safeguard the investment in
38 institutional buildings and their contents, shall insure and keep insured to the extent of not less
39 than eighty percent (80%) of the current insurable value, as determined by the insurer and the
40 insured, of each of its insurable buildings against flood when that property is located, or becomes
41 located in, an area identified on the latest Flood Insurance Rate Map produced by the Federal
42 Emergency Management Agency as area that will be inundated by the flood event having a one
43 percent (1%) chance of being equaled or exceeded in any given year. The board of trustees of
44 each institution shall provide to the Commissioner of Insurance and the Office of State Fire
45 Marshal a list of all of its institution's insurable buildings against flood and their insurable values
46 by October 1 of each year.

47 ...

48 (c) The board of trustees ~~may purchase~~shall satisfy the minimum insurance requirements
49 of subsection (a) of this section by doing either of the following, or some combination of the two:

50 (1) Purchasing insurance from companies duly licensed and authorized to sell
51 insurance in this State ~~or may obtain insurance in accordance with the~~

1 ~~provisions of Article 31A of Chapter 58 of the General Statutes, "State~~
2 ~~Insurance of Public Education Property." State.~~ If the board of trustees of an
3 institution purchases insurance from a company duly licensed and authorized
4 to sell insurance in this State for any insurable building against flood, the
5 board of trustees shall provide the Commissioner and the Office of State Fire
6 Marshal with a copy of the policy of insurance. If the policy of insurance is
7 cancelled, terminated, or changed for any reason, the board of trustees shall
8 notify the Commissioner and the Office of State Fire Marshal within five days
9 of the effective date of the cancellation, termination, or change.

10 (2) Insuring public education property against loss from all insurable hazards, as
11 that term is defined in G.S. 58-31A-1, in the program of insurance operated
12 under Part 1 of Article 31A of Chapter 58 of the General Statutes. If a board
13 of trustees elects to not insure an institution's public education property
14 pursuant to this subdivision, the provisions of G.S. 58-31A-25(d) shall apply
15 with respect to that institution's eligibility to receive State funds.

16 (d) ~~If the Commissioner of Insurance~~ State Fire Marshal determines that any person has
17 willfully failed to comply with the provisions of subsections (a), (b), and (c) of this section, the
18 ~~Commissioner of Insurance~~ State Fire Marshal may order, for each separate violation, a civil
19 penalty under ~~the procedures in G.S. 58-2-70(d).~~ Article 78A of Chapter 58 of the General
20 Statutes, notwithstanding G.S. 58-78A-6(a). Every 24 hours without such insurance constitutes
21 a separate violation."

22 **SECTION #.(r)** Effective May 1, 2026, G.S. 58-78A-1 is amended by adding two
23 new subdivisions to read:

24 "(22) Administration of the State Public Education Property Insurance Fund under
25 Part 1 of Article 31A of this Chapter.

26 (23) Administration of the Public Property Insurance Enterprise Fund and the State
27 Property Self-insurance Fund under Article 31B of this Chapter."

28 **SECTION #.(s)** Effective May 1, 2026, Article 31 of Chapter 58 of the General
29 Statutes is amended by adding a new section to read:

30 **"§ 58-31-16. Coverage for property not included in the State Property Self-insurance Fund.**

31 (a) The State Fire Marshal is authorized to acquire coverage for any property under the
32 control of a State department, agency, or institution that is either exempt from Part 2 of Article
33 31B of this Chapter or for which there is no coverage under Article 31B of this Chapter.

34 (b) The cost for any coverage acquired for a State department, agency, or institution under
35 this section shall be paid in full by that State department, agency, or institution."

36 **SECTION #.(t)** G.S. 58-31-20, as amended by Section 6.4(a) of S.L. 2024-1, reads
37 as rewritten:

38 **"§ 58-31-20. Use and occupancy and business interruption insurance.**

39 (a) ~~Upon~~ The State Fire Marshal may acquire use and occupancy or business interruption
40 insurance upon the request of any State department, agency, or institution, ~~use and occupancy~~
41 ~~and business interruption insurance shall be provided on state-owned~~ institution for specifically
42 designated State-owned property of ~~such that~~ department, agency, or institution ~~which is insured~~
43 ~~by the State Property Fire Insurance Fund institution.~~

44 (b) Premiums for ~~such any~~ use and occupancy or business interruption insurance
45 coverage requested under this section shall be paid by each requesting department, ~~agency~~
46 agency, or institution in accordance with rates fixed by the ~~State Fire Marshal.~~ Losses covered
47 ~~by such insurance may be paid for out of the State Property Fire Insurance Fund in the same~~
48 ~~manner as fire losses.~~ Office of State Fire Marshal that covers the costs of the insurance in full.

49 (c) The State Fire Marshal, with the approval of the Governor and Council of State, is
50 ~~authorized and empowered to shall~~ purchase from insurers admitted to do business in North
51 Carolina ~~such~~ use and occupancy or business interruption insurance ~~or reinsurance~~ products as

1 may be necessary to protect the State Property Fire Insurance Fund against loss with respect to
2 ~~such insurance coverage to meet the coverage requested by a State department, agency, or~~
3 ~~institution under this section.~~"

4 **SECTION #.(u)** Effective May 1, 2026, G.S. 63A-24(a)(4) reads as rewritten:

5 "(4) Article ~~31-31B~~ of Chapter 58 of the General Statutes shall not apply to a
6 building located on State lands that is (i) privately owned or privately leased
7 and (ii) located within the North Carolina Global TransPark, provided the
8 requirements of ~~G.S. 58-31-2~~ G.S. 58-31B-40 are met."

9 **SECTION #.(v)** Except as otherwise provided, this section is effective when it
10 becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-MIL-H1(S35.1)-P

Department of Military and Veterans Affairs
House Appropriations, General Government

CODIFY NORTH CAROLINA VETERANS CEMETERY TRUST FUND/VETERANS' CEMETERIES UPGRADE & MAINTENANCE

SECTION 35.1.(a) Article 8A of Chapter 65 of the General Statutes is amended by adding the following new sections to read:

"§ 65-45. North Carolina Veterans Cemetery Trust Fund.

There is hereby established the North Carolina Veterans Cemetery Trust Fund (hereinafter "Fund"), a special fund within the Department of Military and Veterans Affairs. The Fund shall be maintained as a special fund and shall be administered by the Department to carry out the operations and maintenance of the State's veterans' cemeteries. Interest accruing from the monies in the Fund shall be credited to the Fund. The Fund shall consist of the following sources of funding:

- (1) All interest and investment earnings received on monies in the Fund.
- (2) Any other funds, as directed by the General Assembly.

"§ 65-45.1. Veterans' cemeteries; reporting requirements.

Not later than September 15 of each year, the Department of Military and Veterans Affairs shall submit a report to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division on all of the following:

- (1) The overall condition of each of the State's veterans' cemeteries, including any known issues that require maintenance and/or repair in the upcoming State fiscal year.
- (2) The total funds spent at each of the State's veterans' cemeteries for maintenance and/or repair and any other expenses in the prior State fiscal year and the source of the funds.
- (3) The number of full- and part-time employees assigned to work at each of the State's veterans' cemeteries in the prior State fiscal year.
- (4) The number of veterans and the legal spouses and eligible dependents of veterans who were interred at each of the State's veterans' cemeteries in the prior State fiscal year, and the type of interment for each veteran, legal spouse, and eligible dependent."

SECTION 35.1.(b) Section 17.4 of S.L. 2020-78 is repealed.

SECTION 35.1.(c) The Department of Military and Veterans Affairs may use up to four hundred thousand dollars (\$400,000) of the interest earned on the North Carolina Veterans Cemetery Trust Fund to create up to four positions to maintain and operate the existing State veterans' cemeteries.

SECTION 35.1.(d) G.S. 147-69.2 reads as rewritten:

"§ 147-69.2. Investments authorized for special funds held by State Treasurer.

(a) This section applies to funds held by the State Treasurer to the credit of each of the following:

...

1 (25) North Carolina Veterans Cemetery Trust Fund.

2 "

3 **SECTION 35.1.(e)** Using funds appropriated to the Department of Military and
4 Veterans Affairs for the 2025-2027 fiscal biennium for capital improvements, the Department
5 shall have installed in a prominent location on the grounds of each of the State's four veterans'
6 cemeteries a plaque on which is inscribed President Abraham Lincoln's promise to veterans and
7 their families made during his Second Inaugural Address, which is as follows: "To care for him
8 who shall have borne the battle, and for his widow, and his orphan." The Department may spend
9 up to forty thousand dollars (\$40,000) for all four plaques. Funds appropriated for capital
10 improvements for the 2025-2027 fiscal biennium that remain after the Department has paid for
11 the plaques shall be used for capital improvements.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-MIL-H3(S35.2)-P

Department of Military and Veterans Affairs
House Appropriations, General Government

STATUTORY CHANGES

SECTION 35.2. Article 14 of Chapter 143B of the General Statutes reads as rewritten:

"Article 14.

"Department of Military and Veterans Affairs

"Part 1. General Provisions.

...

"§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.

It shall be the duty of the Department of Military and Veterans Affairs to do all of the following:

...

- (10) Manage and maintain the State's veterans nursing homes and cemeteries and their associated assets to the standard befitting those who have worn the uniform of the Armed Forces according to federal guidelines. Plan for expansion and grow the capacity of these facilities and any new facilities as required pending the availability of designated funds. Funds to perform the duties required by this subdivision shall be spent pursuant to appropriation by the General Assembly; provided, however, the expenditure of funds for the State's veterans nursing homes shall be in accordance with G.S. 143B-1294(c). The Department may enter into contracts to perform the duties required by this subdivision.

...

"§ 143B-1218. Veterans Life Center; challenge grant to provide rehabilitation and reintegration services to veterans.

(a) There is hereby established in the ~~Department of Military and Veterans Affairs Office~~ of State Budget and Management (hereinafter "OSBM") a challenge grant program for the Veterans Life Center (hereinafter "Center"), a nonprofit corporation, which shall be administered by the ~~Department-OSBM~~ as provided in this section. Funds appropriated by the General Assembly for the challenge grant program shall be used to allocate funds to the Center for the purpose of providing rehabilitation and reintegration services and support to veterans across the State, and those funds shall not be used for any other purpose without the express authorization of the General Assembly.

(b) The maximum amount of State funds that may be disbursed to the Center under this section is seven hundred fifty thousand dollars (\$750,000) in each fiscal year. The ~~Department~~ OSBM shall disburse State funds on a dollar-for-dollar basis each quarter so that the Center will receive a State dollar for each non-State dollar raised by the Center each quarter, but in no case shall the ~~Department-OSBM~~ disburse State funds to the Center if the Center has not raised non-State funds in that quarter of the fiscal year. The Center shall demonstrate, to the satisfaction of the ~~Department, OSBM,~~ that it has raised the non-State funds required by this subsection prior to the disbursement of State funds. The Center shall not supplant, shift, or reallocate Center funds for the purpose of achieving the non-State dollars required by this subsection.

(b1) Notwithstanding the provisions of subsection (b) of this section, if the OSBM does not disburse grant funds to the Veterans Life Center in a fiscal year because the Center did not satisfy the requirements of the grant contract between the OSBM and the Center on or before June 30 of that fiscal year, the grant funds shall not revert on June 30 but shall remain available to the OSBM to disburse to the Center in the following fiscal year as long as the Center satisfies the grant contract requirements. In such a case, the OSBM is authorized to disburse grant funds to the Veterans Life Center in an amount greater than seven hundred fifty thousand dollars (\$750,000) in a fiscal year because the amount disbursed is for both the prior fiscal year and the current fiscal year.

(c) Not later than July 1 of each year, the ~~Department-OSBM~~ shall submit a written report to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division on all of the following information, and the Center shall provide the information to the ~~Department-OSBM~~ in the manner and time period requested by the ~~Department-OSBM~~ for purposes of preparing the report:

"Part 9. Priority in Employment Assistance for Veterans of the Armed Forces of the United States.

"§ 143B-1285. Implementation and performance measures.

~~The North Carolina Commission on Workforce Preparedness~~ NC Works Commission shall:

"Part 10. State Veterans Home.

"§ 143B-1291. ~~Establishment.~~Establishment of State veterans homes; closing homes.

(a) Establishment. – The State of North Carolina shall construct, maintain, and operate veterans homes for the aged and infirm veterans resident in this State under the administrative authority and control of the Department of Military and Veterans Affairs. There is vested in the Department ~~any and all the~~ powers and authority ~~that may be necessary~~ to enable it to establish and operate the ~~homes and to~~ homes; provided, however, funds to construct, maintain, and operate the homes shall be pursuant to appropriation by the General Assembly except as provided in G.S. 143B-1294(c). The Department shall issue rules necessary to operate the homes in compliance with applicable State and federal statutes and regulations. The Department may enter into contracts to construct and maintain veterans homes in accordance with the provisions of Articles 3, 3C, 3D, and 8 of Chapter 143 of the General Statutes and procedures established by the Division of Purchase and Contract and the Office of State Construction. The Department may enter into contracts to operate veterans homes as provided in G.S. 143B-1295.

(b) Report Condition Assessment Results. – If the Department determines, based upon an assessment conducted by the Office of State Construction, the Department, or an entity with whom the Department has contracted to conduct the assessment, that a State veterans home requires repair in order to maintain the home in a safe and habitable condition, the Department shall, not later than 24 hours after receiving the assessment report, submit a report of the assessment findings to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division. The report shall, at a minimum, include the name of the State agency or other entity that conducted the assessment, the reason for the assessment, the dangerous conditions found, the Department's recommendations for remedying the dangerous conditions, and the estimated costs of remedying the dangerous conditions.

"§ 143B-1293. North Carolina Veterans Home Trust Fund.

(c) Use of Fund. – The trust fund created in subsection (a) of this section shall be used by the Department of Military and Veterans Affairs to do the following:

- (1) To pay for the care of veterans in said State veterans homes;
- (2) To pay the general operating expenses of the State veterans homes, including the payment of salaries and wages of officials and employees of said homes; and
- (3) To pay the costs to remodel, repair, construct, modernize, or add improvements to buildings and facilities at the homes.

...
"§ 143B-1294. Funding.

...
(c) All funds received by the Department shall be deposited in the North Carolina Veterans Home Trust Fund, except for any funds deposited into special agency accounts established pursuant to G.S. 143B-1293(d)(3). The Veterans' Affairs Commission shall authorize the expenditure of all funds from the North Carolina Veterans Home Trust Fund. The Veterans' Affairs Commission may delegate authority to the Assistant Secretary of Veterans Affairs for the expenditure of funds from the North Carolina Veterans Home Trust Fund for operations of the State Veterans Nursing Homes. The delegation of authority shall apply only to the person holding the office of Secretary of the Department at the time the vote is undertaken, and a new vote to delegate authority must be undertaken by the Commission each time a person is appointed to serve as Secretary or designated to serve as chair of the Commission under G.S. 143B-1221.

"§ 143B-1295. Contracted operation of homes.

The Department of Military and Veterans Affairs, in consultation with the Veterans' Affairs Commission ~~Commission~~, may contract with persons or other nongovernmental entities to operate each State veterans home. Contracts for the procurement of services to manage, administer, and operate any State veterans home shall be awarded on a competitive basis through the solicitation of proposals and through the procedures established by statute and the Division of Purchase and Contract. A contract may be awarded to the vendor whose proposal is most advantageous to the State, taking into consideration cost, program suitability, management plan, excellence of program design, key personnel, corporate or company resources, financial condition of the vendor, experience and past performance, and any other qualities deemed necessary by the ~~Veterans' Affairs Commission~~ Department and set out in the solicitation for proposals. Any contract awarded under this section shall not exceed five years in length. The ~~Veterans' Affairs Commission~~ Department is not required to select or recommend the vendor offering the lowest cost proposal but shall select or recommend the vendor who, in the opinion of the ~~Commission~~ Department, offers the proposal most advantageous to the veterans and the State of North Carolina.

"§ 143B-1296. Program staff.

The Department shall appoint and fix the salary of ~~an Administrative Officer~~ a Program Director for the State veterans home program. The ~~Administrative Officer~~ Program Director shall be an honorably discharged veteran who has served in active military service in the Armed Forces of the United States for other than training purposes. The ~~Administrative Officer~~ Program Director shall direct the establishment of the State veterans home program, coordinate the master planning, land acquisition, and construction of all State veterans homes under the procedures ~~of~~ established by the Office of State Construction, and oversee the ongoing operation of ~~said the~~ veterans homes. The ~~Division~~ Department may hire any required additional administrative staff to ~~help~~ assist with administrative and operational responsibilities at each established State veterans home.

...
"§ 143B-1300. Report and budget.

(a) ~~The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of the Department of Military and Veterans Affairs and shall report annually to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division on the activities of the State Veterans Homes Program. This report shall contain an accounting of all monies received and expended, statistics on residents in the homes during the year, recommendations to the Secretary, the Governor, Governor and the General Assembly as to the program, on ways to improve the services provided by the homes, and such other matters as may be deemed pertinent.~~

...
"§ 143B-1301. Detailed annual report.

By March 1 of odd-numbered years and September 1 of even-numbered years, the Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division on the status of the State Veterans Homes program by providing a general overview of the State Veterans Homes and a specific description of each facility which shall include, at a minimum, all of the following:

...
(1a) Facility condition assessment, including any structural, mechanical, plumbing, electrical, or other issue that affects the integrity of the facility that should be repaired or replaced within the 12 months immediately following submission of the report required by this section.

...."

ARMED FORCES TO INCLUDE UNITED STATES SPACE FORCE

SECTION 35.3.(a) G.S. 1-82 reads as rewritten:

"§ 1-82. Venue in all other cases.

In all other cases the action must be tried in the county in which the plaintiffs or the defendants, or any of them, reside at its commencement, or if none of the defendants reside in the State, then in the county in which the plaintiffs, or any of them, reside; and if none of the parties reside in the State, then the action may be tried in any county which the plaintiff designates in the plaintiff's summons and complaint, subject to the power of the court to change the place of trial, in the cases provided by statute; provided that any person who has resided on or been stationed in a United States Army, Navy, Marine Corps, Coast Guard, Space Force, or Air Force installation or reservation within this State for a period of one (1) year or more next preceding the institution of an action shall be deemed a resident of the county within which such installation or reservation, or part thereof, is situated and of any county adjacent to such county where such person stationed at such installation or reservation lives in such adjacent county, for the purposes of this section. The term person shall include military personnel and the spouses and dependents of such personnel."

SECTION 35.3.(b) G.S. 14-395 is repealed.

SECTION 35.3.(c) G.S. 17C-10.1 reads as rewritten:

"§ 17C-10.1. Certification of military service members and veterans with law enforcement training and experience.

...

(g) As used in this section, the following terms mean:

(1) Branches of military service. – The United States Armed Forces: Air Force; Army; ~~Marine~~; Marine Corps; Navy; Space Force; active, reserve, Air/Army National Guard components; and the Coast Guard.

...."

SECTION 35.3.(d) G.S. 45-21.12A reads as rewritten:

"§ 45-21.12A. Power of sale barred during periods of military service.

1 ...
2 (d) Definitions. – The following definitions apply in this section:

3 (1) Military service. –

4 a. In the case of a member of the United States Army, Navy, Air Force,
5 Marine Corps, Space Force, or Coast Guard:
6"

7 **SECTION 35.3.(e)** G.S. 47-81.2 reads as rewritten:

8 **"§ 47-81.2. Before United States Army, etc., officers, and other service members.**

9 In all cases where instruments and writings have been proved or acknowledged before any
10 commissioned officer of the United States Army, Navy, Air Force, Marine Corps, Space Force,
11 or Coast Guard or any officer of the United States Merchant Marine having the rank of lieutenant,
12 senior grade, or higher, such proofs or acknowledgments, where valid in other respects, are
13 hereby ratified, confirmed and declared valid. All proofs or acknowledgments made by any
14 military personnel authorized by the Congress of the United States are hereby ratified, confirmed,
15 and declared valid and shall not require the affixation of a seal where valid in other respects."

16 **SECTION 35.3.(f)** G.S. 50-18 reads as rewritten:

17 **"§ 50-18. Residence of military personnel; payment of defendant's travel expenses by**
18 **plaintiff.**

19 In any action instituted and prosecuted under this Chapter, allegation and proof that the
20 plaintiff or the defendant has resided or been stationed at a United States Army, Navy, Marine
21 Corps, Coast Guard, Space Force, or Air Force installation or reservation or any other location
22 pursuant to military duty within this State for a period of six months next preceding the institution
23 of the action shall constitute compliance with the residence requirements set forth in this Chapter;
24 provided that personal service is had upon the defendant or service is accepted by the defendant,
25 within or without the State as by law provided.

26"

27 **SECTION 35.3.(g)** G.S. 50A-351 reads as rewritten:

28 **"§ 50A-351. Definitions.**

29 The following definitions apply in this Article:

30 ...

31 (18) Uniformed service. – Service which includes (i) the active and reserve
32 components of the United States Army, Navy, Air Force, Marine Corps, Space
33 Force, or Coast Guard ~~of the United States; Guard;~~ (ii) the Merchant Marine,
34 the commissioned corps of the Public Health Service, or the commissioned
35 corps of the National Oceanic and Atmospheric Administration of the United
36 States; or (iii) the National Guard."

37 **SECTION 35.3.(h)** G.S. 58-58-335 reads as rewritten:

38 **"§ 58-58-335. Definitions.**

39 As used in this Part:

40 ...

41 (1a) "Armed Forces" means all components of the United States Army, Navy, Air
42 Force, Marine Corps, Space Force, and Coast Guard.

43"

44 **SECTION 35.3.(i)** G.S. 88B-25 reads as rewritten:

45 **"§ 88B-25. Exemptions.**

46 The following persons are exempt from the provisions of this Chapter while engaged in the
47 proper discharge of their professional duties:

48 ...

49 (4) Commissioned medical or surgical officers of the United States Army, Air
50 Force, Navy, ~~Marine~~, Marine Corps, Space Force, or Coast Guard.

51"

1 **SECTION 35.3.(j)** G.S. 115C-12 reads as rewritten:

2 **"§ 115C-12. Powers and duties of the Board generally.**

3 The general supervision and administration of the free public school system shall be vested
4 in the State Board of Education. The State Board of Education shall establish all needed rules
5 and regulations for the system of free public schools, subject to laws enacted by the General
6 Assembly. In accordance with Sections 7 and 8 of Article III of the North Carolina Constitution,
7 the Superintendent of Public Instruction, as an elected officer and Council of State member, shall
8 administer all needed rules and regulations adopted by the State Board of Education through the
9 Department of Public Instruction. The powers and duties of the State Board of Education are
10 defined as follows:

11 ...

12 (18) Duty to Develop and Implement a Uniform Education Reporting System,
13 Which Shall Include Standards and Procedures for Collecting Fiscal and
14 Personnel Information. –

15 ...

16 f. The State Board of Education shall develop a process for local school
17 administrative units to annually identify enrolled military-connected
18 students using the Uniform Education Reporting System. The
19 identification of military-connected students shall not be used for the
20 purposes of determining school achievement, growth, and
21 performance scores as required by G.S. 115C-12(9)c1. The
22 identification of military-connected students is not a public record
23 within the meaning of G.S. 132-1 and shall not be made public by any
24 person, except as permitted under the provisions of the Family
25 Educational and Privacy Rights Act of 1974, 20 U.S.C. § 1232g. For
26 purposes of this section, a "military-connected student" means a
27 student enrolled in a local school administrative unit who has a parent,
28 step-parent, sibling, or any other person who resides in the same
29 household serving in the active or reserve components of the United
30 States Army, Navy, Air Force, Marine Corps, Coast Guard, Space
31 Force, or National Guard. Beginning in the 2016-2017 school year,
32 and annually thereafter, the identification of military-connected
33 students for all local school administrative units shall be completed by
34 January 31 of each school year.

35 "

36 **SECTION 35.3.(k)** G.S. 116-143.3 reads as rewritten:

37 **"§ 116-143.3. Tuition of qualifying federal services members and their spouses and**
38 **dependents.**

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

40 ...

41 (2) Armed Forces. – The United States Air Force, Army, Coast Guard, Marine
42 Corps, Space Force, and Navy; the North Carolina National Guard; and any
43 reserve component of the foregoing.

44 "

45 **SECTION 35.3.(l)** G.S. 116-235 reads as rewritten:

46 **"§ 116-235. Board of Trustees; additional powers and duties.**

47 ...

48 (b) Students. –

49 (1) Admission of Students. – The School shall admit students in accordance with
50 criteria, standards, and procedures established by the Board of Trustees. To be
51 eligible to be considered for admission, an applicant must be either a legal

1 resident of the State, as defined by G.S. 116-143.1(a)(1), or a student whose
2 parent is an active duty member of the Armed Forces, as defined by
3 ~~G.S. 116-143.3(2), G.S. 116-143.3(a)(2),~~ who is abiding in this State incident
4 to active military duty at the time the application is submitted, provided the
5 student shares the abode of that parent; eligibility to remain enrolled in the
6 School shall terminate at the end of any school year during which a student
7 becomes a nonresident of the State. The Board of Trustees shall ensure,
8 insofar as possible without jeopardizing admission standards, that an equal
9 number of qualified applicants is admitted to the program and to the
10 residential summer institutes in science and mathematics from each of North
11 Carolina's congressional districts. In no event shall the differences in the
12 number of qualified applicants offered admission to the program from each of
13 North Carolina's congressional districts be more than two and one-half
14 percentage points from the average number per district who are offered
15 admission.

16"

17 **SECTION 35.3.(m)** G.S. 143B-1224 reads as rewritten:

18 **"§ 143B-1224. Definitions.**

19 As used in this Part the terms defined in this section shall have the following meaning:

20 ...

- 21 (2) "Armed Forces" means the United States Army, Navy, Marine Corps, Air
22 Force, Space Force, and Coast Guard, including their reserve components.

23"

24 **SECTION 35.3.(n)** G.S. 163-258.2 reads as rewritten:

25 **"§ 163-258.2. Definitions.**

26 As used in this Article:

27 ...

- 28 (6) "Uniformed service" means any of the following:

- 29 a. Active and reserve components of the United States Army, Navy, Air
30 Force, Marine Corps, Space Force, and Coast Guard ~~of the United~~
31 ~~States-Guard.~~

32 ...

- 33 (7) "Uniformed-service voter" means an individual who is qualified to vote and
34 is one of the following:

- 35 a. A member of the active or reserve components of the United States
36 Army, Navy, Air Force, Marine Corps, Space Force, or Coast Guard
37 ~~of the United States~~ who is on active duty.

38"

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-MIL-H5(S35.5)-P

Department of Military and Veterans Affairs
House Appropriations, General Government

MILITARY AFFAIRS COMMISSION

SECTION 35.5.(a) The North Carolina Military Affairs Commission in the Department of Military and Veterans Affairs is hereby abolished.

SECTION 35.5.(b) G.S. 106-747 reads as rewritten:
"§ 106-747. North Carolina Sentinel Landscapes Committee.

...
(f) Reports. – The Committee shall report on its activities conducted to implement this section, including any findings, recommendations, and legislative proposals, to the North Carolina Department of Military Affairs Commission, and Veterans Affairs, the Agriculture and Forestry Awareness Study Commission, and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources beginning September 1, 2017, and annually thereafter, until such time as the Committee completes its work.

...."

SECTION 35.5.(c) G.S. 143B-1211 reads as rewritten:

"§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.

It shall be the duty of the Department of Military and Veterans Affairs to do all of the following:

...
(12a) ~~Provide administrative services to the North Carolina Military Affairs Commission pursuant to G.S. 143B-1310(a).~~

...."

SECTION 35.5.(d) G.S. 143B-1217 and Part 11 of Article 14 of Chapter 143B of the General Statutes are repealed.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-REV-H1(S36.1)-P

Department of Revenue
House Appropriations, General Government

*INCREASE DOR REIMBURSEMENT FOR WHITE GOODS DISPOSAL
ADMINISTRATIVE EXPENSES*

SECTION 36.1. G.S. 105-187.24 reads as rewritten:

"§ 105-187.24. Use of tax proceeds.

The Secretary shall distribute the taxes collected under this Article, less the Department of Revenue's allowance for administrative expenses, in accordance with this section. The Secretary may retain the Department's cost of collection, not to exceed ~~four hundred twenty-five thousand dollars (\$425,000)~~ five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department.

...."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-REV-H2(S36.2)-P

Department of Revenue
House Appropriations, General Government

***INCREASE DOR REIMBURSEMENT FOR SCRAP TIRE DISPOSAL ADMINISTRATIVE
EXPENSES***

SECTION 36.2. G.S. 105-187.19 reads as rewritten:

"§ 105-187.19. Use of tax proceeds.

(a) The Secretary shall distribute the taxes collected under this Article, less the allowance to the Department of Revenue for administrative expenses, in accordance with this section. The Secretary may retain the cost of collection by the Department, not to exceed ~~four hundred twenty-five thousand dollars (\$425,000)~~ five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department.

...."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-REV-H3(S36.3)-P

Department of Revenue
House Appropriations, General Government

DOR/DIT MICROSOFT LICENSING

SECTION 36.3.(a) Notwithstanding G.S. 143B-1325(d), not later than July 1, 2026, the Department of Revenue (hereinafter "DOR") shall enter into a memorandum of understanding with the Department of Information Technology (hereinafter "DIT") establishing the terms for the provision and management of Microsoft software licenses under statewide agreements negotiated by the DIT.

SECTION 36.3.(b) Not later than March 1, 2027, the DOR, in conjunction with the State Chief Information Officer, shall report to the Joint Legislative Oversight Committee on General Government, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division on other services provided by the DIT that could be used by the DOR.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Drafting
SPECIAL PROVISION



2025-REV-H5(S36.5)i

Department of Revenue
House Appropriations, General Government

TAX FRAUD ANALYTICS

SECTION 36.5. Of the funds appropriated in this act to the Department of Revenue, the sum of four million four hundred thousand dollars (\$4,400,000) in recurring funds for each fiscal year of the 2025-2027 fiscal biennium shall be used to continue and expand the Department's tax fraud analysis contract through the Government Data Analytics Center (GDAC). These funds shall be used in each fiscal year to fund detection analytics, software, information reporting, collections case management, collections optimization, managed services, and technical infrastructure. The Department of Revenue shall continue to coordinate with the GDAC and utilize the subject matter expertise and technical infrastructure available through existing GDAC public-private partnerships for fraud detection and analytics infrastructure.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Drafting
SPECIAL PROVISION



2025-SEC-H1(S37.1)i

Department of Secretary of State
House Appropriations, General Government

SOS/PUBLICATIONS DIVISION DUTIES & MODERNIZE SOS STATUTES

SECTION 37.1.(a) G.S. 65-111 reads as rewritten:

"§ 65-111. County commissioners to provide list of public and abandoned cemeteries.

Each board of county commissioners shall have the following duties and responsibilities:

...

- (3) ~~To furnish to the Department and the Publications Division in the Department of the Secretary of State copies of the lists of such public and abandoned cemeteries, to the end that it may furnish to the boards of county commissioners, for the use of the persons in control of such cemeteries, suitable literature, suggesting methods of taking care of such places."~~

SECTION 37.1.(b) G.S. 147-36 reads as rewritten:

"§ 147-36. Duties of Secretary of State.

It is the duty of the Secretary of State:

- (1) To perform such duties as may then be devolved upon the Secretary by resolution of the two houses of the General Assembly ~~or either of them.~~ Assembly.
- (2) To attend the Governor, whenever required by the Governor, for the purpose of receiving documents that have passed the great seal.
- (3) To receive and keep all conveyances and mortgages belonging to the State.
- (4) To distribute annually the statutes and the legislative journals.
- (5) To distribute the acts of Congress received at the Secretary's office in the manner prescribed for the statutes of the State.
- (6) ~~To keep a receipt book, in which the Secretary shall take from every person to whom a grant shall be delivered, a receipt for the same; but may enclose grants by mail in a registered letter at the expense of the grantee, unless otherwise directed, first entering the same upon the receipt book.~~
- ...
- (9) To maintain a Division of ~~Publications to compile data on the State's several governmental agencies and for legislative reference.~~ Publications.
-"

SECTION 37.1.(c) G.S. 147-50 reads as rewritten:

"§ 147-50. Publications of State officials and department heads furnished to certain institutions, agencies, etc.

(a) Every State official and every head of a State department, ~~institution-institution,~~ or agency issuing any printed report, bulletin, map, or other publication shall, ~~on-upon~~ request, furnish printed copies of such reports, bulletins, maps or other publications to the following institutions in the number set out below:

University of North Carolina at Chapel Hill	25 copies;
University of North Carolina at Charlotte	2 copies;
University of North Carolina at Greensboro	2 copies;
North Carolina State University at Raleigh	2 copies;

1	East Carolina University at Greenville	2 copies;
2	Duke University	25 copies;
3	Wake Forest College	2 copies;
4	Davidson College	2 copies;
5	North Carolina Supreme Court Library	2 copies;
6	North Carolina Central University	5 copies;
7	Western Carolina University	2 copies;
8	Appalachian State University	2 copies;
9	University of North Carolina at Wilmington	2 copies;
10	North Carolina Agricultural and Technical	
11	State University	2 copies;
12	Legislative Library	2 copies; copies.

13 ~~(b) and~~ An institution listed in subsection (a) of this section may request an electronic
14 copy in lieu of any printed report, bulletin, map, or other publication.

15 ~~(c) State official and heads of State departments, institutions, and agencies shall furnish~~
16 printed copies of reports, bulletins, maps, and other publications to governmental officials,
17 agencies and departments—agencies, departments, and to other educational institutions, in the
18 discretion of the issuing official and subject to the supply available, such number as may be
19 requested: and Provided that five sets of all such reports, bulletins and publications heretofore
20 issued, insofar as the same are available and without necessitating reprinting, shall be furnished
21 to the North Carolina Central University. requested. Governmental officials, agencies,
22 departments, and other educational institutions may request an electronic copy in lieu of printed
23 copies.

24 ~~(d)~~ The provisions ~~in~~ of this section shall not be interpreted to include any of the appellate
25 division reports or advance sheets distributed by the Administrative Office of the Courts. Except
26 for reports, bulletins, and other publications issued for free distribution, this section shall not
27 apply to the North Carolina State Museum of Natural Sciences."

28 **SECTION 37.1.(d)** G.S. 147-34, 147-41, 147-43, and 147-54 are repealed.

29 **SECTION 37.1.(e)** The Office of the Secretary of State shall retain at least one
30 printed copy or an electronic copy of all records collected pursuant to G.S. 65-111(3), 147-36(6),
31 147-41, 147-43, and 147-54 that are in the possession of the Office prior to the date this act
32 becomes law.
33

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-SEC-H2(S37.2)-P

Department of Secretary of State
House Appropriations, General Government

1 **PAPER FILING FEE**

2 **SECTION 37.2.(a)** Article 2 of Chapter 55D of the General Statutes is amended by
3 adding a new section to read:

4 **"§ 55D-19. Paper filing fee.**

5 The Office of the Secretary of State may collect a fee of up to ten dollars (\$10.00) each time
6 a document is submitted for filing in typewritten or printed form when that same document could
7 be accepted for filing in electronic form. Funds collected under this section shall be deposited in
8 a new budget fund as created by the Office of State Budget and Management within Budget Code
9 23200 and shall only be used for the following purposes: (i) to support activities that will reduce
10 the processing or response time for services provided by the Office, (ii) to improve or streamline
11 the online filing system maintained by the Office, or (iii) to cover costs directly associated with
12 the handling of mail by the Office."

13 **SECTION 37.2.(b)** Not later than February 15, 2027, the Office of the Secretary of
14 State shall report to the Joint Legislative Oversight Committee on General Government and the
15 Fiscal Research Division on the fees collected pursuant to G.S. 55D-19, as enacted in subsection
16 (a) of this section, including the amount of the fees collected and the purposes for which the fees
17 were used.

18 **SECTION 37.2.(c)** This section becomes effective January 1, 2026.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-SEC-H3-P

Department of Secretary of State
House Appropriations, General Government

Requested by

SECURITIES SALESMAN DUAL REGISTRATION

SECTION #.(a) G.S. 78A-36 reads as rewritten:

"§ 78A-36. Registration requirement.

(a) It is unlawful for any person to transact business in this State as a dealer or salesman unless he is registered under this Chapter. No dealer shall be eligible for registration under this Chapter, or for renewal of registration hereunder, unless such dealer is at the time registered as a dealer with the Securities and Exchange Commission under the Securities Exchange Act of 1934.

(b) It is unlawful for any dealer to employ a salesman unless the salesman is registered. The registration of a salesman is not effective during any period when he is not associated with a particular dealer registered under this Chapter. When a salesman begins or terminates those activities which make him a salesman, the salesman as well as the dealer shall promptly notify the Administrator.

The Administrator may by rule or order require the return of a salesman's license upon the termination of those activities which make him a salesman or, if such return is impossible, require a bond or evidence satisfactory to the Administrator of such impossibility. No salesman may be registered with more than one ~~dealer~~ dealer unless each of the dealers which employs or associates with the salesman is under common ownership or control, or the registration is otherwise allowed by a rule or order of the Administrator.

(c) Every registration expires on the thirty-first day of March of each year (or such other date not more than one year from its effective date as the Administrator may by rule or order provide) unless renewed."

SECTION #.(b) G.S. 78A-37 reads as rewritten:

"§ 78A-37. Registration procedure.

...

(b) Every applicant for initial or renewal registration shall pay a filing fee of three hundred dollars (\$300.00) in the case of a dealer and one hundred twenty-five dollars (\$125.00) in the case of a ~~salesman~~ salesman registered with one dealer. The Administrator may by rule reduce the registration fee proportionately when the registration will be in effect for less than a full year. If a salesman applicant for initial or renewal registration pays a filing fee to be registered with more than one dealer, as authorized by G.S. 78A-36(b), the additional fee or fees paid shall be deposited in the Dual Registration Fees Special Fund, which is hereby created in the Office of the Secretary of State. Funds from the special fund shall be available for expenditure only upon an act of appropriation by the General Assembly.

...."

SECTION #.(c) This section becomes effective October 1, 2025, and applies to registration applications and renewals filed on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Drafting
SPECIAL PROVISION



2025-TREAS-H1(S38.1)i

Department of State Treasurer
House Appropriations, General Government

***TREASURER INVESTMENT MODERNIZATION PART I: TECHNICAL
REORGANIZATION OF ARTICLE 6 OF CHAPTER 147 OF THE GENERAL
STATUTES***

SECTION 38.1.(a) Article 6 of Chapter 147 of the General Statutes is amended to add the following new Parts:

- (1) Part 1, to be entitled "General" and consisting of G.S. 147-65 through G.S. 147-69.
- (2) Part 2, to be entitled "Investments and Funds" and consisting of G.S. 147-69.1 through G.S. 147-69.7.
- (3) Part 3, to be entitled "Reports and Audits" and consisting of G.S. 147-69.8 through G.S. 147-69.70.
- (4) Part 4, to be entitled "North Carolina Investment Authority" and consisting of G.S. 147-70.1 through G.S. 147-73.2.
- (5) Part 5, to be entitled "Department Bookkeeping and Deposits" and consisting of G.S. 147-74 through G.S. 147-86.2.

SECTION 38.1.(b) G.S. 147-65 is recodified as G.S. 147-65.2.

SECTION 38.1.(c) G.S. 147-66 is repealed.

SECTION 38.1.(d) G.S. 147-69.3A is recodified as G.S. 147-67.1.

SECTION 38.1.(e) G.S. 147-69.11 is recodified as G.S. 147-73.2.

SECTION 38.1.(f) G.S. 147-69.7 is recodified as G.S. 147-70.6.

SECTION 38.1.(g) G.S. 147-70 is recodified as G.S. 147-68.3.

SECTION 38.1.(h) G.S. 147-71 is recodified as G.S. 147-68.4.

SECTION 38.1.(i) G.S. 147-72 is repealed.

SECTION 38.1.(j) G.S. 147-73 is repealed.

SECTION 38.1.(k) G.S. 147-75 is recodified as G.S. 147-66.2.

SECTION 38.1.(l) G.S. 147-75.1 is recodified as G.S. 147-68.5.

SECTION 38.1.(m) G.S. 147-86.2 is recodified as G.S. 147-68.6.

SECTION 38.1.(n) Subsection (i2) of G.S. 147-69.3 is recodified as subsection (b) of G.S. 147-65.2, as created by subsection (b) of this section.

SECTION 38.1.(o) This section is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-TREAS-H2(S38.2)-P

Department of State Treasurer
House Appropriations, General Government

TREASURER INVESTMENT MODERNIZATION PART II: CREATION OF THE NORTH CAROLINA INVESTMENT AUTHORITY

SECTION 38.2.(a) Part 1 of Article 6 of Chapter 147 of the General Statutes, as created and amended by Section 38.1 of this act, is amended by adding a new section to read:

"§ 147-65.1. Definitions.

The following definitions apply in this Article:

- (1) Board of Directors. – The Board of Directors of the North Carolina Investment Authority.
- (2) Chief Investment Officer or CIO. – The Chief Investment Officer of the Investment Authority.
- (3) Department. – The Department of State Treasurer.
- (4) Escheats Fund. – The Escheats Fund established under Article 1A of Chapter 116B of the General Statutes.
- (5) Investment Authority. – The North Carolina Investment Authority, established under Part 4 of this Article.
- (6) Reserved for future codification purposes.
- (7) Retirement Systems. – This term includes all of the following retirement systems:
 - a. The Teachers' and State Employees' Retirement System, established under Article 1 of Chapter 135 of the General Statutes.
 - b. The Consolidated Judicial Retirement System, established under Article 4 of Chapter 135 of the General Statutes.
 - c. The North Carolina Firefighters' and Rescue Workers' Pension Fund, established under Article 86 of Chapter 58 of the General Statutes.
 - d. The Local Governmental Employees' Retirement System, established under Article 3 of Chapter 128 of the General Statutes.
 - e. The Legislative Retirement System of North Carolina, established under Article 1A of Chapter 120 of the General Statutes.
 - f. The North Carolina National Guard Pension Fund, established under Article 3 of Chapter 127A of the General Statutes.
 - g. The Registers of Deeds' Supplemental Pension Fund, established under Article 3 of Chapter 161 of the General Statutes.
 - h. The Retiree Health Benefit Fund, established under G.S. 135-7(f).
 - i. The North Carolina Teachers' and State Employees' Benefit Trust, established under G.S. 135-7(g).
- (8) Treasurer. – The State Treasurer."

SECTION 38.2.(b) Part 4 of Article 6 of Chapter 147 of the General Statutes, as created and amended by Section 38.1 of this act, reads as rewritten:

"Part 4. North Carolina Investment Authority.

"§ 147-70.1. Creation of Investment Authority.

1 (a) Creation. – The North Carolina Investment Authority is created as a body corporate
2 and politic having the powers and jurisdiction as provided under this Article or any other law.
3 The Investment Authority is a State agency for the performance of essential governmental and
4 public functions. The Investment Authority is located within, but independent from the control
5 of, the Department of State Treasurer. The Investment Authority shall have perpetual succession.

6 (b) Independence. – The Investment Authority, in carrying out its statutory
7 responsibilities, shall be independent of any fiscal control exercised by the Director of the
8 Budget, the Department of Administration, and the Department of State Treasurer, including for
9 organizational, staffing, procurement, and budgetary purposes. Except as provided under
10 subsection (c) of this section and unless otherwise explicitly provided by law, the Investment
11 Authority is exempt from the State Budget Act, and the provisions of Chapter 143C of the
12 General Statutes do not apply to the Investment Authority.

13 (c) Fiduciary Funds. – In order for the Investment Authority to effectively operate the
14 investment programs under its management, all funds while under management of the Investment
15 Authority are Fiduciary Funds described under subdivisions (8) through (10) of G.S. 143C-1-3(a)
16 and shall be accounted for as specified in G.S. 147-69.3(f).

17 **"§ 147-70.2. Powers and duties of the Investment Authority.**

18 (a) In addition to the authority granted to the Investment Authority under this Article or
19 any other law, the Investment Authority shall have all of the powers necessary to execute the
20 provisions of this Part, including, at a minimum, the following powers:

21 (1) The right to sue and be sued.

22 (2) To take, demand, receive, and possess all kinds of real and personal property
23 necessary and proper for its purposes.

24 (3) To bargain, sell, grant, alienate, or dispose of all real and personal property as
25 it may lawfully acquire.

26 (b) The Investment Authority shall have the right to acquire fidelity bonds, fiduciary
27 insurance, directors' and officers' insurance, or errors and omissions coverage, as determined by
28 the Investment Authority board. This right is independent of any purchase of insurance by the
29 State Treasurer under G.S. 147-67.1.

30 (c) Pursuant to G.S. 143B-1320(b), the Investment Authority shall be exempt from the
31 provisions of Article 15 of Chapter 143B of the General Statutes.

32 **"§ 147-70.3. Taxation of Investment Authority.**

33 (a) Property owned or acquired by the Authority is exempt from all taxes imposed by the
34 State or any political subdivision of the State.

35 (b) The Investment Authority shall not be subject to State income taxes.

36 (c) This section shall not be construed to apply in any way to individual members of the
37 Board of Directors or any employee of the Investment Authority.

38 **"§ 147-70.4. Confidentiality of Investment Authority records.**

39 Any record or other information received or generated by the Investment Authority in order
40 to negotiate at arm's length investment transactions that constitute a trade secret, as defined in
41 G.S. 66-152, is not public record and is exempt from the requirements of Chapter 132 of the
42 General Statutes until the applicable negotiation is completed and unless the record or
43 information substantiates a conflict with the duties of the Investment Authority under
44 G.S. 147-70.6(a).

45 **"§ 147-70.5. Criminal record checks.**

46 (a) The Investment Authority may obtain from the State and National Repositories of
47 Criminal Histories or from any other lawful source the criminal history of any of the following
48 individuals:

49 (1) A current or prospective permanent or temporary employee of the Investment
50 Authority.

51 (2) A contractor with the Investment Authority.

- 1 (3) An employee or agent of a contractor with the Investment Authority who is
2 performing or will perform work for the Investment Authority.
3 (4) A volunteer of the Investment Authority.
4 (5) Any other individual otherwise engaged by the Investment Authority who will
5 have access to health or financial information or data maintained by the
6 Investment Authority that is confidential or otherwise nonpublic.

7 (b) The Investment Authority may deny employment to or dismiss any individual
8 identified under subdivisions (1), (2), (4), and (5) of subsection (a) of this section who refuses to
9 consent to a criminal history record check or to the use of fingerprints or other identifying
10 information required by the State or National Repositories of Criminal Histories. Any refusal
11 shall constitute just cause for the employment denial or the dismissal from employment.

12 (c) The Investment Authority may extend a conditional offer of employment pending the
13 results of a criminal history record check authorized by this section.

14 ...

15 **"§ 147-71.1. Board of Directors.**

16 (a) Membership. – The Investment Authority shall be governed by a Board of Directors.
17 The Board of Directors shall consist of the following voting members:

- 18 (1) The State Treasurer, who shall serve as an ex officio member.
19 (2) One member appointed by the General Assembly upon the recommendation
20 of the Speaker of the House of Representatives in accordance with
21 G.S. 120-121.
22 (3) One member appointed by the General Assembly upon the recommendation
23 of the President Pro Tempore of the Senate in accordance with G.S. 120-121.
24 (4) One member appointed by the Governor, subject to confirmation by the
25 General Assembly by joint resolution.
26 (5) One member appointed by the State Treasurer, subject to confirmation by the
27 General Assembly by joint resolution.

28 (b) Terms. – The four appointive directors of the Board of Directors shall be appointed
29 for staggered six-year terms, except for the initial term. The initial term of the director appointed
30 by the President Pro Tempore of the Senate is one year. The initial term of the director appointed
31 by the Speaker of the House of Representatives is two years. The initial term of the director
32 appointed by the State Treasurer is three years. The initial term of the director appointed by the
33 Governor is four years. An appointive director whose term has expired but whose qualified
34 successor has not been appointed shall continue to serve on the Board of Directors until a
35 qualified successor is duly appointed, including by the State Treasurer after a holdover period of
36 six months or more as provided for under subsection (e) of this section.

37 (c) Qualifications to Serve. – No appointed director of the Board of Directors shall hold
38 any other public office in North Carolina, except that an appointed director may also have
39 membership on either or both of the Boards of Trustees under G.S. 128-28 and G.S. 135-6. All
40 appointed members of the Board of Directors shall have expert knowledge of investments and a
41 minimum of a 10-year track record of successful management in pension, endowment, or other
42 relevant investment management fields. The State Treasurer shall determine the sufficiency of a
43 prospective member's expert knowledge.

44 (d) Disqualifications to Serve. – An individual is not eligible to serve on the Board of
45 Directors if any of the following apply to that individual:

- 46 (1) The individual has been indicted or charged with, been convicted of, pleaded
47 guilty or nolo contendere to, or forfeited bail concerning a felony, or a
48 misdemeanor involving fraud, theft, or dishonesty under the laws of any
49 jurisdiction in the United States.
50 (2) The individual has had a judgment entered against him or her by a court of
51 competent jurisdiction in a civil matter involving a breach of fiduciary duties.

- (3) The individual has been the subject of an adverse action by the Securities and Exchange Commission which resulted in any sanction, payment of a fine, injunction, or other negative finding, whether individually or as a partner, principal member, managing director, or other position of leadership of any entity subject to the penalty or finding.
- (4) The individual, or the individual's spouse or immediate family member, is or becomes employed by the Department of State Treasurer or by a service provider engaged to invest or assist in the oversight of assets overseen by the Investment Authority.
- (5) The individual, or the individual's spouse or immediate family member, is an endorser, obligor, or provider of surety for, or is a borrower of, any money loaned to or borrowed from the assets overseen by the Board of Directors.
- (d1) Removal of Appointive Members. – A duly appointed member of the Board of Directors may be removed by the applicable appointing authority for misfeasance, malfeasance, or nonfeasance.
- (e) Vacancies. – Any vacancy in a position held by an appointive member shall be filled by a new appointment made by the applicable appointing authority for the vacant seat. If a seat on the Board of Directors is vacant or held over for six months or more without an appointment by the applicable appointing authority of an individual meeting the qualifications in this section, then the State Treasurer may nominate a member for approval by the Board of Directors. Any individual appointed to fill a vacancy shall serve only for the unexpired term. A vacancy automatically occurs upon the death or resignation of a member of the Board of Directors or upon the failure of a member of the Board of Directors to do any of the following:
- (1) Attend meetings for three consecutive meetings unless excused by majority vote of the other Board of Directors members.
- (2) Cure a conflict of interest within 30 days of identification of the conflict.
- (3) Agree to abide by the ethics policy adopted by the Board of Directors.
- (f) Reappointment. – Any member of the Board of Directors is eligible for reappointment, except that no appointive member of the Board of Directors may serve for more than two consecutive, full, six-year terms without at least a one-year break in membership on the Board of Directors.
- (g) Oath. – Each appointive member of the Board of Directors shall take an oath of office to administer the duties of office faithfully and impartially, and a record of the oath shall be filed in the office of the Secretary of State.
- (h) Officers. – The following shall apply to officers of the Board of Directors:
- (1) The State Treasurer shall serve as chair of the Board of Directors.
- (2) The State Treasurer shall designate a vice-chair from among the remaining members of the Board of Directors. The term of the vice-chair extends to the earlier of either three years or the date of expiration of the vice-chair's then current term as a member of the Board of Directors. In the absence of the State Treasurer or the Treasurer's designee, the vice-chair shall preside over the proceedings of the Board of Directors.
- (3) The Board of Directors shall appoint and prescribe the duties of a secretary, who need not be a member of the Board of Directors. The secretary is the custodian of all books, documents, and papers filed with the Board of Directors and the minute book or journal of the Board of Directors. The secretary shall keep a record of the proceedings of the Board of Directors. The secretary has the authority to make copies of all minutes and other records and documents of the Board of Directors.
- (i) Designees. – The State Treasurer is authorized to appoint a designee. No other member of the Board of Directors is authorized to appoint a designee.

1 (j) Compensation and Reimbursement. – Members of the Board of Directors shall
2 receive no compensation for their services. For attendance at meetings of the Board of Directors
3 or any committee of the Board of Directors, and for other services for the Investment Authority,
4 members of the Board of Directors shall receive per diem, subsistence, and travel allowances in
5 accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

6 (k) Meetings and Voting. – The Board of Directors shall meet at least quarterly. A
7 meeting may be called by the State Treasurer or by a majority of the Board of Directors. The
8 State Treasurer or the Treasurer's designee shall establish the agenda for each meeting. A
9 minimum of three members of the Board of Directors is required for quorum. The affirmative
10 vote of a majority of the members of the Board of Directors present at a meeting of the Board of
11 Directors that has been duly called and held is required for any action taken by the Investment
12 Authority, except that the State Treasurer's vote shall prevail in the event of a tied vote.

13 **"§ 147-71.2. Duties of the Board of Directors.**

14 (a) Investment-Related Powers and Duties. – The Board of Directors has all of the
15 following investment-related powers and duties:

16 (1) The Board of Directors has the authority to approve all of the following:

- 17 a. Investment policy statements to include investment objectives,
- 18 strategic asset allocation, and policy benchmarks.
- 19 b. Risk budgets, including related limits for key risk indicators.
- 20 c. The appointment of a master global custodian bank.
- 21 d. Annual operating budgets for investment programs.
- 22 e. Market-oriented compensation plans.

23 (2) The Board of Directors shall periodically review all of the following:

- 24 a. Investment performance and investment manager appointment and
- 25 termination activities.
- 26 b. Investment strategies, policies, and tactical considerations.
- 27 c. Asset liability studies.
- 28 d. Performance benchmarks and key risk indicators.
- 29 e. Audited investment financial statements and audit reports pursuant to
- 30 G.S. 147-69.9.
- 31 f. Independent evaluation of governance, operations, and investment
- 32 practices.
- 33 g. Periodic cost-effectiveness studies of the investment programs.

34 (3) The Board of Directors shall appoint a Chief Investment Officer of the
35 Investment Authority.

36 (4) With respect to Retirement Systems' assets, at least biennially, the Board of
37 Directors shall approve an absolute risk operating range. The absolute risk
38 operating range shall be expressed in equity and debt allocation equivalency
39 terms and shall meet all of the following criteria:

- 40 a. The range is deemed appropriate in seeking to maximize long-term
- 41 returns.
- 42 b. The risk is not considered undue relative to other similarly situated
- 43 U.S. public pension funds. An assessment of compliance with this
- 44 requirement related to undue risk shall be construed in a manner
- 45 consistent with subsections (c) and (d) of G.S. 147-70.6.
- 46 c. In setting the range, the Board of Directors has taken into
- 47 consideration all of the factors affecting the funding of the Retirement
- 48 Systems and each of the Retirement Systems' ability to meet its
- 49 financial obligations.

50 (5) The Board of Directors shall utilize the approved absolute risk operating range
51 under subdivision (4) of this subsection to recommend investment return

1 assumptions to (i) the Board of Trustees of the Local Governmental
2 Retirement System, (ii) the Board of Trustees of the Teachers' and State
3 Employees' Retirement System, and (iii) the actuaries engaged to prepare
4 annual actuarial valuations.

5 (b) Annual Internal Budget. – The Board of Directors shall not approve an annual internal
6 budget for the Investment Authority that exceeds three basis points of a rolling three-year average
7 of total assets invested by the Investment Authority, unless the Investment Authority reasonably
8 determines that, because of special circumstances, including applicable investment restrictions,
9 it is clearly not prudent to do so. The annual internal budget includes expenditures directly
10 associated with services retained by the Investment Authority in accordance with subsection (c)
11 of this section and employee compensation and benefits. The Investment Authority's approved
12 annual internal budget as well as the Investment Authority's actual spending for the prior fiscal
13 year shall be annually reported to the Joint Legislative Commission on Governmental Operations,
14 the House of Representatives Appropriations Committee, the Senate Appropriations/Base
15 Budget Committee, and the Fiscal Research Division.

16 (c) Authority to Contract for Services. – Notwithstanding Article 3 of Chapter 143 of the
17 General Statutes, G.S. 114-2.3, and G.S. 147-17, the Investment Authority is authorized to
18 independently retain the services of appraisers, auditors, actuaries, attorneys, investment
19 consultants, statisticians, custodians, information technology professionals, or other persons or
20 firms possessing specialized skills or knowledge necessary for the proper administration of
21 investment programs created pursuant to this section.

22 (d) Setting of Compensation Plans. – In order to promote achievement of long-term
23 investment objectives and to retain key public employees with investment functions, the
24 Investment Authority is authorized to establish, consistent with the Investment Authority's
25 fiduciary duties, market-oriented compensation plans, including salaries and performance-related
26 bonuses, for employees possessing specialized skills or knowledge necessary for the proper
27 administration of investment programs. The design and administration of those compensation
28 plans shall be based on compensation studies conducted by a nationally recognized firm
29 specializing in public fund investment compensation. The compensation and other associated
30 employee benefits shall be apportioned directly from the investment program. The Investment
31 Authority shall report the salaries and bonuses paid to the Joint Legislative Oversight Committee
32 on General Government annually.

33 **"§ 147-71.3. Liability of Board of Directors.**

34 An individual serving on the Board of Directors shall be immune individually from civil
35 liability for monetary damages, except to the extent covered by insurance, for any act or failure
36 to act arising out of that service, except where any of the following apply:

- 37 (1) The individual was not acting within the scope of that individual's official
38 duties.
39 (2) The individual was not acting in good faith.
40 (3) The individual committed gross negligence or willful or wanton misconduct
41 that resulted in the damages or injury.
42 (4) The individual derived an improper personal financial benefit, either directly
43 or indirectly, from the transaction.
44 (5) The individual incurred the liability from the operation of a motor vehicle.

45 ...

46 **"§ 147-72.1. Chief Investment Officer.**

47 (a) Principal Executive Officer. – The Chief Investment Officer is the Investment
48 Authority's principal executive officer and is responsible to the Board of Directors.

49 (b) Appointment and Term. – The CIO shall be appointed by a majority vote of the Board
50 of Directors, and any vacancy may be so filled by the Board of Directors. An individual appointed
51 as the CIO shall have expert knowledge of investments and a minimum of a 15-year track record

1 of successful management in pension, endowment, or other relevant investment management
2 arenas. The term of employment and compensation of the CIO is set by the Board of Directors,
3 except that each term of employment shall be limited to five years or less. The CIO is eligible
4 for multiple terms of employment without interruption. The CIO may be removed from office by
5 the Board of Directors.

6 (c) Employment of Staff. – The Chief Investment Officer shall employ staff necessary to
7 assist the CIO and the Board of Directors in carrying out duties and responsibilities under this
8 Article or as prescribed in any other law. Unless otherwise provided by law, Investment Authority
9 employees shall serve at the pleasure of the CIO and any vacancies in these positions may be
10 filled by the CIO. The CIO may designate managerial, professional, and policy-making positions
11 as exempt from the North Carolina Human Resources Act, in accordance with G.S. 126-5(c1).
12 Compensation of employees is set by the CIO within the limits set by the compensation plan
13 approved by the Board of Directors under G.S. 147-71.2.

14 (d) Contract Negotiation. – The CIO may negotiate, renegotiate, and execute contracts
15 with third parties in the performance of the CIO's duties and responsibilities under this Article.
16 Any delegation of authority by the Board of Directors shall require Board of Directors approval
17 and shall reserve certain strategic decisions and extraordinary investment decisions to the Board
18 of Directors. Contract execution with master global custodian banks and external auditors shall
19 be done only after approved by the Board of Directors.

20 ...

21 **"§ 147-73.2. Ethics policies.**

22 To ensure that the ~~State Treasurer's~~ Investment Authority investment programs operate under
23 a strong governance framework with rigorous internal controls and a high degree of operational
24 transparency and are managed with the highest ethical and professional standards and in the most
25 efficient and effective manner possible, the ~~State Treasurer, after consultation with the~~
26 ~~Investment Advisory Committee, is authorized and required to~~ Board of Directors shall adopt
27 policies and procedures on the following topics:

- 28 (1) Requiring that the ~~Department of State Treasurer's Investment Management~~
29 ~~Division~~ Investment Authority adopt a code of ethics.
- 30 (2) Requiring all employees of the ~~Department~~ Investment Authority who have
31 responsibility for matters related to investments to be provided with training
32 with respect to the discharge of their duties and responsibilities to the funds.
- 33 (3) Governing gifts to employees of the ~~Department~~ Investment Authority who
34 have responsibility for matters related to investments.
- 35 (4) Imposing limitations on external investment managers' use of placement
36 agents and other persons that appear before the ~~Department~~ Investment
37 Authority to ensure that these persons play only a proper role in investment
38 opportunities.
- 39 (5) As a component of the investment due diligence, negotiations, and contracting
40 process, requiring an independent assessment of whether circumstances exist
41 that create a material risk that professional judgement or actions regarding a
42 potential investment arrangement's recommendation, approval, or execution
43 have been or will be unduly influenced by a direct or indirect personal
44 interest."

45 **SECTION 38.2.(c)** Rules, codes of ethics, policies, and procedures adopted by the
46 State Treasurer in effect on June 30, 2025, that are impacted by the change in authority from the
47 State Treasurer or Department of State Treasurer to the Investment Authority under this section
48 shall remain in effect until amended by law, amended by the Investment Authority, or repealed.

49 **SECTION 38.2.(d)** Before January 1, 2026, when the Investment Authority shall
50 begin to manage investments as provided under Section 38.3 of this act, funds appropriated to

1 the Department of State Treasurer and funds available to the Department of State Treasurer under
2 G.S. 147-69.3 may be used to pay any expenses of the Investment Authority.

3 **SECTION 38.2.(e)** G.S. 147-65.2, as created by Section 38.1(b) and Section 38.1(n)
4 of this act, reads as rewritten:

5 "**§ 147-65.2. Salary of State Treasurer, Treasurer and certain Department employees.**

6 (a) State Treasurer. — The salary of the State Treasurer shall be as established in the
7 Current Operations Appropriations Act. In addition to the salary set by the General Assembly in
8 the Current Operations Appropriations Act, longevity pay shall be paid on the same basis as is
9 provided to employees of the State who are subject to the North Carolina Human Resources Act.

10 (b) ~~In order to promote achievement of long-term investment objectives and to retain key~~
11 ~~public employees with investment functions, the~~ Certain Departmental Employees. — The State
12 Treasurer is authorized to establish, consistent with the duties of the State Treasurer's fiduciary
13 ~~duties,~~ Treasurer as prescribed by law, market-oriented compensation plans, including salaries
14 and performance-related bonuses, for employees possessing specialized skills or knowledge
15 necessary for the proper administration of investment programs, who shall be programs. In
16 accordance with G.S. 126-5(c12), these employees are exempt from the classification and
17 compensation rules established by the Office of State Human Resources. The design and
18 administration of those compensation plans shall be based on compensation studies conducted
19 by a nationally recognized firm specializing in public fund investment compensation. The
20 compensation and other associated employee benefits shall be apportioned directly from the
21 investment program, and paid equitably among the funds and programs utilizing the services of
22 these employees in a manner prescribed by the State Treasurer. The Treasurer shall report the
23 salaries and bonuses paid to the Joint Legislative Oversight Committee on General Government
24 annually."

25 **SECTION 38.2.(f)** G.S. 126-5 reads as rewritten:

26 "**§ 126-5. Employees subject to Chapter; exemptions.**

27 ...
28 (c1) Except as to Articles 6 and 7 of this Chapter, this Chapter does not apply to any of the
29 following:

- 30 ...
31 (23) The Executive Administrator of the State Health Plan for Teachers and State
32 Employees.
33 (24) Employees of the State Health Plan for Teachers and State Employees as
34 designated by law or by the Executive Administrator of the Plan.

- 35 ...
36 (40) The Chief Investment Officer of the North Carolina Investment Authority
37 established under Part 5 of Article 6 of Chapter 147 of the General Statutes.
38 (41) Employees of the North Carolina Investment Authority established under Part
39 5 of Article 6 of Chapter 147 of the General Statutes who possess specialized
40 skills or knowledge necessary for the proper administration of investment
41 programs and who are employed in a position designated by the Chief
42 Investment Officer as exempt in accordance with G.S. 147-72.1.

43 ...
44 (c12) Except as to G.S. 126-13, 126-14, 126-14.1, and Articles 6, 7, 14, 15, and 16 of this
45 Chapter, this Chapter does not apply to employees of the Department of State Treasurer
46 possessing specialized skills or knowledge necessary for the proper administration of investment
47 programs and compensated pursuant to ~~G.S. 147-69.3(i2)~~ G.S. 147-65.2(b).

48"

49 **SECTION 38.2.(g)** G.S. 143C-1-3 is amended by adding a new subsection to read:

1 "(e) Notwithstanding subsections (a) and (b) of this section, funds under the management
2 of the North Carolina Investment Authority are exempt from this Chapter and shall be accounted
3 for as provided in Article 6 of Chapter 147 of the General Statutes."

4 **SECTION 38.2.(h)** This section is effective July 1, 2025, and subsections (e) and (f)
5 of this section apply to employees hired on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-TREAS-H3(S38.3)-P

Department of State Treasurer
House Appropriations, General Government

**TREASURER INVESTMENT MODERNIZATION PART III: NORTH CAROLINA
INVESTMENT AUTHORITY TO MANAGE INVESTMENTS AND BEGIN CARRYING
OUT STATUTORY DUTIES JANUARY 1, 2026**

SECTION 38.3.(a) Part 2 of Article 6 of Chapter 147 of the General Statutes, as created and amended by Section 38.1 of this act, reads as rewritten:

"Part 2. Investments and Funds

"§ 147-69.1. Investments authorized for General Fund and Highway Funds assets.

(a) The Governor and Council of State, with the advice and assistance of the State Treasurer, ~~shall~~ Treasurer and the Investment Authority, may adopt such rules and regulations as ~~shall be necessary and appropriate to implement the provisions for the implementation of this section.~~

(b) This section applies to funds ~~held by~~ deposited with the State Treasurer to the credit ~~of~~ of all of the following:

(1) The General Fund; ~~Fund.~~

(2) The Highway Fund and Highway Trust Fund.

(c) It ~~shall be~~ is the duty of the ~~State Treasurer~~ Investment Authority to invest the cash of the funds enumerated in subsection (b) of this section in excess of the amount required to meet the current needs and demands on ~~such~~ those funds, selecting from among the following:

(1) Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States.

(2) Obligations of the Federal Farm Credit Bank, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Fannie Mae, the Government National Mortgage Association, the International Bank for Reconstruction and Development, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.

(3) Repurchase Agreements with respect to one or more of the following:

a. Securities issued or guaranteed by the United States government or its agencies.

b. Securities eligible for investment by this section executed by a bank or trust company or by primary or other reporting dealers to the Federal Reserve Bank of New York.

c. Securities eligible for investment by this section executed by a registered broker-dealer that is subject to the rules and regulations of the U.S. Securities and Exchange Commission and is a member in good standing of the Financial Industry Regulatory Authority.

(4) Obligations of the State of North Carolina.

(5) Certificates of deposit and other deposit accounts of financial institutions under any of the following conditions:

a. With financial institutions with a physical presence in the State for the purpose of receiving commercial or retail deposits; provided that any

principal amount of such deposit in excess of the amount insured by the federal government or any agency thereof, be fully secured by surety bonds, or be fully collateralized; provided further that the rate of return or investment yield may not be less than that available in the market on United States government or agency obligations of comparable maturity.

b. With financial institutions with a physical presence inside or outside the State, in accordance with all of the following conditions:

1. The funds are initially deposited through a bank or savings and loan association in the State that is an official depository and that is selected by the State Treasurer, provided that the rate of return or investment yield shall not be less than that available in the market on United States government or agency obligations of comparable maturity.
2. The selected bank or savings and loan association arranges for the redeposit of the funds in deposit accounts of the State in one or more federally insured banks or savings and loan associations wherever located, provided that no State funds shall be deposited in a bank or savings and loan association that at the time holds other deposits from the State.
3. The full amount of principal and any accrued interest of each deposit account are covered by federal deposit insurance.
4. The selected bank or savings and loan association acts as custodian for the State with respect to the deposit in the State's account.
5. On the same date that the State funds are redeposited, the selected bank or savings and loan association receives an amount of federally insured deposits from customers of other financial institutions wherever located equal to or greater than the amount of the funds invested by the State through the selected bank or savings and loan association pursuant to this sub-subdivision.

...

- (7) Prime quality commercial paper that, when acquired, bears the highest rating, such as a minimum of "P1," "A1," or "F1," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and does not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation.
- (8) Bills of exchange or time drafts drawn on and accepted by a commercial bank and eligible for use as collateral by member banks in borrowing from a federal reserve bank, provided that when bills or drafts are acquired, the accepting bank or its holding company is either (i) incorporated in the State of North Carolina or (ii) has outstanding publicly held obligations that bear the highest rating, such as a minimum of "P1," "A1," or "F1," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the highest by any nationally recognized rating service which rates the particular obligations.
- (9) Asset-backed securities (whether considered debt or equity) provided, when acquired, the securities bear the highest rating, such as "AAA" or "Aaa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the

highest rating by any nationally recognized rating service which rates the particular securities.

- (10) Corporate bonds and notes provided they, when acquired, bear the highest rating, such as "AAA" or "Aaa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation.

(d) Unless otherwise provided by law, the interest or income received and accruing from all deposits or investments of such cash balances shall be paid into the State's General Fund, except that all interest or income received and accruing on the monthly balance of the Highway Fund and Highway Trust Fund shall be paid into the State Highway Fund and Highway Trust Fund. The cash balances of the several funds may be combined for deposit or investment purposes; and when such combined deposits or investments are made, the interest or income received and accruing from all deposits or investments shall be prorated among the funds in conformity with applicable law and the rules and regulations adopted by the Governor and Council of State.

...

"§ 147-69.2. Investments authorized for special funds held by State Treasurer.

(a) This section applies to funds held by the State Treasurer to the credit of each of the following:

- (1) The Teachers' and State Employees' Retirement System of North Carolina.
- (2) The Consolidated Judicial Retirement System of North Carolina.
- (3) The State Health Plan for Teachers and State Employees.

...

- (5) The Disability Salary Continuation Income Plan of North Carolina.
- (6) The North Carolina Firefighters' and Rescue Squad Workers' Pension Fund.
- (7) The North Carolina Local Governmental Employees' Retirement System.
- (8) The Legislative Retirement System of North Carolina.
- (9) The Escheat Fund.
- (10) The Legislative Retirement Fund.
- (11) The State Education Assistance Authority.
- (12) The State Property Fire Insurance Fund.

...

- (16) The Liability Insurance Trust Fund.
- (16a) The University of North Carolina Hospitals at Chapel Hill funds, except appropriated funds, deposited with the State Treasurer pursuant to G.S. 116-350.40.
- (17) Trust funds of The University of North Carolina and its constituent institutions deposited with the State Treasurer pursuant to G.S. 116-36.1.
- (17a) North Carolina Veterans Home Trust Fund.
- (17b) North Carolina National Guard Pension Fund.
- (17c) Retiree Health Benefit Fund.
- (17d) The Election Fund.
- (17e) The North Carolina State Lottery Fund.
- (17f) Funds deposited with the State Treasurer by public hospitals pursuant to G.S. 159-39(g).
- (17g) Funds deposited with the State Treasurer by Local Government Other Post-Employment Benefits Trusts pursuant to G.S. 159-30.1.
- (17h) The Local Government Law Enforcement Special Separation Allowance Fund.
- (17i) The North Carolina Conservation Easement Endowment Fund.

- (17j) The Conservation Grant Fund.
- (17k) The Wildlife Endowment Fund.
- (17l) The Ecosystem Restoration Fund.
- (17m) The Needs-Based Public School Capital Fund.
- (17n) The Riparian Buffer Restoration Fund.
- (18) Any other special fund created by or pursuant to law for purposes other than meeting appropriations made pursuant to the Executive Budget Act.
- (19) The Swain County Settlement Trust Fund.
- (20) Institutional funds of the colleges of the North Carolina Community College System.
- (21) The Disability Income Plan of North Carolina.
- ...
- (23) The Catawba Unit No. 1 Decommissioning Trust Fund and the Catawba Unit No. 2 Decommissioning Trust Fund established by North Carolina Municipal Power Agency Number 1, as described in G.S. 159B-18(b)(6).
- (24) Funds deposited with the State Treasurer by charter schools pursuant to G.S. 115C-218.15(f).

(b) It shall be the duty of the ~~State Treasurer~~ Investment Authority to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on these funds. The ~~State Treasurer~~ Investment Authority may invest the funds as provided in this subsection in the manner authorized by subsection (e) of this section. If an investment was authorized by this subsection at the time the investment was made or contractually committed to be made, then that investment shall continue to be authorized by this subsection, and none of the percentage or other limitation on investments set forth in this subsection shall be construed to require the ~~State Treasurer~~ Investment Authority to subsequently dispose of the investment or fail to honor any contractual commitments as a result of changes in market values, ratings, or other investment qualifications. For purposes of computing market values on which percentage limitations on investments in this subsection are based, all investments shall be valued as of the last date of the most recent fiscal quarter. Notwithstanding anything in this section to the contrary, the ~~State Treasurer~~ Investment Authority shall categorize investment management arrangements according to the primary investment type or primary strategy utilized under the arrangement authorized under subsection (e) of this section. No investment management arrangement may be categorized in more than one of the subdivisions of this section. The ~~State Treasurer~~ Investment Authority shall select from among the following investments subject to ~~the following any stipulated limitations and requirements:~~ requirements:

- (1) Investments authorized by G.S. 147-69.1(c)(1)-(7).
- (2) General obligations of other states of the United States.
- (3) General obligations of cities, counties and special districts in North Carolina.
- (4) Obligations of any company, other organization or legal entity incorporated or otherwise created or located within or outside the United States, including obligations that are convertible into equity securities, if, when acquired, the obligations are within one of the four highest rating categories regardless of gradations, such as ratings beginning with "AAA," "AA," "A," or either "BBB" or "Baa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission.
- ...
- (6) ~~Asset-backed securities (whether securities, whether considered debt or equity), equity,~~ Asset-backed securities (whether securities, whether considered debt or equity), equity, if, when acquired, the obligations are within one of the four highest ratings categories regardless of gradations, such as ratings beginning with "AAA," "AA," "A," or either "BBB" or "Baa," of at least one nationally

recognized rating service designated by the U.S. Securities and Exchange Commission.

- (6a) In addition to the limitations and requirements with respect to the investments of the Retirement Systems ~~set forth in~~ under this subsection, the ~~State Treasurer Investment Authority~~ shall select investments of the assets of the Retirement Systems such that investments made pursuant to subdivisions ~~(b)(1)-(1)~~ through (6) of this ~~section-subsection~~ shall at all times equal or exceed twenty percent (20%) of the market value of all invested assets of the Retirement Systems.

- ...
- (6c) ~~With respect to Retirement Systems' assets referred to in subdivision (b)(8), they may be invested, within or outside the United States, in obligations, debt securities, and asset-backed securities, whether considered debt or equity, including obligations and securities convertible into other securities, that do not meet the requirements of any of subdivisions (b)(1)-(1) through (6) of this section-subsection nor subdivision (b)(7)-(7) of this section. The amount invested under this subdivision shall not exceed seven and one half percent (7.5%) of the market value of all invested assets of the Retirement Systems-subsection.~~

- (7) Retirement Systems' assets ~~referred to in subdivision (8) of this subsection~~ may be invested in strategies managed primarily for the purpose of owning real estate or related debt financing, excluding asset-backed financing and timberlands, located within or outside the United States. ~~The amount invested under this subdivision shall not exceed ten percent (10%) of the market value of all invested assets of the Retirement Systems.~~

- (8) ~~With respect to assets of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Firefighters' and Rescue Workers' Pension Fund, the Local Governmental Employees' Retirement System, the Legislative Retirement System, the North Carolina National Guard Pension Fund, the Registers of Deeds' Supplemental Pension Fund, and the Retiree Health Benefit Fund (hereinafter referred to collectively as the Retirement Systems), they Retirement Systems' assets may be invested in a strategy composed primarily of equity securities traded on a public securities exchange or market organized and regulated pursuant to the laws of the jurisdiction of the exchange or market and issued by any company incorporated or otherwise created or located within or outside the United States as long as the investments meet the conditions of this subdivision. The investments authorized for the Retirement Systems under this subdivision are subject to the following limitations:~~

- ...
- a1. ~~The aggregate amount of the investments cannot exceed sixty five percent (65%) of the market value of all invested assets of the Retirement Systems.~~
- b. ~~The aggregate amount of the investment invested through investment companies described in sub-subdivision (e)(4)b. of this section shall not exceed eight and one half percent (8.5%) of the market value of all invested assets of the Retirement Systems, except that the market value of group trusts and individual, common, or collective trust funds of banks and trust companies shall not be applied against this limit.~~
- ...

- (9) ~~With respect to Retirement Systems' assets, as defined in subdivision (b)(8) of this subsection, they assets~~ may be invested in (i) a strategy composed primarily of private equity, or corporate buyout transactions, within or outside the United States or (ii) an arrangement authorized under subsection (e) of this section with the primary purpose to engage in other strategies not expressly authorized by any other subdivision of this subsection. ~~The amount invested under this subdivision shall not exceed eight and three quarters percent (8.75%) of the market value of all invested assets of the Retirement Systems.~~
- (9a) ~~With respect to Retirement Systems' assets, as defined in subdivision (b)(8) of this subsection, they assets~~ may be invested, within or outside the United States, in obligations, debt securities, asset-backed securities, whether considered debt or equity, and other investments that are acquired by the ~~Treasurer~~ Investment Authority for the primary purpose of ~~providing protection against risks associated with inflation, along with owning real assets or related debt financing, including, but not limited to, timberland, natural resources, commodities, infrastructure, transportation, agriculture, and other tangible and intangible real assets.~~ The amount invested under this subdivision shall not exceed seven and one half percent (7.5%) of the market value of all invested assets of the Retirement Systems.
- ...
- (10a) ~~With respect to Retirement Systems' assets, as defined in subdivision (8) of this subsection, the market value of any of subdivision (6c) or (7), sub-subdivision b. of subdivision (8), or subdivision (9) or (9a) of this subsection shall not exceed ten percent (10%) of the market value of all invested assets of the Retirement Systems; and the~~ The aggregate market value of all assets invested pursuant to subdivisions (6c) and (7), sub-subdivision b. of subdivision (8), and subdivisions (9) and (9a) (6c), (7), (8), (9), and (9a) of this subsection shall not exceed thirty five percent (35%) eighty percent (80%) of the market value of all invested assets of the Retirement Systems. Systems, including any digital assets invested pursuant to G.S. 147-69.2E(c).
- (10b) The market value of illiquid investments, as determined by the Board of Directors, shall not exceed forty percent (40%) of the market value of all invested assets of the Retirement System.
- ...
- (12) It is the intent of the General Assembly that the Escheat Fund provide a perpetual and sustainable source of funding for the purposes authorized by the State Constitution. Accordingly, the following provisions ~~apply~~ apply to the assets of the Escheat Fund:
- a. ~~With respect to The Investment Authority may invest the assets of the Escheat Fund, in addition to Fund in~~ those investments authorized by subdivisions (1) through (6) of this subsection, ~~up to ten percent (10%) subsection. Up to eighty percent (80%) of the assets may be invested in the investments authorized under subdivisions (6c) through (9a) of this subsection, notwithstanding the percentage limitations imposed on the Retirement Systems' investments under those subdivisions, and provided that the State Treasurer subsection. The Investment Authority may invest the assets as provided in subsection (e) of this section.~~
- ...

1 e. ~~The State Treasurer shall invest, in addition to those investments~~
2 ~~authorized by sub-subdivision a. ten percent (10%) of the net assets of~~
3 ~~the Escheat Fund as authorized under G.S. 147-69.2A.~~

4 (b1) ~~The State Treasurer shall appoint an Investment Advisory Committee, which shall~~
5 ~~consist of seven members: the State Treasurer, who shall be chairman ex officio; two members~~
6 ~~selected from among the members of the boards of trustees of the Retirement Systems; and four~~
7 ~~members selected from the general public. All appointed members must have experience in areas~~
8 ~~relevant to the administration of a large, diversified investment program, including, but not~~
9 ~~limited to, investment management, securities law, real estate development, or absolute return~~
10 ~~strategies. The State Treasurer shall also appoint a Secretary of the Investment Advisory~~
11 ~~Committee who need not be a member of the committee. Members of the committee shall receive~~
12 ~~for their services the same per diem and allowances granted to members of the State boards and~~
13 ~~commissions generally. The committee shall have advisory powers only and membership shall~~
14 ~~not be deemed a public office within the meaning of Article VI, Section 9 of the Constitution of~~
15 ~~North Carolina or G.S. 128-1.1.~~

16 (b2) ~~The State Treasurer~~ Investment Authority ~~may invest funds deposited pursuant to~~
17 ~~subdivision (a)(17f) of this section in any of the investments authorized under subdivisions (b)(1)~~
18 ~~through (6), subdivision (b)(6c), and subdivision (b)(8) of this section, notwithstanding the~~
19 ~~percentage limitations imposed on the Retirement Systems' investments therein. section. The~~
20 ~~State Treasurer~~ Investment Authority ~~may require a minimum deposit, up to one hundred~~
21 ~~thousand dollars (\$100,000), and may assess reasonable fees, not to exceed 15 basis points per~~
22 ~~annum, as a condition of participation pursuant to this subsection. Funds deposited pursuant to~~
23 ~~this subsection by a hospital shall remain the funds of that hospital, and interest or other~~
24 ~~investment income earned thereon shall be prorated and credited to the contributing hospital on~~
25 ~~the basis of the amounts thereof contributed, figured according to sound accounting principles.~~
26 ~~Fees assessed by the State Treasurer~~ Investment Authority ~~may be used to defray the cost of~~
27 ~~administering investments pursuant to this subsection and expenditures authorized under this~~
28 ~~section.~~

29 (b3) ~~The State Treasurer~~ Investment Authority ~~may invest funds deposited pursuant to~~
30 ~~subdivision (a)(16a) of this section in any of the investments authorized under subdivisions (1)~~
31 ~~through (6), subdivision (6c) and subdivision (b)(8) of this section, notwithstanding the~~
32 ~~percentage limitations imposed on the Retirement Systems' investments therein. section. The~~
33 ~~State Treasurer~~ Investment Authority ~~may require a minimum deposit, up to one hundred~~
34 ~~thousand dollars (\$100,000), and may assess reasonable fees, not to exceed 15 basis points per~~
35 ~~annum, as a condition of participation pursuant to this subsection. Funds deposited pursuant to~~
36 ~~this subsection by the University of North Carolina Hospitals at Chapel Hill shall remain the~~
37 ~~funds of the University of North Carolina Hospitals at Chapel Hill, and interest or other~~
38 ~~investment income earned thereon shall be prorated and credited to the University of North~~
39 ~~Carolina Hospitals at Chapel Hill on the basis of the amounts thereof contributed, figured~~
40 ~~according to sound accounting principles. Fees assessed by the State Treasurer~~ Investment
41 Authority ~~may be used to defray the cost of administering investments pursuant to this subsection~~
42 ~~and expenditures authorized under this section.~~

43 (b4) ~~In addition to the investments authorized under subdivisions (b)(1) through (6) of this~~
44 ~~section, the State Treasurer~~ Investment Authority ~~may invest funds deposited pursuant to~~
45 ~~subdivision (17g) of subsection (a) of this section in any of the investments authorized under~~
46 ~~subdivisions (b)(6c) and (b)(8) of this section, notwithstanding the percentage limitations~~
47 ~~imposed on the Retirement Systems' investments therein. section. Funds deposited pursuant to~~
48 ~~this subsection by a Local Government Other Post-Employment Benefits Trust and interest or~~
49 ~~other investment income earned from those funds shall be prorated and credited to the~~
50 ~~contributing trust on the basis of the amounts contributed, figured according to sound accounting~~
51 ~~principles. For investments under subdivisions (b)(6c) and (b)(8) of this section, the State~~

1 ~~Treasurer~~ Investment Authority may require a minimum deposit of up to one hundred thousand
2 dollars (\$100,000) and may assess reasonable fees of up to 15 basis points per annum as a
3 condition of participation pursuant to this subsection. Fees assessed by the ~~State Treasurer~~
4 Investment Authority may be used to defray the costs of administering the Fund and expenditures
5 authorized under this section.

6 (b5) In addition to the investments authorized under subdivisions (b)(1) through (6) of this
7 section, the ~~State Treasurer~~ Investment Authority may invest funds deposited in the Local
8 Government Law Enforcement Special Separation Allowance Fund in any of the investments
9 authorized under subdivisions (b)(6c) and (b)(8) of this section, ~~notwithstanding the percentage~~
10 ~~limitations imposed on the Retirement Systems' investments therein.~~ section. For investments
11 from that Fund made under subdivisions (b)(6c) and (b)(8) of this section, the ~~State Treasurer~~
12 Investment Authority may require a minimum deposit of up to one hundred thousand dollars
13 (\$100,000) and may assess reasonable fees of up to 15 basis points per annum as a condition of
14 making the investment. The fee may be used to defray the costs of administering the Fund and
15 expenditures authorized under this section.

16 (b6) In addition to the investments authorized under subdivisions (b)(1) through (6) of this
17 section, the ~~State Treasurer~~ Investment Authority may invest funds deposited in the Catawba
18 Unit No. 1 Decommissioning Trust Fund and the Catawba Unit No. 2 Decommissioning Trust
19 Fund in any of the investments authorized under subdivisions (b)(6c) and (b)(8) of this section,
20 ~~notwithstanding the percentage limitations imposed on the Retirement Systems' investments~~
21 ~~therein.~~ section. For investments from the Funds made under subdivisions (b)(6c) and (b)(8) of
22 this section, the ~~State Treasurer~~ Investment Authority may require a minimum deposit of up to
23 one hundred thousand dollars (\$100,000) and may assess reasonable fees of up to 15 basis points
24 per annum as a condition of making the investment. The fee may be used to defray the costs of
25 administering the Fund and expenditures authorized under this section.

26 (b7) In addition to the investments authorized under subdivisions (b)(1) through (6) of this
27 section, the ~~State Treasurer~~ Investment Authority may invest funds deposited in the Swain
28 County Settlement Trust Fund in any of the investments authorized under subdivision (b)(8) of
29 this section, ~~notwithstanding the percentage limitations imposed on the Retirement Systems'~~
30 ~~investments therein.~~ section. For investments from that Fund made under subdivision (b)(8) of
31 this section, the ~~State Treasurer~~ Investment Authority may require a minimum deposit of up to
32 one hundred thousand dollars (\$100,000) and may assess reasonable fees of up to 15 basis points
33 per annum as a condition of making the investment. The fee may be used to defray the costs of
34 administering the Fund and expenditures authorized under this section.

35 (b8) In addition to the investments authorized under subdivisions (b)(1) through (6) of this
36 section, the ~~State Treasurer~~ Investment Authority may invest funds deposited pursuant to
37 subdivision (24) of subsection (a) of this section in any of the investments authorized under
38 subdivisions (b)(6c) and (b)(8) of this section, notwithstanding the percentage limitations
39 imposed on the Retirement Systems' investments therein. For investments from that Fund made
40 under subdivisions (b)(6c) and (b)(8) of this section, the ~~State Treasurer~~ Investment Authority
41 may require a minimum deposit of up to fifty thousand dollars (\$50,000) and may assess
42 reasonable fees of up to 15 basis points per annum as a condition of making the investment. The
43 fee may be used to defray the costs of administering investments and expenditures authorized
44 under this section.

45 ...

46 (d) The ~~State Treasurer~~ Investment Authority may invest funds deposited pursuant to
47 subdivisions (17i), (17j), (17k), (17l), and (17n) of subsection (a) of this section in any of the
48 investments authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b)
49 of this section. The ~~State Treasurer~~ Investment Authority may require a minimum deposit, up to
50 one hundred thousand dollars (\$100,000), and may assess a reasonable fee, not to exceed 15 basis
51 points, as a condition of participation pursuant to this subsection. Fees assessed by the ~~State~~

1 ~~Treasurer Investment Authority~~ may be used to defray the costs of administering the funds and
2 expenditures authorized under this section. Funds deposited pursuant to this subsection shall
3 remain the funds of the North Carolina Conservation Easement Endowment Fund, the
4 Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian Buffer Restoration
5 Fund, or the Wildlife Endowment Fund, as applicable, and interest or other investment income
6 earned thereon shall be prorated and credited to the North Carolina Conservation Easement
7 Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian
8 Buffer Restoration Fund, or the Wildlife Endowment Fund on the basis of the amounts
9 contributed to the respective Funds, figured according to sound accounting principles.

10 (e) Investments made pursuant to this section may be made as internally managed
11 investments by the ~~State Treasurer Investment Authority~~ or may be made through third-party
12 investment management arrangements, under the following conditions:

13 (1) Internally managed portfolios shall be subject to industry standard portfolio
14 ~~guidelines developed with periodic consultation by the Investment Advisory~~
15 ~~Committee guidelines.~~

16 (2) In assessing whether to invest directly or to utilize indirect third-party
17 investment management arrangements, the ~~State Treasurer Investment~~
18 ~~Authority~~ shall consider all relevant material factors ~~he or she considers~~
19 ~~relevant to the decision~~ consistent with the ~~Treasurer's Investment Authority's~~
20 fiduciary duties under ~~G.S. 147-69.7, G.S. 147-70.6,~~ including financial,
21 operational, and investment expertise and resources, alignment of interests
22 and investor protections, transparency and repeatability of investment process,
23 risk controls, and cost-effectiveness.

24 ~~(3) For any third party investment management arrangements, the investment~~
25 ~~manager must have total assets under management of at least one hundred~~
26 ~~million dollars (\$100,000,000) at the inception of the investment management~~
27 ~~arrangement with the State Treasurer.~~

28 (4) Third-party investment management arrangements may be with persons and
29 legal entities located within or outside the United States, including through
30 any of the following:

31 a. Contractual arrangements in which the investment manager has
32 delegated discretion and authority to invest assets.

33 b. Investment companies as defined under United States generally
34 accepted accounting principles as promulgated by the Financial
35 Accounting Standards Board, including without limitation entities
36 registered under the Investment Company Act of 1940; individual,
37 common, or collective trust funds of banks and trust companies;
38 limited partnerships; limited liability companies or other limited
39 liability investment vehicles; and insurance contracts that provide for
40 participation in individual or pooled separate accounts of insurance
41 companies.

42 Any limited liability investment vehicles organized by the ~~State Treasurer~~
43 ~~Investment Authority~~ shall be deemed investment companies for the purposes
44 of this ~~subsection-subdivision.~~

45 (5) Investment companies shall provide annual audited financial statements to the
46 ~~State Treasurer, Investment Authority,~~ unless the ~~State Treasurer Investment~~
47 ~~Authority~~ waives the requirement after conducting a cost-benefit analysis.

48 (6) In connection with any investment otherwise authorized under this section,
49 the ~~State Treasurer Investment Authority~~ may enter into an indemnification
50 agreement provided that, under any agreement, the liability of the ~~State~~

1 ~~Treasurer~~ Investment Authority will be limited to the amount of the State
2 ~~Treasurer's Investment Authority's~~ contractual investment.

3 ...
4 **"§ 147-69.2E. Investments in digital assets.**

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

- 6 (1) Designated funds. – Any of the funds described in G.S. 147-69.1(b) and
7 G.S. 147-69.2(a).
8 (2) Digital asset. – A virtual currency, cryptocurrency, native electronic asset,
9 stablecoin, nonfungible token, or any other asset that is only digital and that
10 confers economic, proprietary, or access rights or powers.
11 (3) Private key. – A unique element of cryptographic data used for signing
12 transactions on a blockchain that is known to the owner of the unique element.
13 (4) Secure custody solution. – A technological product or a blended product and
14 service that employs advanced security measures to safeguard private keys
15 and prevent unauthorized access.

16 (b) The Investment Authority may invest the cash of the designated funds in digital assets
17 only after approval by the Board of Directors. The approval shall be based on an independent
18 assessment by a third-party consultant that all of the following requirements for proposed
19 investments have been met:

- 20 (1) The digital assets are maintained with a secure custody solution.
21 (2) The potential investment is appropriate for the designated fund's
22 circumstances from a total portfolio perspective.
23 (3) The control environment meets institutional investment industry requirements
24 for independent risk and compliance oversight, operational robustness, and
25 regulatory compliance.

26 (c) An investment in digital assets from any of the designated funds shall not exceed, in
27 the aggregate, five percent (5%) of the balance of the designated fund.

28 **"§ 147-69.3. Administration of State Treasurer's Investment Authority's investment**
29 **programs.**

30 (a) The State Treasurer shall deposit with the Investment Authority assets of the funds
31 under G.S. 147-69.1 and the special funds under G.S. 147-69.2. The Investment Authority shall
32 establish, maintain, administer, manage, and operate within the Department of State Treasurer
33 one or more investment programs for the deposit and to the credit of the State Treasurer of the
34 investment of assets pursuant to the provisions of G.S. 147-69.1 and G.S. 147-69.2. Different of
35 the funds under G.S. 147-69.1 and the special funds under G.S. 147-69.2. Funds of each of the
36 Retirement Systems and other funds held by the State Treasurer Investment Authority may be
37 invested collectively or separately in the State Treasurer's Investment Authority's discretion
38 consistent with the fiduciary duties stated in G.S. 147-69.7 under G.S. 147-70.6.

39 (b) Any official, board, commission, other public authority, local government, school
40 administrative unit, charter school, local ABC board, or community college of the State having
41 custody of any funds not required by law to be deposited with and invested by the State Treasurer
42 or the Investment Authority may deposit all or any portion of those funds with the State Treasurer
43 Investment Authority for investment in one of the investment programs established pursuant to
44 authorized under this section, subject to any provisions of law with respect to eligible
45 investments, provided that any investments. Any occupational licensing board as defined in
46 G.S. 93B-1 may participate in one of the investment programs established pursuant to authorized
47 under this section regardless of whether or not the funds were required by law to be deposited
48 with and invested by the State Treasurer. Treasurer or the Investment Authority. In the absence
49 of specific statutory provisions to the contrary, any of those funds described in this subsection
50 may be invested by the Investment Authority in accordance with the provisions of G.S. 147-69.2
51 and 147-69.3. Upon request from any depositor eligible under this subsection, the State Treasurer

1 may authorize moneys invested pursuant to this subsection to be withdrawn by warrant on the
2 State Treasurer.

3 (c) ~~The State Treasurer's Investment Authority's investment programs shall be so~~
4 ~~managed that that, in the judgment of the State Treasurer Investment Authority, funds may be~~
5 readily converted into cash when needed.

6 (d) Except as provided by G.S. 147-69.1(d), the total return earned on investments shall
7 accrue pro rata to the fund whose assets are ~~invested according to the formula prescribed by the~~
8 ~~State Treasurer with the approval of the Governor and Council of State.~~ invested.

9 (e) ~~The State Treasurer Investment Authority~~ has full powers as a fiduciary to hold,
10 purchase, sell, assign, transfer, lend and dispose of any of the securities or investments in which
11 any of the investment programs created pursuant to this section have been invested, and may
12 reinvest the proceeds from the sale of those securities or investments and any other investable
13 assets of the program.

14 (f) The cost of administration, management, and operation of investment programs
15 established pursuant to this section shall be apportioned and paid equitably among the programs
16 in a manner prescribed by the ~~State Treasurer Investment Authority, including through~~
17 administrative fees if approved by the Board of Directors. To the extent not otherwise chargeable
18 directly to the income or assets of a specific investment program or pooled investment vehicle,
19 the cost of administration, management, and operation of investment programs established
20 pursuant to this section shall be paid from the income and assets of the investment programs.
21 Any apportionment and payment under this section shall be accounted for in a manner determined
22 by the ~~State Treasurer Investment Authority.~~

23 ~~(g) The State Treasurer is authorized to retain the services of independent appraisers,~~
24 ~~auditors, actuaries, attorneys, investment counseling firms, statisticians, custodians, or other~~
25 ~~persons or firms possessing specialized skills or knowledge necessary for the proper~~
26 ~~administration of investment programs created pursuant to this section.~~

27 (g1) Notwithstanding G.S. 114-8.3, the Investment Authority's designated attorneys shall
28 review all proposed investment contracts and all proposed contracts for investment-related
29 services entered into pursuant to the Investment Authority's authority under this Article. All of
30 the following apply to the required review:

31 (1) This review shall include confirmation that a proposed contract meets all of
32 the following criteria:

33 a. The proposed contract is in proper legal form.

34 b. The proposed contract is legally enforceable to the extent governed by
35 North Carolina law.

36 c. The proposed contract accomplishes the intended purposes of the
37 contract.

38 (2) The Investment Authority's designated attorneys shall establish procedures
39 regarding the review.

40 (3) The required review does not constitute approval or disapproval of the policy
41 merit, or lack thereof, of the proposed contract.

42 (4) A designated attorney under this subsection includes any attorney employed
43 or retained by the Investment Authority to review contracts as required by this
44 subsection.

45 (5) For purposes of this subsection, "investment contract" means investments to
46 be acquired, held, or sold, directly or indirectly, by or for the Investment
47 Authority or an investment entity created by the Investment Authority, either
48 on its own behalf or on behalf of another beneficial owner.

49 ...

(i1) ~~The State Treasurer shall report the incentive bonus paid to the Chief Investment Officer to the Joint Legislative Commission on Governmental Operations by October 1 of each year.~~

...

(i3) ~~The Treasurer~~ Investment Authority may invest in the countries of Sudan and South Sudan to the extent not prohibited by the United States Government, or to the extent that such investment is part of an index or index replication strategy, a commingled fund, limited partnership, or similar investment vehicle, or a derivative instrument.

(j) Subject to the provisions of G.S. 147-69.1(d), the ~~State Treasurer shall~~ Investment Authority may adopt any rules necessary to carry out the provisions of this section.

...

"§ 147-69.4A. Support and assistance; Supplemental Retirement Board of Trustees.

(a) The Supplemental Retirement Board of Trustees, as established under G.S. 135-96, may request the Investment Authority to provide monitoring, evaluation, reporting, and other support or assistance for the investments of the Supplemental Retirement Income Plan of North Carolina and the North Carolina Public Employee Deferred Compensation Plan.

(b) Upon the consent of the Investment Authority to provide requested support or assistance under this section, the Investment Authority's responsibilities shall be documented in a Statement of Investment Policy approved by the Supplemental Retirement Board of Trustees.

(c) In providing any support or assistance under this section, the Investment Authority shall discharge its duties as a fiduciary to the participants in the Supplemental Retirement Income Plan of North Carolina and the North Carolina Public Employee Deferred Compensation Plan.

"§ 147-69.5. Local Government Law Enforcement Special Separation Allowance Fund.

The Local Government Law Enforcement Special Separation Allowance Fund is established as a fund in the Office of the State Treasurer under the management of the ~~Treasurer~~ Investment Authority. The Fund consists of contributions made by entities authorized to make contributions to the Fund and interest and other investment income earned by the Fund. Contributions to the Fund are irrevocable. Assets of the Fund may be used only to provide law enforcement special separation allowance benefits to individuals who are former employees of a unit of local government that contributes to the Fund and are entitled to law enforcement special separation allowance payable by the unit. The assets of the Fund are not subject to the claims of creditors of an entity that contributes to the Fund.

"§ 147-69.6. Swain County Settlement Trust Fund.

(a) The Swain County Settlement Trust Fund is established as a special fund in the Office of the State Treasurer under the management of the ~~Treasurer~~ The Treasurer ~~The Treasurer~~ Investment Authority. The Investment Authority may invest the assets of the Fund in any of the investments authorized under subdivisions (b)(1) through (6) and subdivision (b)(8) of G.S. 147-69.2. The Fund shall consist of the proceeds of any payments made by the United States in settlement of the 1943 agreement between Swain County and the United States Department of Interior, such other contributions as Swain County or other entities may choose to make to the Fund, and the interest and other investment income earned by the Fund. For the purposes of this section, the initial balance of the Fund shall be defined as fifty-two million dollars (\$52,000,000).

...."

SECTION 38.3.(a1) G.S. 147-69.2A is repealed.

SECTION 38.3.(b) Part 3 of Article 6 of Chapter 147 of the General Statutes, as created and amended by Section 38.1 of this act, reads as rewritten:

"Part 3. Reports and Audits.

"§ 147-69.8. Annual report on new investment authority.

Whenever the General Assembly broadens the investment authority of the ~~State Treasurer~~ Investment Authority as to the General Fund, the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Firefighters' and Rescue Squad

1 Workers' Pension Fund, the Local Governmental Employees' Retirement System, the Legislative
2 Retirement System, the North Carolina National Guard Pension Fund, or any idle funds, the State
3 ~~Treasurer Investment Authority~~ shall annually report in detail to the General Assembly the
4 investments made under such new authority, including the returns on those investments, earnings,
5 changes to value, and gains and losses in disposition of such investments. The report shall be
6 made no later than the first six months of each calendar year, covering performance in the prior
7 fiscal year. As to each type of new investment authority, the report shall be made for at least four
8 years. To the extent the information required by this section is also required in the reports under
9 G.S. 147-69.12, the ~~State Treasurer Investment Authority~~ may combine reports or make
10 cross-reference to those reports.

11 **"§ 147-69.9. Third-party audit of State Treasurer's investments.**

12 (a) In addition to all other audits and reports required by the law, the State ~~Treasurer~~
13 ~~Treasurer, with the active assistance of the Investment Authority,~~ shall prepare and issue, at the
14 end of each fiscal year ~~beginning with the 2015-2016 fiscal year,~~ year, a set of consolidated
15 stand-alone financial statements regarding investments authorized in G.S. 147-69.1 and
16 G.S. 147-69.2. These financial statements shall be audited by a commercial independent
17 third-party audit firm selected and engaged by the State ~~Treasurer.~~ Treasurer, in consultation with
18 the Investment Authority. The audit firm's report and the financial statement shall be provided to
19 the Joint Legislative Commission on Governmental Operations, the House of Representative
20 Appropriations Committee, the Senate Appropriations/Base Budget Committee, and the Fiscal
21 Research Division within six months after the closing of the reporting period.

22 (b) The management discussion and analysis section of the report accompanying the
23 financial statements shall be prepared by the Investment Authority and shall include a discussion
24 of the investment programs' risk and returns compared to benchmarks, total management fees
25 and incentives paid, and comparison to peer cost benchmarks.

26 **"§ 147-69.10. Investment policies and performance reviews of Retirement Systems
27 investment programs.**

28 (a) On at least a biennial basis, the ~~State Treasurer~~ Chief Investment Officer shall present
29 an investment policy statement to the ~~Investment Advisory Committee~~ Board of Directors for the
30 ~~Committee's consultation, approval.~~ The investment policy statement must include descriptions
31 of investment objectives and strategy, roles and responsibilities, permissible asset classes, asset
32 allocation targets and ranges, risk management and compliance guidelines, and evaluation
33 criteria necessary to measure investment performance.

34 (b) At least once every four years, the ~~State Treasurer~~ Investment Authority shall engage
35 a commercial independent expert firm, pursuant to ~~G.S. 147-69.3(g),~~ G.S. 147-71.2(c), to
36 evaluate the governance, operations, and investment practices of the ~~State Treasurer Investment~~
37 Authority in order to develop recommendations for improvement. ~~The State Treasurer must~~
38 ~~consult with the Investment Advisory Committee to develop the scope of the evaluation.~~ The
39 report of the independent expert firm shall be provided to the Joint Legislative Commission on
40 Governmental Operations, the House of Representatives Appropriations Committee, the Senate
41 Appropriations/Base Budget Committee, and the Fiscal Research Division within 30 days of
42 receipt.

43 **"§ 147-69.12. Reporting on the State ~~Treasurer's~~ Investment Authority's investment
44 programs.**

45 (a) ~~No later than the tenth day of February, May, August, and November of each year,~~
46 ~~the State Treasurer shall report on all investments for which the State Treasurer is in any way~~
47 ~~responsible, including investments made from the Escheat Fund and return on investment as~~
48 ~~provided in G.S. 147-69.2A. This report shall be made for the Escheat Fund in lieu of the report~~
49 ~~required by G.S. 147-69.8. The State Treasurer's quarterly report shall include each of the~~
50 ~~following:~~

- (1) ~~A specific listing of all direct and indirect placement fees, asset fees, performance fees, and any other money management fees incurred by the State in the management of the Retirement Systems defined in G.S. 147-69.2(b)(8). In the event that the market value of any of subdivision (6c) or (7), sub-subdivision b. of subdivision (8), or subdivision (9) or (9a) of G.S. 147-69.2 increases during a fiscal year by an amount greater than three percent (3%) of the market value of all invested assets of the Retirement Systems as of the prior fiscal year end, then the quarterly report provided shall describe how that increase complies with the duties described in G.S. 147-69.7 and the consequent expected impact on the risk profile of the Retirement Systems' assets.~~
- (2) ~~A specific listing of all investments made with certified green managers and companies and funds that support sustainable practices, including the names of the companies, managers, and funds, the amount invested, and the State's return on investment.~~
- (3) ~~For bank balances:~~
- ~~a. The State's total bank balance with the State Treasurer, including the amount of cash on hand and money on deposit.~~
- ~~b. For each bank or other qualified depository utilized by the State Treasurer to hold cash balances, (i) the name of each depository and (ii) current quarter end cash balances.~~
- (4) ~~For the State Treasurer's cash management programs:~~
- ~~a. Total assets.~~
- ~~b. Duration of investments.~~
- ~~c. Rate of return, including a comparison to an appropriate benchmark, if available.~~
- (5) ~~For the Retirement Systems, as defined in G.S. 147-69.2(b)(8), reported separately for each asset class authorized by G.S. 147-69.2(b):~~
- ~~a. Total assets.~~
- ~~b. Rate of return, including a comparison to an appropriate benchmark, if available.~~
- ~~c. Percentage of the total assets that are invested in the asset class and the limitation, if any, on the percentage under G.S. 147-69.2(b).~~
- (6) ~~For each investment program created under G.S. 147-69.3:~~
- ~~a. The financial condition of each investment program.~~
- ~~b. A full and complete statement of all moneys invested by virtue of the provisions of G.S. 147-69.1 and G.S. 147-69.2.~~
- ~~c. The nature and character of the investments.~~
- ~~d. The revenues derived from the investments, net of fees and expenses.~~
- ~~e. The costs of administering, managing, and operating the investment programs, including the recapture of any investment commissions.~~
- ~~f. The location on the State Treasurer's Web site where the public may find a statement of the investment policies for the revenues invested.~~
- ~~g. Any other information that may be helpful in understanding the State Treasurer's investment policies, investment practices, and investment results.~~
- ~~h. Any other information requested by the House of Representatives and Senate Finance Committees.~~
- ~~i. The location on the State Treasurer's Web site where the public may find a list of new commitments to external investment managers.~~

- j. ~~The location on the State Treasurer's Web site where the public may find information on the use of placement agents by investment managers.~~
- (7) ~~For all other investments with or on behalf of the State or any of its agencies or institutions:~~
- a. ~~The particular agency or institution, fund, rate of return, and duration of the investment.~~
- b. ~~The amount of deposit on all noninterest bearing accounts.~~
- (a1) On a monthly basis, the Investment Authority shall report on the performance of all investments for which the Investment Authority is in any way responsible. The monthly report shall include all of the following information:
- (1) The beginning and ending market value of each investment program and deposits or withdrawals.
- (2) The rate of return, net of all fees, and expenses for various time periods, including comparisons to an appropriate benchmark, if available. For the Retirement Systems' investment program, asset class level information shall also be provided.
- (3) The asset allocation of each investment program and compliance with any statutory limitations or limitations set by the Board of Directors.
- (4) All of the following information for each investment program:
- a. The location on the Investment Authority's website where the public may find a statement of the investment policies.
- b. The location on the Department's or Investment Authority's website where the public may find a list of new commitments to external investment managers and on the use of placement agents by investment managers.
- c. Any other information that may be helpful in understanding the Investment Authority's investment policies, investment practices, and investment results.
- (b) No later than the date set by G.S. 147-69.9 for the submission of consolidated stand-alone financial statements, the ~~State Treasurer~~ Investment Authority shall report annually on the fees and performance of all externally and internally managed investments for the ~~Retirement Systems defined in G.S. 147-69.2(b)(8). Systems.~~ Externally managed investments shall be reported on the basis of each investment vehicle or investment manager, as applicable. Internally managed investments shall be reported on a portfolio-by-portfolio basis. The ~~State Treasurer's Investment Authority's~~ annual report shall include all of the following, as applicable, reported separately for each investment:
- (1) The name, commitment amount, statutory classification, and inception year.
- (2) Either a statement that the investment is managed internally by the staff of the ~~State Treasurer~~ Investment Authority or the names of the external investment manager and the investment vehicle for that investment.
- (3) ~~Value~~ The value of the investment.
- (4) ~~Dollar~~ The dollar amount of the management fees and incentive fees.
- (5) ~~For investment-grade fixed income or public equity investments, public market investment manager accounts,~~ the periodic net annualized time-weighted rate of return for that fiscal year and since inception, reported net of fees.
- (6) For all investments other than ~~investment-grade fixed income or public equity investments,~~ public market investment manager accounts, all of the following:
- a. The net annualized internal rate of return and investment multiple since inception, reported net of fees.

1 b. The total cash contributions or other investments ~~made by the State~~
2 ~~Treasurer made.~~
3 c. The total distribution received ~~by the State Treasurer~~ with respect to
4 that investment since inception, reported net of fees.
5 (7) ~~For any fund of funds investment vehicles, the aggregate management fees~~
6 ~~and incentive fees for the underlying investment managers or investment~~
7 ~~vehicles used by the external investment manager.~~
8 (8) If any placement agent fees relating to the investment were directly or
9 indirectly borne by the ~~State Treasurer~~ Investment Authority or Retirement
10 Systems, a list of the amount and type of those fees.
11 (c) The Treasurer shall report to the Governor annually the exact balance in the treasury
12 to the credit of the State, with a summary of the receipts and payments of the treasury during the
13 preceding fiscal year, and so far as practicable an account of the same down to the termination
14 of the current calendar year.
15 (d) The reports required by this section shall be delivered to the Joint Legislative
16 Commission on Governmental Operations, chairs of the House of Representatives and Senate
17 Appropriations Committees, chairs of the House of Representative and Senate Finance
18 Committees, Fiscal Research Division, Governor, Council of State, and State Auditor. The
19 reports shall also be made available for public review, ~~including by posting on the State~~
20 ~~Treasurer's Web site.~~
21 ~~A copy of a report on any State Treasurer investment program shall be sent to review by the~~
22 ~~official, institution, board, commission, or other agency investing in that program.~~ the programs,
23 including by posting on the Investment Authority's website."
24 **SECTION 38.3.(c)** G.S. 147-70.6, as created by Section 38.1 of this act, reads as
25 rewritten:
26 **"§ 147-70.6. Discharge of duties to funds.**
27 (a) ~~The State Treasurer~~ Investment Authority, including the Board of Directors, shall
28 discharge ~~his or her all~~ duties with respect to each fund or investment program held by the
29 Investment Authority to the credit of the State Treasurer, including each of the funds, funds
30 ~~enumerated in G.S. 147-69.2 as follows:~~ G.S. 147-69.1 and G.S. 147-69.2, in all of the following
31 manners:
32 (1) Solely in the interest of the intended beneficiaries of the fund, if any.
33 (2) For the exclusive purpose of carrying out the purpose of the fund, including
34 providing benefits to participants and beneficiaries, and paying reasonable
35 expenses of administering the fund.
36 (3) With the care, skill, and caution that a prudent investor would use after
37 considering the purposes, distribution requirements, and other circumstances
38 then prevailing.
39 (4) Impartially, taking into account any differing interests of participants and
40 beneficiaries.
41 (5) Incurring only costs that are appropriate and reasonable.
42 (6) In accordance with a good-faith interpretation of the provisions of
43 G.S. 147-69.2 and any other applicable law governing the fund.
44 (b) In investing and managing assets of ~~the any fund or investment program~~ pursuant to
45 subsection (a) of this section, the ~~State Treasurer~~ Investment Authority shall do all of the
46 following:
47 (1) ~~Shall consider~~ Consider all of the following circumstances:
48 a. General economic conditions.
49 b. The possible effect of inflation or deflation.
50 c. The role that each investment or course of action plays within the
51 overall portfolio of the fund.

- d. The expected total return from income and the appreciation of capital.
- e. Needs for liquidity, regularity of income, and preservation or appreciation of capital.
- f. With respect to the Retirement Systems ~~defined in G.S. 147-69.2(b)(8)~~ and any other pension plans, the adequacy of funding for the Retirement Systems or other pension plan based on reasonable actuarial factors.
- g. The purpose of the fund, if established.
- (2) ~~Shall diversify~~ Diversify the investments of the ~~fund-fund~~, unless the ~~State Treasurer~~ Investment Authority reasonably determines that, because of special circumstances, including applicable investment restrictions, it is clearly prudent not to do so.
- (3) ~~Shall make~~ Make a reasonable effort to verify facts relevant to the investment and management of assets of the funds.
- (4) ~~Shall invest only in those investments authorized by law consistent with the provisions of Article 6 of Chapter 146 of the General Statutes.~~
- (5) ~~Shall, in~~ In the evaluation of an investment, or in the evaluation or exercise of any right appurtenant to an investment, consider only pecuniary ~~factors;~~ factors as follows:
- a. For the purposes of this section, a pecuniary factor is a factor that has a material effect on the financial risk or financial return of an investment based on appropriate investment horizons consistent with the purpose of the fund, if established.
- b. Environmental or social considerations are pecuniary factors only if they present economic risks or opportunities that qualified investment professionals would treat as material economic considerations under generally accepted investment theories. The weight given to those factors shall solely reflect a prudent assessment of their impact on risk and return.

~~(6)~~ May,

(b1) In investing and managing assets of any fund or investment program pursuant to subsection (a) of this section, the Investment Authority may, in the evaluation or exercise of any right appurtenant to an investment, reasonably conclude that not exercising such a that right is in the best interest of the fund's beneficiaries.

(c) Compliance by the State Treasurer-Investment Authority with this section must be determined in light of the facts and circumstances existing at the time of the Treasurer's Investment Authority's decision or action and not by hindsight.

(d) The State Treasurer's-Investment Authority's investment and management decisions must be evaluated not in isolation but in the context of the portfolio of the fund as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the fund.

(e) Notwithstanding any of the foregoing, the State Treasurer-other provision of this section to the contrary, the Investment Authority shall have no duty to assist or advise any official, board, commission, local government, other public authority, school administrative unit, local ABC board, community college of the State, or other person, trust, agency, institution, or entity in connection with any of the following decisions and directions with respect to any funds to be deposited with the State Treasurer and invested by the State Treasurer-Investment Authority.

- (1) The voluntary decision to deposit or withdraw funds in accordance with applicable law in one or more of the ~~State Treasurer's~~ Investment Authority's investment programs.

1 (2) The voluntary direction as to the allocation of deposited funds in accordance
2 with applicable law among the ~~State Treasurer's~~ Investment Authority's
3 investment programs.

4 (3) Any other decision or direction by which the depositor exercises control over
5 assets deposited or to be deposited with the State Treasurer or the Investment
6 Authority in accordance with applicable law."

7 **SECTION 38.3.(d)** G.S. 147-71.2(a), as enacted by Section 38.2(b) of this act, is
8 amended by adding a new subdivision to read:

9 "(6) The Board of Directors has the following liquidity monitoring duties:

10 a. Upon the quarterly receipt of liquidity monitoring requirements from
11 the Chief Investment Officer, the Board of Directors shall ensure that
12 a portion of the Retirement Systems' invested assets are at all times
13 available to be converted in an orderly fashion to cash proceeds
14 sufficient to meet projected net benefit payments and highly probable
15 contractual obligations.

16 b. The Board of Directors shall annually certify the allocation of illiquid
17 investment.

18 c. If the Board of Directors determines that liquidity is insufficient, then
19 the Board of Directors may direct the CIO to pause new contractual
20 commitments to illiquid investments or implement other mitigation
21 activities."

22 **SECTION 38.3.(e)** G.S. 147-72.1, as enacted by Section 38.2(b) of this act, is
23 amended by adding a new subsection to read:

24 "(e) Management of Retirement Systems Investments. – The Chief Investment Officer
25 shall manage the Retirement Systems investments to remain within the approved absolute risk
26 operating range set by the Board of Directors in accordance with G.S. 147-71.2(a)(4)."

27 **SECTION 38.3.(f)** Rules adopted by the State Treasurer in effect as of December
28 31, 2025, and that are impacted by the change in authority under this section shall remain in
29 effect until amended by the Investment Authority, amended by law, or repealed.

30 **SECTION 38.3.(g)** G.S. 128-29(c) reads as rewritten:

31 "(c) Custodian of Funds. – The State Treasurer shall be the custodian of the several funds
32 and shall deposit these funds with the Investment Authority to invest ~~their~~ these assets in
33 accordance with the provisions of G.S. 147-69.2 and 147-69.3. Article 6 of Chapter 147 of the
34 General Statutes. All payments from said funds shall be made by ~~him~~ the State Treasurer only
35 upon vouchers signed by two persons designated by the Board of Trustees. The secretary of the
36 Board of Trustees shall furnish said Board a surety bond in a company authorized to do business
37 in North Carolina in such amount as shall be required by the Board, the premium to be paid from
38 the expense fund."

39 **SECTION 38.3.(h)** G.S. 135-7(c) reads as rewritten:

40 "(c) Custodian of Funds; Disbursements; Bond of Director. – The State Treasurer shall be
41 the custodian of the several funds and shall deposit these funds with the Investment Authority to
42 invest ~~their~~ these assets in accordance with the provisions of G.S. 147-69.2 and 147-69.3. Article
43 6 of Chapter 147 of the General Statutes."

44 **SECTION 38.3.(i)** The State Treasurer shall examine the feasibility of allowing
45 members of the Supplemental Retirement Income Plan and members of the 457(b) Deferred
46 Compensation Plan to elect to invest in digital assets, as defined in G.S. 147-69.2E enacted under
47 subsection (a) of this section, which are held as exchange-traded products. If the State Treasurer
48 determines this investment election is appropriate and, after reviewing the Treasurer's findings,
49 the Supplemental Retirement Board of Trustees (Board) agrees, then the Treasurer and Board
50 may adopt rules to implement allowing State employees to elect to invest in digital assets,
51 including all of the following:

- (1) Identification of appropriate investment vehicles.
- (2) After determining whether a maximum contribution allowable for members of the Supplemental Retirement Income Plan and members of the 457(b) Deferred Compensation Plan should be established, the amount of that maximum contribution.
- (3) Educational materials to inform State employees about digital asset basics and digital asset investment risks.
- (4) Any other rules the Treasurer deems necessary.

SECTION 38.3.(j) In cooperation with the State Treasurer, the State Bureau of Investigation, local law enforcement agencies, and other statewide law enforcement agencies, shall study the feasibility of establishing the North Carolina Digital Asset Reserve (Reserve), with the purpose of retaining digital assets seized and forfeited to the State. The study shall include at least the following:

- (1) The State agency or department best suited to administer the Reserve.
- (2) The best method to hold assets in the Reserve.
- (3) The process for placing seized or forfeited assets in the Reserve.
- (4) The best method to time sales from the Reserve to maximize revenue to the Civil Penalty and Forfeiture Fund and benefit local boards of education.
- (5) Any other issues the stakeholders deem necessary.

The State Bureau of Investigation shall report the results of this study, including proposed legislation to create, implement, and administer the Reserve, to the Joint Legislative Oversight Committee on General Government no later than March 1, 2026.

SECTION 38.3.(k) Subsections (i) and (j) are effective when this act becomes law. The remainder of this section is effective January 1, 2026.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-OLB-H1-P

Occupational Licensing Boards
House Appropriations, General Government

**REQUIRE LICENSURE OF EDUCATIONAL INTERPRETERS AND
TRANSLITERATORS**

SECTION #.(a) G.S. 90D-3 reads as rewritten:

"§ 90D-3. Definitions.

The following definitions apply in this Chapter:

...

(3) Educational interpreter or educational transliterator. – A person who provides accessible communication, using the most understandable language model, to individuals in prekindergarten through grade 12 or in any institution of higher education.

(4) Interpreter. – A person who practices the act of interpreting as defined in this section. The term includes an educational interpreter as defined in subdivision (3) of this section.

...

(9) Transliterator. – A person who practices the art of transliterating as defined in this section. The term includes an educational transliterator as defined in subdivision (3) of this section."

SECTION #.(b) G.S. 90D-4(b) reads as rewritten:

"(b) The provisions of this Chapter do not apply to:

...

~~(5) Educational interpreters or transliterators.~~

...."

SECTION #.(c) G.S. 90D-7 reads as rewritten:

"§ 90D-7. Requirements for licensure.

(a) Upon application to the Board and the payment of the required fees, an applicant may be licensed as an interpreter or transliterator if the applicant meets all of the following qualifications:

(1) Is 18 years of age or older.

(2) Is of good moral character as determined by the Board.

(3) Meets one of the following criteria:

a. Repealed by Session Laws 2023-137, s. 45(a), effective December 1, 2023, and applicable to licenses and provisional licenses issued or renewed by the North Carolina Interpreter and Transliterator Licensing Board after that date.

b. Is nationally certified by the Registry of Interpreters for the Deaf, Inc., (RID), or another nationally recognized body that issues certificates or assessments for interpreting approved by the Board by rule.

c. Holds a valid Testing, Evaluation and Certification Unit, Inc., (TECUnit) national certification in cued language transliteration.

d. Repealed by Session Laws 2023-137, s. 45(a), effective December 1, 2023, and applicable to licenses and provisional licenses issued or

renewed by the North Carolina Interpreter and Transliterators Licensing Board after that date.

e. Holds a current Cued Language Transliterators State Level Assessment (CLTSLA) level 3 or above classification.

f. Holds a current Educational Interpreter Performance Assessment (EIPA) level 4.0 or above classification and passed the EIPA written test.

(b) Repealed by Session Laws 2014-115, s. 42(b), effective August 11, 2014.

(c) The Department of Public Safety may provide a criminal record check to the Board for a person who has applied for a new, provisional, or renewal license through the Board. The Board shall provide to the Department of Public Safety, along with the request, the fingerprints of the applicant, any additional information required by the Department of Public Safety, and a form signed by the applicant consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The applicant's fingerprints shall be forwarded to the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The Board shall keep all information pursuant to this subdivision privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

The Department of Public Safety may charge each applicant a fee for conducting the checks of criminal history records authorized by this subsection."

SECTION #.(d) G.S. 90D-8 reads as rewritten:

"§ 90D-8. Provisional license.

(a) Upon application to the Board and the payment of the required fees, an applicant may be issued a one-time provisional license as an interpreter or transliterator if the applicant meets all of the following qualifications:

(1) Is at least 18 years of age.

(2) Is of good moral character as determined by the Board.

(3) Completes two continuing education units approved by the Board. These units must be completed for each renewable year.

(4) Holds at least a two-year associate degree in interpreting from an accredited institution and satisfies one of the following:

a. Holds a quality assurance North Carolina Interpreter Classification System (NCICS) level C classification.

b. Holds a valid National Association of the Deaf (NAD) level 2 or 3 certification.

c. Holds a current Educational Interpreter Performance Assessment (EIPA) level 3.5 or above ~~classification~~classification and passed the EIPA written test.

d. Repealed by Session Laws 2005-299, s. 2, effective August 22, 2005.

e. Repealed by Session Laws 2023-137, s. 45(b), effective October 10, 2023.

f. Holds any other certificate or assessment issued by a nationally recognized body approved by the Board by rule.

(a1) Upon application to the Board, payment of the required fees, and meeting the requirements for a provisional license under subdivisions (1) and (2) of subsection (a) of this section, the Board may also issue a provisional license to any of the following categories of persons seeking a provisional license:

(1) A deaf interpreter who completes 16 hours of training in interpreting coursework or workshops, including role and function or ethics, and 20 hours

1 in the 12 months immediately preceding the date of application in the
2 provision of interpreting services.

3 (2) An oral interpreter who completes a total of 40 hours of training in interpreting
4 coursework or workshops related to oral interpreting.

5 (3) A cued language transliterator who holds a current TECUnit Cued Language
6 Transliterator State Level Assessment (CLTSLA) level 2 or above
7 classification.

8 (4) A person providing interpreting or transliterating services who has a
9 recognized credential from another state in the field of interpreting or
10 transliterating.

11 (5) An interpreter or transliterator who ~~has~~ meets both of the following:

12 a. Has accumulated 200 hours per year in the provision of interpreting or
13 transliterating services, in this State or another state, totaling 400 hours
14 for the two years immediately preceding the date of application. An
15 applicant must provide documentation of hours when applying for a
16 provisional license under this category, subject to verification by the
17 Board.

18 b. Holds any certificate or assessment issued by a nationally recognized
19 body approved by the Board by rule.

20 (b) A provisional license issued under this section shall be valid for one year. Upon
21 expiration, a provisional license may be renewed for an additional one-year period in the
22 discretion of the Board. However, a provisional license shall not be renewed more than ~~three~~ two
23 times. The Board may, in its discretion, grant an extension after the ~~third~~ second time the
24 provisional license has been renewed under circumstances to be established in rules adopted by
25 the Board.

26 (c) Repealed by Session Laws 2014-115, s. 42(b), effective August 11, 2014."

27 **SECTION #.(e)** G.S. 115C-110.2 reads as rewritten:

28 "**§ 115C-110.2. Interpreters/transl iterators.**

29 Each interpreter or transliterator employed by a local educational agency to provide services
30 to hearing-impaired students must annually complete 15 hours of job-related training that has
31 been approved by the local educational agency. Continuing education hours completed in
32 compliance with licensure renewal requirements adopted by the North Carolina Interpreter and
33 Transliterator Licensing Board pursuant to G.S. 90D-11 may be applied toward the 15 hours of
34 job-related training, to the extent those hours are relevant to the interpreter's or transliterator's
35 job-based duties and approved by the local educational agency."

36 **SECTION #.(f)** For an educational interpreter or educational transliterator who was
37 issued a provisional license pursuant to G.S. 90D-8 and the provisional license expired prior to
38 the effective date of this section, if the educational interpreter or educational transliterator
39 continues to qualify for a provisional license pursuant to G.S. 90D-8, as amended by subsection
40 (d) of this section, then the North Carolina Interpreter and Transliterator Licensing Board shall
41 issue a new initial provisional license upon application to the Board and the payment of the
42 required fee for a provisional license. Notwithstanding G.S. 90D-8(b), the Board shall not grant
43 an extension after a second renewal to a provisional license issued pursuant to this section.

44 **SECTION #.(g)** Subsection (f) of this section expires on September 30, 2027.

45 **SECTION #.(h)** The North Carolina Interpreter and Transliterator Licensing Board
46 and the State Board of Education may adopt rules to implement the provisions of this section.

47 **SECTION #.(i)** This section becomes effective October 1, 2026.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-OLB-H2-P

Occupational Licensing Boards
House Appropriations, General Government

Requested by

INTERSTATE COMPACT FOR SCHOOL PSYCHOLOGISTS

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

"Article 17F.

"School Psychologist Interstate Licensure Compact.

"§ 115C-270.40. Purpose.

The purpose of this Compact is to facilitate the interstate practice of School Psychology in educational or school settings, and in so doing to improve the availability of School Psychological Services to the public. This Compact is intended to establish a pathway to allow School Psychologists to obtain equivalent licenses to provide School Psychological Services in any Member State. In this way, this Compact shall enable the Member States to ensure that safe and effective School Psychological Services are available and delivered by appropriately qualified professionals in their educational settings. To facilitate the objectives described above, this Compact does the following:

- (1) Enables School Psychologists who qualify for receipt of an Equivalent License to practice in other Member States without first satisfying burdensome and duplicative requirements.
- (2) Promotes the mobility of School Psychologists between and among the Member States in order to address workforce shortages and to ensure that safe and reliable School Psychological Services are available in each Member State.
- (3) Enhances the public accessibility of School Psychological Services by increasing the availability of qualified, licensed School Psychologists through the establishment of an efficient and streamlined pathway for Licensees to practice in other Member States.
- (4) Preserves and respects the authority of each Member State to protect the health and safety of its residents by ensuring that only qualified, licensed professionals are authorized to provide School Psychological Services within that state.
- (5) Requires School Psychologists practicing within a Member State to comply with the Scope of Practice laws present in the state where the School Psychological Services are being provided.
- (6) Promotes cooperation between the Member States in regulating the practice of School Psychology within those states.
- (7) Facilitates the relocation of military members and their spouses who are licensed to provide School Psychological Services.

"§ 115C-270.41. Definitions.

The following definitions shall apply in this Article:

- (1) Active Military Member. – Any person with full-time duty status in the Armed Forces of the United States, including members of the National Guard and Reserve.
- (2) Adverse Action. – Disciplinary action or encumbrance imposed on a License by a State Licensing Authority.
- (3) Alternative Program. – A nondisciplinary, prosecutorial diversion, monitoring, or practice remediation process entered into in lieu of an Adverse Action which is applicable to a School Psychologist and approved by the State Licensing Authority of a Member State in which the participating School Psychologist is licensed. This includes, but is not limited to, programs to which Licensees with substance abuse or addiction issues may be referred in lieu of an Adverse Action.
- (4) Commissioner. – The individual appointed by a Member State to serve as the representative to the Commission for that Member State.
- (5) Compact. – This School Psychologist Interstate Licensure Compact.
- (6) Continuing Professional Education. – A requirement, imposed by a Member State as a condition of License renewal to provide evidence of successful participation in professional educational activities relevant to the provision of School Psychological Services.
- (7) Criminal Background Check. – The submission of fingerprints or other biometric information for a License applicant for the purpose of obtaining that applicant's criminal history record information, as defined in 28 C.F.R. § 20.3(d), and the state's criminal history record repository, as defined in 28 C.F.R. § 20.3(f).
- (8) Doctoral Level Degree. – A graduate degree program that consists of at least 90 graduate semester hours in the field of School Psychology, including a supervised internship.
- (9) Encumbered License. – A License that a State Licensing Authority has limited in any way other than through an Alternative Program, including temporary or provisional licenses.
- (10) Executive Committee. – The Commission's Chair, Vice-Chair, Secretary, and Treasurer and any other Commissioners as may be determined by Commission Rule or bylaw.
- (11) Equivalent License. – A License to practice School Psychology which a Member State has identified as a License which may be provided to School Psychologists from other Member States pursuant to this Compact.
- (12) Home State. – The Member State that issued the Home State License to the Licensee and is the Licensee's primary state of practice.
- (13) Home State License. – The License that is not an Encumbered License issued by the Home State to provide School Psychological Services.
- (14) License. – A current license, certification, or other authorization granted by a Member State's Licensing Authority that permits an individual to provide School Psychological Services.
- (15) Licensee. – An individual who holds a License from a Member State to provide School Psychological Services.
- (16) Member State. – A state that has enacted the Compact and been admitted to the Commission in accordance with the provisions herein and Commission Rules.
- (17) Model Compact. – The model language for the School Psychologist Interstate Licensure Compact on file with the Council of State Governments or other entity as designated by the Commission.

- (18) Practice of School Psychology. – The delivery of School Psychological Services.
- (19) Qualifying National Exam. – A national licensing examination endorsed by the National Association of School Psychologists and any other exam as approved by the Rules of the Commission.
- (20) Qualifying School Psychologist Education Program. – An education program which awards a Specialist-Level or Doctoral-Level degree or equivalent upon completion and is approved by the Rules of the Commission as meeting the necessary minimum educational standards to ensure that its graduates are ready, qualified, and able to engage in the Practice of School Psychology.
- (21) Remote State. – A Member State other than the Home State where a Licensee holds a License through the Compact.
- (22) Rule. – A regulation promulgated by an entity, including, but not limited to, the Commission and the State Licensing Authority of each Member State, that has the force of law.
- (23) School Psychological Services. – Academic, mental, and behavioral health services, including assessment, prevention, consultation and collaboration, intervention, and evaluation provided by a School Psychologist in a school, as outlined in applicable professional standards as determined by Commission Rule.
- (24) School Psychologist. – An individual who has met the requirements to obtain a Home State License that legally conveys the professional title of School Psychologist, or its equivalent, as determined by the Rules of the Commission.
- (25) School Psychologist Interstate Licensure Compact Commission (Commission). – The joint government agency established by this Compact whose membership consists of representatives from each Member State that has enacted the Compact, and as further described in G.S. 115C-270.46.
- (26) Scope of Practice. – The procedures, actions, and processes a School Psychologist licensed in a state is permitted to undertake in that state and the circumstances under which that Licensee is permitted to undertake those procedures, actions, and processes. Such procedures, actions, and processes, and the circumstances under which they may be undertaken, may be established through means, including, but not limited to, statute, regulations, case law, and other processes available to the State Licensing Authority or other government agency.
- (27) Specialist-Level Degree. – A degree program that requires at least 60 graduate semester hours or equivalent in the field of School Psychology, including a supervised internship.
- (28) State. – Any state, commonwealth, district, or territory of the United States of America.
- (29) State Licensing Authority. – A Member State's regulatory body responsible for issuing Licenses or otherwise overseeing the Practice of School Psychology.
- (30) State Specific Requirement. – A requirement for licensure covered in coursework or examination that includes content of unique interest to the state.
- (31) Unencumbered License. – A License that authorizes a Licensee to engage in the full and unrestricted Practice of School Psychology.

"§ 115C-270.42. State participation in the Compact.

(a) To be eligible to join this Compact, and to maintain eligibility as a Member State, a state must do the following:

- (1) Enact a Compact statute that is not materially different from the Model Compact as defined in the Commission's Rules.
 - (2) Participate in the sharing of information with other Member States as reasonably necessary to accomplish the objectives of this Compact, and as further defined in G.S. 115C-270.47.
 - (3) Identify and maintain with the Commission a list of Equivalent Licenses available to Licensees who hold a Home State License under this Compact.
 - (4) Have a mechanism in place for receiving and investigating complaints about Licensees.
 - (5) Notify the Commission, in compliance with the terms of the Compact and the Commission's Rules, of any Adverse Action taken against a Licensee, or of the availability of investigative information which relates to a Licensee or applicant for licensure.
 - (6) Require that applicants for a Home State License have done the following:
 - a. Taken and passed a Qualifying National Exam as defined by the Rules of the Commission.
 - b. Completed a minimum of 1,200 hours of supervised internship, of which at least 600 must have been completed in a School, prior to being approved for licensure.
 - c. Graduated from a Qualifying School Psychologist Education Program.
 - (7) Comply with the terms of this Compact and the Rules of the Commission.
- (b) Each Member State shall grant an Equivalent License to practice School Psychology in that state upon application by a Licensee who satisfies the criteria of G.S. 115C-270.43(a). Each Member State shall grant renewal of the Equivalent License to a Licensee who satisfies the criteria of G.S. 115C-270.43(b).
- (c) Member States may set and collect a fee for granting an Equivalent License.
- "§ 115C-270.43. School psychologist participation in the Compact.**
- (a) To obtain and maintain an Equivalent License from a Remote State under this Compact, a Licensee must satisfy the following:
- (1) Hold and maintain an active Home State License.
 - (2) Satisfy any applicable State Specific Requirements established by the Member State after an Equivalent License is granted.
 - (3) Complete any administrative or application requirements which the Commission may establish by Rule and pay any associated fees.
 - (4) Complete any requirements for renewal in the Home State, including applicable Continuing Professional Education requirements.
 - (5) Upon their application to receive a license under this Compact, undergo a criminal background check in the Member State in which the Equivalent License is sought in accordance with the laws and regulations of such Member State.
- (b) To renew an Equivalent License in a Member State other than the Home State, a Licensee must only apply for renewal, complete a background check, and pay renewal fees as determined by the Licensing Authority.
- "§ 115C-270.44. Active Military Members or their spouses.**
- A Licensee who is an Active Military Member or is the spouse of an Active Military Member shall be deemed to hold a Home State License in any of the following locations:
- (1) The Licensee's permanent residence.
 - (2) A Member State that is the Licensee's primary state of practice.
 - (3) A Member State where the Licensee has relocated pursuant to a Permanent Change of Station (PCS).
- "§ 115C-270.45. Discipline/adverse actions.**

1 (a) Nothing in this Compact shall be deemed or construed to limit the authority of a
2 Member State to investigate or impose disciplinary measures on Licensees according to the State
3 Practice Laws thereof.

4 (b) Member States shall be authorized to receive, and shall provide, files and information
5 regarding the investigation and discipline, if any, of Licensees in other Member States upon
6 request. Any Member State receiving such information or files shall protect and maintain the
7 security and confidentiality thereof, in at least the same manner that it maintains its own
8 investigatory or disciplinary files and information. Prior to disclosing any disciplinary or
9 investigatory information received from another Member State, the disclosing state shall
10 communicate its intention and purpose for such disclosure to the Member State which originally
11 provided that information.

12 **"§ 115C-270.46. Establishment of the School Psychologist Interstate Licensure Compact**
13 **Commission.**

14 (a) The Member States hereby create and establish a joint government agency whose
15 membership consists of all Member States that have enacted the Compact, and this agency shall
16 be known as the School Psychologist Interstate Licensure Compact Commission. The
17 Commission is an instrumentality of the Member States acting jointly and not an instrumentality
18 of any one state. The Commission shall come into existence on or after the effective date of the
19 Compact as set forth in G.S. 115C-270.50.

20 (b) Membership, Voting, and Meetings.

21 (1) Each Member State shall have and be limited to one delegate selected by that
22 Member State's State Licensing Authority.

23 (2) The delegate shall be the primary administrative officer of the Member State
24 Licensing Authority or their designee who is an employee of the Member
25 State Licensing Authority.

26 (3) The Commission shall by Rule or bylaw establish a term of office for
27 delegates and may by Rule or bylaw establish term limits.

28 (4) The Commission may recommend removal or suspension of any delegate
29 from office.

30 (5) A Member State's Licensing Authority shall fill any vacancy of its delegate
31 occurring on the Commission within 60 days of the vacancy.

32 (6) Each delegate shall be entitled to one vote on all matters before the
33 Commission requiring a vote by Commission delegates.

34 (7) A delegate shall vote in person or by such other means as provided in the
35 bylaws. The bylaws may provide for delegates to meet by telecommunication,
36 videoconference, or other means of communication.

37 (8) The Commission shall meet at least once during each calendar year.
38 Additional meetings may be held as set forth in the bylaws. The Commission
39 may meet by telecommunication, video conference, or other similar electronic
40 means.

41 (c) The Commission shall have the following powers:

42 (1) Establish the fiscal year of the Commission.

43 (2) Establish code of conduct and conflict of interest policies.

44 (3) Establish and amend Rules and bylaws.

45 (4) Establish the procedure through which a Licensee may change their Home
46 State.

47 (5) Maintain its financial records in accordance with the bylaws.

48 (6) Meet and take such actions as are consistent with the provisions of this
49 Compact, the Commission's Rules, and the bylaws.

- (7) Initiate and conclude legal proceedings or actions in the name of the Commission, provided that the standing of any Member State Licensing Authority to sue or be sued under applicable law shall not be affected.
- (8) Maintain and certify records and information provided to a Member State as the authenticated business records of the Commission and designate an agent to do so on the Commission's behalf.
- (9) Purchase and maintain insurance and bonds.
- (10) Borrow, accept, or contract for services of personnel, including, but not limited to, employees of a Member State.
- (11) Conduct an annual financial review.
- (12) Hire employees, elect or appoint officers, fix compensation, define duties, grant such individuals appropriate authority to carry out the purposes of the Compact, and establish the Commission's personnel policies and programs relating to conflicts of interest, qualifications of personnel, and other related personnel matters.
- (13) Assess and collect fees.
- (14) Accept any and all appropriate gifts, donations, grants of money, other sources of revenue, equipment, supplies, materials, and services and receive, utilize, and dispose of the same; provided that at all times the Commission shall avoid any appearance of impropriety and/or conflict of interest.
- (15) Lease, purchase, retain, own, hold, improve, or use any, real, personal, or mixed, or any undivided interest therein.
- (16) Sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property real, personal, or mixed.
- (17) Establish a budget and make expenditures.
- (18) Borrow money.
- (19) Appoint committees, including standing committees, composed of members, state regulators, state legislators or their representatives, and consumer representatives, and such other interested persons as may be designated in this Compact and the bylaws.
- (20) Provide and receive information from, and cooperate with, law enforcement agencies.
- (21) Establish and elect an Executive Committee, including a Chair and a Vice-Chair.
- (22) Determine whether a state's adopted language is materially different from the Model Compact language such that the state would not qualify for participation in the Compact.
- (23) Perform such other functions as may be necessary or appropriate to achieve the purposes of this Compact.
- (d) The Executive Committee.

 - (1) The Executive Committee shall have the power to act on behalf of the Commission according to the terms of this Compact. The powers, duties, and responsibilities of the Executive Committee shall include the following:

 - a. Oversee the day-to-day activities of the administration of the Compact, including enforcement and compliance with the provisions of the Compact, its Rules and bylaws, and other such duties as deemed necessary.
 - b. Recommend to the Commission changes to the Rules or bylaws, changes to this Compact legislation, fees charged to Member States, fees charged to Licensees, and other fees.

- 1 c. Ensure Compact administration services are appropriately provided,
2 including by contract.
- 3 d. Prepare and recommend the budget.
- 4 e. Maintain financial records on behalf of the Commission.
- 5 f. Monitor Compact compliance of Member States and provide
6 compliance reports to the Commission.
- 7 g. Establish additional committees as necessary.
- 8 h. Exercise the powers and duties of the Commission during the interim
9 between Commission meetings, except for adopting or amending
10 Rules, adopting or amending bylaws, and exercising any other powers
11 and duties expressly reserved to the Commission by Rule or bylaw.
- 12 i. Other duties as provided in the Rules or bylaws of the Commission.
- 13 (2) The Executive Committee shall be composed of up to seven members as
14 follows:
- 15 a. The Chair and Vice-Chair of the Commission shall be voting members
16 of the Executive Committee.
- 17 b. The Commission shall elect five voting members from the current
18 membership of the Commission.
- 19 (3) The Commission may remove any member of the Executive Committee as
20 provided in the Commission's bylaws.
- 21 (4) The Executive Committee shall meet at least annually as follows:
- 22 a. Executive Committee meetings shall be open to the public, except that
23 the Executive Committee may meet in a closed, nonpublic meeting as
24 provided in subdivision (2) of subsection (f) of this section.
- 25 b. The Executive Committee shall give 30 days' notice of its meetings,
26 posted on its website and as determined to provide notice to persons
27 with an interest in the business of the Commission.
- 28 c. The Executive Committee may hold a special meeting in accordance
29 with sub-subdivision b. of subdivision (1) of subsection (f) of this
30 section.
- 31 (e) The Commission shall adopt and provide to the Member States an annual report.
- 32 (f) Meetings of the Commission.
- 33 (1) All meetings shall be open to the public as follows, except that the
34 Commission may meet in a closed, nonpublic meeting as provided in
35 subdivision (2) of this subsection.
- 36 a. Public notice for all meetings of the full Commission shall be given in
37 the same manner as required under the Rulemaking provisions in
38 G.S. 115C-270.48, except that the Commission may hold a special
39 meeting as provided in sub-subdivision b. of this subdivision.
- 40 b. The Commission may hold a special meeting when it must meet to
41 conduct emergency business by giving 48 hours' notice to all
42 commissioners, on the Commission's website, and other means as
43 provided in the Commission's Rules. The Commission's legal counsel
44 shall certify that the Commission's need to meet qualifies as an
45 emergency.
- 46 (2) The Commission or the Executive Committee or other committees of the
47 Commission may convene in a closed, nonpublic meeting for the Commission
48 or Executive Committee or other committees of the Commission to receive
49 legal advice or to discuss the following:
- 50 a. Noncompliance of a Member State with its obligations under the
51 Compact.

- b. The employment, compensation, discipline, or other matters, practices, or procedures related to specific employees.
- c. Current or threatened discipline of a Licensee by the Commission or by a Member State's Licensing Authority.
- d. Current, threatened, or reasonably anticipated litigation.
- e. Negotiation of contracts for the purchase, lease, or sale of goods, services, or real estate.
- f. Accusing any person of a crime or formally censuring any person.
- g. Trade secrets or commercial or financial information that is privileged or confidential.
- h. Information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy.
- i. Investigative records compiled for law enforcement purposes.
- j. Information related to any investigative reports prepared by or on behalf of or for use of the Commission or other committee charged with responsibility of investigation or determination of compliance issues pursuant to the Compact.
- k. Matters specifically exempted from disclosure by federal or Member State law.
- l. Other matters as promulgated by the Commission by Rule.
- (3) If a meeting, or portion of a meeting, is closed, the presiding officer shall state that the meeting will be closed and reference each relevant exempting provision, and such reference shall be recorded in the minutes.
- (4) The Commission shall keep minutes that fully and clearly describe all matters discussed in a meeting and shall provide a full and accurate summary of actions taken, and the reasons therefore, including a description of the views expressed. All documents considered in connection with an action shall be identified in such minutes. All minutes and documents of a closed meeting shall remain under seal, subject to release only by a majority vote of the Commission or order of a court of competent jurisdiction.
- (g) Financing of the Commission.
- (1) The Commission shall pay, or provide for the payment of, the reasonable expenses of its establishment, organization, and ongoing activities.
- (2) The Commission may accept any and all appropriate revenue sources as provided in subdivision (13) of subsection (c) of this section.
- (3) The Commission may levy on and collect an annual assessment from each Member State and impose fees on Licensees practicing in the Member States under an Equivalent License to cover the cost of the operations and activities of the Commission and its staff, which must be in a total amount sufficient to cover its annual budget as approved each year for which revenue is not provided by other sources. The aggregate annual assessment amount for Member States shall be allocated based upon a formula that the Commission shall promulgate by Rule.
- (4) The Commission shall not incur obligations of any kind prior to securing the funds adequate to meet the same, nor shall the Commission pledge the credit of any of the Member States, except by and with the authority of the Member State.
- (5) The Commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the Commission shall be subject to the financial review and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the

Commission shall be subject to an annual financial review by a certified or licensed public accountant, and the report of the financial review shall be included in and become part of the annual report of the Commission.

(h) Qualified Immunity, Defense, and Indemnification.

(1) The members, officers, executive director, employees, and representatives of the Commission shall be immune from suit and liability, both personally and in their official capacity, for any claim for damage to or loss of property or personal injury or other civil liability caused by or arising out of any actual or alleged act, error, or omission that occurred, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of Commission employment, duties, or responsibilities; provided that nothing in this subdivision shall be construed to protect any such person from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful or wanton misconduct of that person. The procurement of insurance of any type by the Commission shall not in any way compromise or limit the immunity granted hereunder.

(2) The Commission shall defend any member, officer, executive director, employee, and representative of the Commission in any civil action seeking to impose liability arising out of any actual or alleged act, error, or omission that occurred within the scope of Commission employment, duties, or responsibilities, or as determined by the Commission that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of Commission employment, duties, or responsibilities; provided that nothing herein shall be construed to prohibit that person from retaining their own counsel at their own expense; and provided further, that the actual or alleged act, error, or omission did not result from that person's intentional or willful or wanton misconduct.

(3) The Commission shall indemnify and hold harmless any member, officer, executive director, employee, and representative of the Commission for the amount of any settlement or judgment obtained against that person arising out of any actual or alleged act, error, or omission that occurred within the scope of Commission employment, duties, or responsibilities, or that such person had a reasonable basis for believing occurred within the scope of Commission employment, duties, or responsibilities, provided that the actual or alleged act, error, or omission did not result from the intentional or willful or wanton misconduct of that person.

(4) Nothing herein shall be construed as a limitation on the liability of any licensee for professional malpractice or misconduct, which shall be governed solely by any other applicable state laws.

(5) Nothing in this Compact shall be interpreted to waive or otherwise abrogate a Member State's state action immunity or state action affirmative defense with respect to antitrust claims under the Sherman Act, Clayton Act, or any other state or federal antitrust or anticompetitive law or regulation.

(6) Nothing in this Compact shall be construed to be a waiver of sovereign immunity by the Member States or by the Commission.

"§ 115C-270.47. Facilitating information exchange.

(a) The Commission shall provide for facilitating the exchange of information to administer and implement the provisions of this Compact in accordance with the Rules of the Commission, consistent with generally accepted data protection principles.

1 (b) Notwithstanding any other provision of state law to the contrary, a Member State shall
2 agree to provide for the facilitation of the following Licensee information as required by the
3 Rules of the Commission, including:

4 (1) Identifying information.

5 (2) Licensure data.

6 (3) Adverse Actions against a Licensee and information related thereto.

7 (4) Nonconfidential information related to Alternative Program participation, the
8 beginning and ending dates of such participation, and other information
9 related to such participation not made confidential under Member State law.

10 (5) Any denial of application for licensure, and the reason(s) for such denial.

11 (6) The presence of investigative information.

12 (7) Other information that may facilitate the administration of this Compact or the
13 protection of the public, as determined by the Rules of the Commission.

14 (c) Nothing in this Compact shall be deemed or construed to alter, limit, or inhibit the
15 power of a Member State to control and maintain ownership of its Licensee information or alter,
16 limit, or inhibit the laws or regulations governing Licensee information in the Member State.

17 **"§ 115C-270.48. Rulemaking.**

18 (a) The Commission shall exercise its Rulemaking powers pursuant to the criteria set
19 forth in this interstate compact and the Rules adopted thereunder. Rules and amendments shall
20 become binding as of the date specified in each Rule or amendment.

21 (b) The Commission shall promulgate reasonable Rules to achieve the intent and purpose
22 of this interstate compact. In the event the Commission exercises its Rulemaking authority in a
23 manner that is beyond the purpose and intent of this interstate compact, or the powers granted
24 hereunder, then such an action by the Commission shall be invalid and have no force and effect
25 of law in the Member States.

26 (c) If a majority of the legislatures of the Member States reject a Rule, by enactment of a
27 statute or resolution in the same manner used to adopt the Compact within four years of the date
28 of adoption of the Rule, then such Rule shall have no further force and effect in any Member
29 State.

30 (d) Rules or amendments to the Rules shall be adopted or ratified at a regular or special
31 meeting of the Commission in accordance with Commission Rules and bylaws.

32 (e) Prior to promulgation and adoption of a final Rule or Rules by the Commission, and
33 at least 30 days in advance of the meeting at which the Rule will be considered and voted upon,
34 the Commission shall file a notice of proposed Rulemaking:

35 (1) On the website of the Commission or other publicly accessible platform; and

36 (2) On the website of each Member State Licensing Authority or other publicly
37 accessible platform or the publication in which each state would otherwise
38 publish proposed Rules.

39 (f) Upon determination that an emergency exists, the Commission may consider and
40 adopt an emergency Rule with 48 hours' notice, with opportunity to comment, provided that the
41 usual Rulemaking procedures shall be retroactively applied to the Rule as soon as reasonably
42 possible, in no event later than 90 days after the effective date of the Rule. For the purposes of
43 this provision, an emergency Rule is one that must be adopted immediately in order to accomplish
44 the following:

45 (1) Meet an imminent threat to public health, safety, or welfare.

46 (2) Prevent a loss of Commission or Member State funds.

47 (3) Meet a deadline for the promulgation of an administrative Rule that is
48 established by federal law or Rule.

49 (4) Protect public health and safety.

50 **"§ 115C-270.49. Oversight, dispute resolution, and enforcement.**

51 (a) Oversight.

- (1) The executive and judicial branches of the state government in each Member State shall enforce this Compact and take all actions necessary and appropriate to implement the Compact.
- (2) Venue is proper and judicial proceedings by or against the Commission shall be brought solely and exclusively in a court of competent jurisdiction where the principal office of the Commission is located. The Commission may waive venue and jurisdictional defenses to the extent it adopts or consents to participate in alternative dispute resolution proceedings. Nothing herein shall affect or limit the selection or propriety of venue in any action against a Licensee for professional malpractice, misconduct, or any such similar matter.
- (3) The Commission shall be entitled to receive service of process in any proceeding regarding the enforcement or interpretation of the Compact and shall have standing to intervene in such a proceeding for all purposes. Failure to provide the Commission service of process shall render a judgment or order void as to the Commission, this Compact, or promulgated Rules.
- (b) Default, Technical Assistance, and Termination.
- (1) If the Commission determines that a Member State has defaulted in the performance of its obligations or responsibilities under this Compact or the promulgated Rules, the Commission shall provide written notice to the defaulting state. The notice of default shall describe the default, the proposed means of curing the default, and any other action that the Commission may take and shall offer training and specific technical assistance regarding the default.
- (2) The Commission shall provide a copy of the notice of default to the other Member States.
- (c) If a state in default fails to cure the default, the defaulting state may be terminated from the Compact upon an affirmative vote of a supermajority of the delegates of the Member States, and all rights, privileges, and benefits conferred on that state by this Compact may be terminated on the effective date of termination. A cure of the default does not relieve the offending state of obligations or liabilities incurred during the period of default.
- (d) Termination of membership in the Compact shall be imposed only after all other means of securing compliance have been exhausted. Notice of intent to suspend or terminate shall be given by the Commission to the governor, the majority and minority leaders of the defaulting state's legislature, the defaulting State's Licensing Authority, and each of the Member States' Licensing Authorities.
- (e) A state that has been terminated is responsible for all assessments, obligations, and liabilities incurred through the effective date of termination, including obligations that extend beyond the effective date of termination.
- (f) Upon the termination of a state's membership from this Compact, that state shall immediately provide notice to all Licensees within that state of such termination. The terminated state shall continue to recognize all Licenses granted pursuant to this Compact for a minimum of six months after the date of said notice of termination.
- (g) The Commission shall not bear any costs related to a state that is found to be in default or that has been terminated from the Compact, unless agreed upon in writing between the Commission and the defaulting state.
- (h) The defaulting state may appeal the action of the Commission by petitioning the U.S. District Court for the District of Columbia or the federal district where the Commission has its principal offices. The prevailing party shall be awarded all costs of such litigation, including reasonable attorneys' fees.
- (i) Dispute Resolution.

- 1 (1) Upon request by a Member State, the Commission shall attempt to resolve
2 disputes related to the Compact that arise among Member States and between
3 Member and non-Member States.
4 (2) The Commission shall promulgate a Rule providing for both mediation and
5 binding dispute resolution for disputes as appropriate.
6 (j) Enforcement.
7 (1) By majority vote as provided by Rule, the Commission may initiate legal
8 action against a Member State in default in the U.S. District Court for the
9 District of Columbia or the federal district where the Commission has its
10 principal offices to enforce compliance with the provisions of the Compact
11 and its promulgated Rules. The relief sought may include both injunctive
12 relief and damages. In the event judicial enforcement is necessary, the
13 prevailing party shall be awarded all costs of such litigation, including
14 reasonable attorneys' fees. The remedies herein shall not be the exclusive
15 remedies of the Commission. The Commission may pursue any other
16 remedies available under federal or the defaulting Member State's law.
17 (2) A Member State may initiate legal action against the Commission in the U.S.
18 District Court for the District of Columbia or the federal district where the
19 Commission has its principal offices to enforce compliance with the
20 provisions of the Compact and its promulgated Rules. The relief sought may
21 include both injunctive relief and damages. In the event judicial enforcement
22 is necessary, the prevailing party shall be awarded all costs of such litigation,
23 including reasonable attorneys' fees.
24 (3) No person other than a Member State shall enforce this Compact against the
25 Commission.

26 **"§ 115C-270.50. Effective date, withdrawal, and amendment.**

- 27 (a) The Compact shall come into effect on the date on which the Compact statute is
28 enacted into law in the seventh Member State.
29 (1) On or after the effective date of the Compact indicated above, the Commission
30 shall convene and review the enactment of each of the Charter Member States
31 to determine if the statute enacted by each such Charter Member State is
32 materially different than the model Compact statute.
33 a. A Charter Member State whose enactment is found to be materially
34 different from the model Compact statute shall be entitled to the
35 default process set forth in G.S. 115C-270.49.
36 b. If any Member State is later found to be in default, or is terminated or
37 withdraws from the Compact, the Commission shall remain in
38 existence and the Compact shall remain in effect even if the number
39 of Member States should be less than seven.
40 (2) Member States enacting the Compact subsequent to the Charter Member
41 States shall be subject to the process set forth in subdivision (22) of subsection
42 (c) of G.S. 115C-470.46 to determine if their enactments are materially
43 different from the model Compact statute and whether they qualify for
44 participation in the Compact.
45 (3) All actions taken for the benefit of the Commission or in furtherance of the
46 purposes of the administration of the Compact prior to the effective date of
47 the Compact or the Commission coming into existence shall be considered to
48 be actions of the Commission unless specifically repudiated by the
49 Commission.
50 a. Any state that joins the Compact subsequent to the Commission's
51 initial adoption of the Rules and bylaws shall be subject to the Rules

1 and bylaws as they exist on the date on which the Compact becomes
2 law in that state. Any Rule that has been previously adopted by the
3 Commission shall have the full force and effect of law on the day the
4 Compact becomes law in that state.

5 b. Any Member State may withdraw from this Compact by enacting a
6 statute repealing the same.

7 (b) A Member State's withdrawal shall not take effect until 180 days after enactment of
8 the repealing statute.

9 (c) Withdrawal shall not affect the continuing requirement of the withdrawing State's
10 Licensing Authority to comply with the investigative and Adverse Action reporting requirements
11 of this Compact prior to the effective date of withdrawal.

12 (d) Upon the enactment of a statute withdrawing from this Compact, a state shall
13 immediately provide notice of such withdrawal to all Licensees within that state.
14 Notwithstanding any subsequent statutory enactment to the contrary, such withdrawing state
15 shall continue to recognize all Licenses granted pursuant to this Compact for a minimum of six
16 months after the date of such notice of withdrawal.

17 (1) Nothing contained in this Compact shall be construed to invalidate or prevent
18 any licensure agreement or other cooperative arrangement between a Member
19 State and a non-Member State that does not conflict with the provisions of this
20 Compact.

21 (2) This Compact may be amended by the Member States. No amendment to this
22 Compact shall become effective and binding upon any Member State until it
23 is enacted into the laws of all Member States.

24 **"§ 115C-270.51. Construction and severability.**

25 (a) This Compact and the Commission's Rulemaking authority shall be liberally
26 construed so as to effectuate the purposes and the implementation and administration of the
27 Compact. Provisions of the Compact expressly authorizing or requiring the promulgation of
28 Rules shall not be construed to limit the Commission's Rulemaking authority solely for those
29 purposes.

30 (b) The provisions of this Compact shall be severable and if any phrase, clause, sentence,
31 or provision of this Compact is held by a court of competent jurisdiction to be contrary to the
32 constitution of any Member State, a state seeking participation in the Compact, or of the United
33 States, or the applicability thereof to any government, agency, person, or circumstance is held to
34 be unconstitutional by a court of competent jurisdiction, the validity of the remainder of this
35 Compact and the applicability thereof to any other government, agency, person, or circumstance
36 shall not be affected thereby.

37 (c) Notwithstanding subsection (b) of this section, the Commission may deny a state's
38 participation in the Compact or, in accordance with the requirements of subsection (b) of
39 G.S. 115C-270.49, terminate a Member State's participation in the Compact, if it determines that
40 a constitutional requirement of a Member State is a material departure from the Compact.
41 Otherwise, if this Compact shall be held to be contrary to the constitution of any Member State,
42 the Compact shall remain in full force and effect as to the remaining Member States and in full
43 force and effect as to the Member State affected as to all severable matters.

44 **"§ 115C-270.52. Consistent effect and conflict with other state laws.**

45 (a) Nothing herein shall prevent or inhibit the enforcement of any other law of a Member
46 State that is not inconsistent with the Compact.

47 (b) Any laws, statutes, regulations, or other legal requirements in a Member State in
48 conflict with the Compact are superseded to the extent of the conflict. All permissible agreements
49 between the Commission and the Member States are binding in accordance with their terms."

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

1 "(50) Duty to Fulfill Requirements Related to School Psychologist Interstate
2 Licensure Compact. – The State Board of Education shall be the State
3 Licensing Authority or Licensing Authority for purposes of Article 17F of this
4 Chapter and shall fulfill any requirements, duties, or obligations of the State
5 Licensing Authority or Licensing Authority pursuant to that Article."

6 **SECTION #.(c)** This section is effective when it becomes law.
7

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-OLB-H3-P

Occupational Licensing Boards
House Appropriations, General Government

Requested by

MODIFY THE LAWS OF MARRIAGE AND FAMILY THERAPY LICENSURE

SECTION #.(a) G.S. 90-270.56 reads as rewritten:

"§ 90-270.56. Reciprocal licenses.

The Board ~~may~~ shall issue a license as a marriage and family therapist ~~or a marriage and family therapy associate~~ by reciprocity to any person who applies for the license as prescribed by the Board and who at all times during the application process:

- (1) Has been licensed and actively practicing for five at least two continuous years and is currently licensed as a marriage and family therapist ~~or marriage and family therapy associate~~ in another state.
- (2) Has an unrestricted license in good standing in the other state.
- (3) Has no unresolved complaints in any jurisdiction.
- (4) Has passed the National Marriage and Family Therapy ~~examination~~ examination or the clinical examination required by the licensing board that regulates marriage and family therapy in the State of California."

SECTION #.(b) G.S. 90-270.63 reads as rewritten:

"§ 90-270.63. Criminal history record checks of applicants for licensure as a marriage and family therapist and a marriage and family therapy associate.

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

- (1) Applicant. – A person applying for licensure as a licensed marriage and family therapy associate pursuant to G.S. 90-270.54A or licensed marriage and family therapist pursuant to ~~G.S. 90-270.54~~ G.S. 90-270.54 or G.S. 90-270.56.

...."

SECTION #.(c) The North Carolina Marriage and Family Therapy Licensure Board may adopt rules to implement the provisions of this section.

SECTION #.(d) This section becomes effective October 1, 2025, and applies to applications for licensure on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-OLB-H4-P

Occupational Licensing Boards
House Appropriations, General Government

Requested by

RESIDENCY LICENSES FOR NONPUBLIC EC TEACHERS

SECTION #.(a) G.S. 115C-270.20(a) reads as rewritten:

"(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:

...

(5) Residency License or RL. – A one-year license, renewable twice, that meets both of the following requirements:

a. ~~Is requested by the governing body of a public school unit and accompanied by a certification of supervision from the recognized educator preparation program in which the individual is enrolled.~~ any of the following entities and is accompanied by a certification of supervision from the recognized educator preparation program in which the individual is enrolled:

1. The governing body of a public school unit.

2. A nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter.

3. A nonpublic school approved and monitored by the Department of Public Instruction that provides services for students with extraordinary costs. For the purposes of this subsection, extraordinary costs shall include costs directly attributable to providing the special education services on the student's IEP.

b. The individual for whom the license is requested meets all of the following requirements:

1. Holds at least one of the following:

I. A bachelor's degree.

II. An advanced degree.

2. Has either completed coursework relevant to the requested licensure area or passed the content area examination relevant to the requested licensure area that has been approved by the State Board.

3. Is enrolled in a recognized educator preparation program.

4. Meets all other requirements established by the State Board, including completing preservice requirements prior to teaching.

...."

SECTION #.(b) This section is effective when it becomes law and applies to applications for residency licenses occurring on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-GENGMISC-H2-P

Miscellaneous - GenGov
House Appropriations, General Government

STATE SYMBOLS AND OTHER OFFICIAL ADOPTIONS

SECTION #.(a) Chapter 145 of the General Statutes is amended by adding the following new sections to read:

"§ 145-52. Official State cookie.

The Moravian cookie is adopted as the official cookie of the State of North Carolina.

"§ 145-53. State star.

The Moravian star is adopted as the official star of the State of North Carolina.

"§ 145-54. State television show.

"The Andy Griffith Show" is adopted as the official television show of the State of North Carolina.

"§ 145-55. State balloon rally.

The Carolina BalloonFest, held in October of every year in the City of Statesville, is adopted as the official balloon rally of the State of North Carolina.

"§ 145-56. State veterans history museum.

The Veterans History Museum of the Carolinas, located in Transylvania County, is adopted as the official Veterans History Museum of the State of North Carolina.

"§ 145-57. State rice festival.

The North Carolina Rice Festival held the first weekend in March of every year at the Brunswick Town State Historic Site in the community of Winnabow is adopted as the official rice festival of the State of North Carolina.

"§ 145-58. State saltwater reptile.

The loggerhead sea turtle (Caretta caretta) is adopted as the official saltwater reptile of the State of North Carolina.

"§ 145-59. Official Fried Apple Pie Festival.

The Fried Apple Pie Festival, held the first Saturday in the month of May of every year in the Town of Sparta, is adopted as the official Fried Apple Pie Festival of the State of North Carolina."

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

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2025

Proofed
SPECIAL PROVISION



2025-GENGMISC-H4-P

Miscellaneous - GenGov
House Appropriations, General Government

Requested by

1 ***REPLICA STATUE OF REVEREND WILLIAM FRANKLIN "BILLY" GRAHAM, JR.***

2 **SECTION #.** Notwithstanding the provisions of G.S. 100-2 or any other provision
3 of law, if sufficient private funds are raised to commission a replica of the statue of Reverend
4 William Franklin "Billy" Graham, Jr., that is currently on display in the National Statuary Hall
5 Collection in the United States Capitol building, the North Carolina Historical Commission is
6 authorized to accept the work of art and to place it in a suitable location, as determined by the
7 Commission, on the grounds of the State capitol.